

---

# *Copy of certificate*

VÖB-ZVD Processing GmbH  
Bonn

Annual financial statement on 31 December 2017  
and situation report for the 2017 fiscal year

AUDIT CERTIFICATE FROM THE INDEPENDENT  
FINANCIAL AUDITOR





**Contents    Page**

VÖB-ZVD Processing GmbH 2017 situation report.....1

Annual financial statement.....1

1. Balance sheet dated 31 December 2017.....2

2. Profit and loss statement for the period  
from 1 January 2017 to 31 December 2017.....5

3. Appendix for the 2017 fiscal year .....1  
Asset analysis for the period from 1 January 2017 to 31 December 2017.....1

AUDIT CERTIFICATE FROM THE INDEPENDENT FINANCIAL AUDITOR.....1



**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

## **1. Basic information and business model**

### **1.1 Basic information**

VÖB-ZVD Processing GmbH, Bonn, (hereinafter referred to as VÖB-ZVD Processing) is a subsidiary of Deutsche Postbank AG, Bonn. VÖB-ZVD Processing does business at its locations in Bonn (company headquarters), Leipzig and Frankfurt (since 2017). In a notarised shareholder resolution dated 18 December 2017, the company headquarters were moved from Frankfurt am Main to Bonn. The entry in Commercial Register B in Bonn was executed on 3 January 2018. The company belongs to the consolidated companies of Deutsche Bank AG, Frankfurt am Main. Moreover, VÖB-ZVD Processing is a consolidated company in the Postbank subgroup.

In addition to being a subsidiary of the Postbank Group, VÖB-ZVD Processing is also an institution in the Bundesverband öffentlicher Banken Deutschlands e.V., VÖB, Berlin. In its position as one of four banking head offices which handle what are commonly referred to as "sovereign tasks" in card-supported payment transactions on behalf of the associations represented in the Deutsche Kreditwirtschaft (DK), the company operates in the following business sectors on behalf of VÖB:

- ❖ Card production
  - Debit cards (electronic cash cards and customer cards)
  - Merchant cards (money card system)
  - Services in the card production segment (e.g. creation of PIN letters)
- ❖ Key management
  - Generation of cryptographic keys in accordance with the requirements of the Deutsche Kreditwirtschaft (e.g. PAC/MAC, PIN and chip keys)

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

- ❖ Routing/authorisation of national and international automated teller machines (debit and credit cards), electronic cash transactions, money card charging and online as well as batch blocking transactions
- ❖ Credit industry central database for the processing of money card revenues
- ❖ Online personalisation of terminals (OPT)
- ❖ Functional tests on money card and electronic cash systems on behalf of the four major credit associations.

VÖB-ZVD Processing is almost exclusively active on the domestic sales market for payment transaction services in Germany.

During the fiscal year, VÖB-ZVD Processing was subject to the legal standards of the ZAG and was monitored accordingly by BaFin and the Federal Bank in accordance with oversight laws.

In addition, VÖB-ZVD Processing is one of approximately 20 electronic cash network operators certified in Germany and acts as a ZAG service provider in the field of ATM operation for third-party location operators.

## **1.2 Business model**

VÖB-ZVD Processing's main areas of activity include the provision of infrastructure and payment transaction services via data and internet networks in the stationary and mobile point of sale segment, in the e-commerce segment and in similar segments. This includes the sale of the corresponding goods and services to providers, in particular, to commercial network operators and the transaction business, the acquisition and sale of licenses and other rights in the field of payment transactions and the execution of joint tasks of the Deutsche Kreditwirtschaft in the framework of payment transactions and the card system. In accordance with the permit notification from the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin (Federal Financial Supervisory Authority)), per letters dated 28 April 2011 and 4 July 2012, VÖB-ZVD Processing possesses the

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

following permits pursuant to the Zahlungsdienststeuergesetz (ZAG (Payment Services Oversight Act)):

- Deposit or payout transactions (§1(2) No. 1 of the ZAG)
- Direct debit transactions without granting credit (§1(2) No. 2a of the ZAG)
- Transfer transactions without granting credit (§1(2) No. 2b of the ZAG)
- Payment authentication services (§1(2) No. 4 of the ZAG)
- Financial transfer transactions (§1(2) No. 6 of the ZAG)

The services provided by VÖB-ZVD Processing are largely offered to internal group customers. In addition, existing services or IT structures are also offered in the third-party customer segment. As a result of the sale of the Frankfurt network operation, the business activities related to the sale of goods and services to providers and commercial network operators will decrease significantly.

## **2. Economic report**

### **2.1 Overall economic framework conditions in 2017**

Despite the fact that VÖB-ZVD Processing appears to be relatively unaffected by economic cycles or fluctuations as a result of the segments in which it operates, significant macroeconomic changes may impact VÖB-ZVD Processing's earnings situation. The focus is, however, on the conditions on the national market. In particular, changes in the overall economic demand in the private sector are relevant here. In addition, there are dependencies with respect to economic developments in the financial services sector, in particular, in the retail business segment.

The strength and scope of the upswing in the German economy increased in 2017. Sustainable impulses came from domestic demand. Private consumption increased, as in the previous year, by 2.0%, although the inflation rate increased

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

significantly from 0.5% to 1.8%. It also profited from an historically low interest rate and an accelerated increase in available income. This allowed private households to largely maintain their savings rate despite increased consumption and price increases.

In total, the GDP increased by 2.2% in 2017, which was noticeably higher than in the previous year. As a result of the solid upswing, the German labour market showed positive developments. The annual average number of unemployed persons decreased by 158,000 to 2.53 million, which resulted in a decrease in the unemployment rate from 6.1% to 5.7%. At the same time, the number of employed persons increased by 659,000 to 44.29 million.

Between January and October of 2017, the number of insolvencies in Germany decreased significantly, by 5.9%, in comparison to the previous year's number. The number of company insolvencies dropped significantly by 7.2%. Thus, the positive trend already registered in the previous year continued. The economic upswing and the very low interest rate likely made a contribution towards this. The number of consumer insolvencies (including the insolvency of formerly self-employed persons and other insolvencies) dropped by an additional 5.6% after it had already decreased noticeably in the previous years. The further increase in employment likely once again had a positive impact.

The low-interest policy of the European Central Bank (ECB) was continued in 2017. The main refinancing rate remained at 0.00%, the savings rate at -0.40 % and the peak refinancing rate at 0.25%. As a result of the consistent interest policy, the money market interest rates remained low. At the end of 2017, the 3-month Euribor was at -0.33% which is 0.01 percent points below the end of the previous year. With respect to the ECB's monetary policy, there was an important, if cautious, change in trend in 2017. After the central bank drastically loosened the monetary policy landscape in the previous years in order to combat crises and deflation risks it believed existed, the withdrawal from the bond purchase programme was initiated. In April, the monetary authorities decreased the



**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

monthly purchase volume of bonds from €80 billion to €60 billion. Thus, the corresponding resolution from December 2016 was implemented. In October 2017, the decision was made to reduce purchases again to €30 billion per month starting in January 2018. As they had with respect to the previous change in volume, the monetary authorities decided again to extend the purchases for another nine months.

Despite the expanding base interest rate difference to the benefit of the USA, the euro was able to make noticeable gains against the US dollar throughout the course of 2017. It profited in particular from the significantly accelerating economic upswing in the euro area. This, in turn, reinforced the expectation that the ECB might also increase its base interest rate in the foreseeable future. At the end of the year, the euro was being traded at around USD 1.20. This constituted an increase in value of around 14.0%.

## **2.2 Branch and market development / economic environment**

After the sale of the Frankfurt network operation and the associated elimination of a large portion of VÖB-ZVD Processing's third-party business, there are now greater economic dependencies on branch and market developments in the banking sector. In particular, as a service provider for the group companies in the Deutsche Bank Group, VÖB-ZVD Processing is impacted more by market-based and product-specific changes in the retail segment.

The European Central Bank's (ECB) continued low-interest policy, regulatory requirements and the solution to the problem regarding defaulted loans with Italian banks and a Spanish institute were the dominant topics in the European banking sector in 2017. The low-interest environment continues to pose a particular challenge in retail banking, in particular when investing customer funds. The volume of loans granted to domestic companies and private persons in Germany was expanded by 3.1% to €2,587 billion in the first three quarters of 2017. Thus, credit growth accelerated in comparison to the previous year. The

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

volume of loans to companies increased by 3.8% to €982 billion, thus growth was stronger than in the previous year. The loans to financially independent private persons climbed by 2.3% to €410 billion and were thus also more lively than in the corresponding period in 2016. Loans to financially dependent and other private persons increased by 2.8% to €1,182 billion in the first three quarters of 2017. The growth was therefore only slightly stronger than in 2016. In new business with housing construction loans for private customers, however, a decrease of 2.2% was recorded. The continuation of the economic upswing is particularly reflected in the overall, noticeable increase in the loan segment. The slight decrease in new business with housing construction loans can be classified as a stabilisation at a high level.

The continued low-interest environment and the associated challenges in the banking landscape of being able to generate adequate corporate earnings, in particular, from deposit-rich institutes, leads to reorganisation in their product and fee models. Thus, products, e.g. account models, are more highly optimised, however, there are now costs for services for consumers that were formerly free of charge. Moreover, the aforementioned challenges result in major effort being invested in the optimisation of institutes' cost basis. This is also made clear by, amongst other things, increased investments in digitalised processes. The changing requirements of bank customers from personal consulting toward multi-channel consulting and the use of multi-channel services are palpably changing the banking sector. The aforementioned factors impact on the VÖB-ZVD Processing's business development.

### **2.3 Business development**

Earnings from commissions in the amount of €33,393k (previous year €35,558k) were generated in the 2017 fiscal year.

The company's major business segments have developed as follows from a non-monetary perspective:

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

### **Technical issuing**

In the fields of routing, clearing and authorisation of electronic payment transactions, the transaction volume processed via VÖB-ZVD Processing's systems decreased for the first time. 641 million transactions were processed in the 2017 fiscal year. This corresponds to a decrease of 3% in comparison to the previous year (661 million transactions). The decrease is related to procedural changes in the IT environment at Postbank and impacts from the change in account models at Postbank.

### **Technical acquiring/end device operation**

A total of 360 million transactions were processed in the 2017 fiscal year. This corresponds to a reduction of 9.4% in comparison to the 398 million transactions in the previous year. Here, in addition to the aforementioned impacts of the procedural changes and the change of account models at Postbank, there were additional effects from the further increase of third-party disposal fees at automatic teller machines.

In the end device operation segment (company's own terminal connections), the number of connected EC-cash terminals decreased from 3,975 at the end of 2016 to 3,839 (-3.4 %). The transaction volume decreased from 5.3 million in 2016 to 5.2 million in 2017 (-0.8%).

### **Automatic teller machine operation**

The number of operated automatic teller machines and cash recyclers for third-party location operators amounts to 1,299 in December 2017 (31/12/2016: 1,186; + 9.6 %) devices.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

**Cash management / cash forecast**

As of the end of December 2017 the cash forecast was performed for a total of 9,026 end devices. This included both the automatic teller machines/cash recyclers belonging to third-party location operators as well as the group's devices. In addition, the recyclers at the Postbank branch offices have been administered via the system since 2017. Thus, the number increased by approx. 13.8 % in comparison to the end of 2016 (7,928 devices).

**Internet payment transactions**

The number of connected merchants in the third-party segment increased by 23.9 % to 8,831 in the fiscal year (2016: 7,064). The transaction volume developed in a positive direction and stood at 28 million transactions at the end of 2017 (2016: 25 million; + 14.4 %). The trend of the previous years continued in the corporate transaction segment. The number of connected merchants decreased due to the decreased transactions at Postbank to 167 (2016: 198); the number of transactions decreased to 1.8 million (2016: 2.1 million).

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

### **Card production**

A total of 2.1 million bank cards were produced during the reporting period (2016: 2.7 million). The decrease was the result of the cycle-related fluctuations in the respective card generations that needed to be replaced and process optimisations. In addition, 1.6 million PIN letters were produced in the Girocard, savings card and credit card segment (2016: 2.4 million).

### **Other important transactions in the fiscal year**

Important transactions in the fiscal year from the company's perspective include:

- Sale of the stake in ConCardis GmbH (see Point 3.1)
- Sale of the Frankfurt network operation (see Point 3.1)
- paydirekt

At the beginning of 2016, VÖB-ZVD received a contract from paydirekt GmbH, Frankfurt a. M. to develop and operate a payroll accounting system between the merchants/concentrators and the purchasing banks/concentrators. This also includes the payroll accounting being processed in trust via an account belonging to VÖB-ZVD Processing at a bank that does not participate in the "paydirekt system". These invoices were executed as part of normal operations for the first time in 2017. There were also additional development orders from the savings bank organisation.

- Cash prognosis –project closure cash circulation

The roll-out of the cash recycler progressed further at the Postbank Group. This resulted in an increase in the connected cash recyclers and further progress towards closing the cash circulation system and an expansion of the cash prognoses created for that purpose.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

### **3. Earnings, assets and financial position**

#### **3.1 Profit situation**

VÖB-ZVD Processing's earnings situation was once again positive during the fiscal year from 1 January to 31 December 2017 and closed overall with a gross profit amounting to €33,024k (2016 €11,186k). The 2017 fiscal year was impacted by two one-off effects. On the one hand, the shares in ConCardis GmbH, Frankfurt a.M. were sold to Eagle Eschborn GmbH, Frankfurt a.M. in the framework of a share purchase transfer agreement. This resulted in a profit on sales in the amount of €12,874k, which is offset against the disposal book value of the stake of €52k. The VÖB-ZVD Processing's Frankfurter business segment (network operation) which included the business segments of the former BCB Processing GmbH, Frankfurt a.M., was sold to Six Payment Services (Europe) S.A., Luxembourg. This sales resulted in profits in the amount of €16,764k after the disposal of the assets and debts and after turnover tax. This, in turn, was offset against project administrative expenses (payroll, legal and consulting costs) in the amount of €2,352k. If these special circumstances are taken out of the equation, the reconciled gross profit is €5,790k. Adjusted earnings were offset against expected profits for the 2017 fiscal year in the amount of €6,286k. The budget figures were thus almost achieved for the entire fourth quarter despite the elimination of the Frankfurt business operations. Please refer to our itemisations in the following paragraphs.

The interest earnings amount to -€246k (previous year -€26k) and, at -€2343, is significantly above the expected negative target profit. The increase of the negative earnings is due in particular to increased interest accrual expenses for pension provisions (€139k; previous year €13k). The low interest rates also have an impact on the capital markets. The custodial costs (0.4%) charged by Postbank since the end of 2016 on credit balances belonging to VÖB-ZVD Processing included a full year for the first time. In addition, VÖB-ZVD Processing has high business account credit balances as a result of the aforementioned special

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

circumstances, which also had a negative impact on the custodial costs (€100k; previous year €16k). The interest expenses to be paid from the automatic teller machine segment from Postbank's operating loan are offset against interest earnings from the cost allocation to the third-party location operators in nearly the same amount.

The current earnings in the amount of €94k (previous year €3,342k) pertain to the payout of the shares in SRC GmbH. The earnings on shares was €66k above the projections.

The commission profits were €25,323k during the fiscal year (previous year €27,526k) and, ultimately, were below the projections at €2,032k (-7.4%). Please refer to the following statements regarding commission revenues. The commission revenues in the amount of €33,393k (previous year €35,558k) are offset against commission expenses in the amount of €8,070k (previous year €8,032k).

The technical issuing segment decreased slightly. This segment recorded earnings in the amount of €8,687k (previous year €9,017k) during the fiscal year. A slight decrease in earnings was also recorded in the technical acquiring segment (meaning in the literal sense of the phrase without end device operation). This segment contributed a total of €5,498k (previous year €5,847k) in commission revenues. In both cases, the cause of the decrease was low transaction numbers. Overall, it can be stated that the two aforementioned segments slightly undershot the projections overall.

The earning in the network operations (Frankfurt) / end device segment (Bonn) cumulatively totalled €5,049 (previous year €6,626k). The decrease is almost exclusively due to the sale of the Frankfurt network operation and the associated elimination of earnings of the entire fourth quarter. As a result, the projections (€5,946k) from last year were not reached.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

The earnings from the operation of automatic teller machines/cash forecasts amount to €2,446k during the fiscal year (previous year €1,851k). The increase was the result of the increased number of connected and managed end devices. The projections were exceeded here.

The earnings from the sale of commercial goods (terminals) total €4,172k (previous year €4,017k) and, at €1,172, are significantly above the projections. The impacts of the change to "Technical Appendix" (TA) 7.1 and the related terminal replacement campaigns persist in 2017 after the two previous years. Correspondingly, the commission expenditures from the cost of sales developed accordingly.

The earnings from the card production/private customer (€3,007k; previous year €3,331k) and electronic payment (€1,762k; previous year €1,674k) sectors decreased slightly overall in comparison to the previous year, but were only slightly below the aggregated projections.

The earnings from the remaining business segments decreased overall and were below projections. However, it must be noted that, as a result of the sale of the Frankfurt network operations, the earnings from the fourth quarter of 2017 are missing. This pertains, in particular, to the earnings from commission items from operational, logistics and special services from the Frankfurt business segment.

The commission expenditures on the balance sheet date amount to €8,070k (previous year €8,032k) and were thus nearly the same as the previous year. Overall, the commission expenditures exceeded the budget figure for the fiscal year by €1,067k, which is largely due to higher goods purchasing expenses for the terminal segment. The resulting expenditures are offset by correspondingly higher earnings from the sale of terminals. The expenditures for the cost of sales, at €3,535, make up approx. 44% of the total commission expenditures. The commission expenditures for the remaining business segments, in particular, MATs



**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

Issuing, MATs Acquiring, automatic teller machines, card production and electronic payment were, in total, above projections.

Personnel costs decreased by €5k to €9,613k in comparison to the 2016 calendar year. Despite the sale of the Frankfurt network operations and, thus, the associated transfer of the Frankfurt staff to the purchaser after the third quarter of 2017, the related cost reductions were largely compensated by the payments agreed upon in this context. Overall, the budget figure for 2017 was clearly undershot at €787k which is the result of the higher fluctuation during the reporting year, delayed or, in some cases, no restaffing as well as lower salary adjustments pursuant to collective bargaining agreements and non-tariff salary adjustments. The company's staff, including the executive board, consisted of 89 employees at the end of the fiscal year in December 2017 (31/12/2016 124 employees). In accordance with the corporate calculation method, this corresponds to a total of 83.61 full-time employees (FTE) (31/12/2016 114.65 FTE), taking full-time and part-time employees into account. Please refer to our diagram in the Appendix.

The other administrative expenses amount to €10,472k (previous year €8,313k) and are thus significantly above the previous year. The underlying projections (€9,195k) were also exceeded significantly. The legal, consulting and project costs incurred as a result of the sale of the Frankfurt network operations, which had an impact on profit and loss at €1,736k, were almost solely responsible for the exceedances. Without this one-off effect, the administrative expenditures, at €8,736k, were slightly above the previous year, but below the budget figure. In general, it can be stated that cost savings were achieved in smaller amounts spread across a variety of individual expense types. The cost discipline ordered on the corporate side was successfully complied with.

The other operational results in the fiscal year amount to €30,151 (previous year €550k) and were almost exclusively the result of the two one-off effects of the

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

sale of the Frankfurt network operations (€16,764k) and the sale of the stake in ConCardis GmbH (€12,822k).

The write-downs on intangible and tangible assets amount to €2,212k (previous year €2,270k). Please refer to our statements in the Appendix as well as in the assets analysis in the attachment to the Appendix. Overall, the write-downs during the fiscal year, at -€151k, were below the budget figure which is primarily the result of the fact that the acquisitions were not executed until latter in the reporting year.

### **3.2 Assets and liabilities**

The company's balance sheet total increased by €27,999k to €140,176k during the 2017 fiscal year (31/12/2016 €112,288k). The major changes are as follows: On the asset side, the increase in cash reserves by €4,254k, the increase in receivables from credit institutes by €25,715k and receivables from payment institutes by €1,718k are largely offset against the decline in receivables from customers by €-2,633k, the intangible assets by €-891k and the tangible assets by -€228k. The liabilities side is largely characterised by the increase in the share capital by €18,466k, liabilities due to credit institutes by €4,964k and the accrued liabilities by €6,748k, which are offset by a decrease in liabilities toward customers by -€2,252k.

Three major items on the VÖB-ZVD Processing balance sheet are the asset items, cash reserve and receivables from institutes in accordance with §1(2a) of the ZAG which, in total, which are offset by liabilities to credit institutes. These balance sheet items correspond largely. The reason for this is the automated teller machine segment operated by the company. The operating loan utilised by Postbank in the amount of €70,535k (31/12/2016 €62,522k) serves almost exclusively to stock the automatic teller machines with cash. The balances are reported under cash reserves. In addition, the receivables from institutes include the payment transaction files from credit card revenues at automatic teller

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

machines that have been submitted but not yet cleared. The remaining liabilities due to credit institutes were almost exclusively the result of the elc fees from Girocard transactions toward the end of 2017, which have yet to be paid to the institutes issuing the cards.

The significantly increased receivables from credit institutes are primarily the result of the increased business account balances which, in turn, are related to the two one-off effects in 2017. Please refer to our statements regarding the earnings situation.

Several components of the balance sheet item, receivables from credit institutes, must be held in escrow accounts in accordance with §13 of the ZAG. These escrow conditions are the result of, among other things, the money card segment, in which the credit on the debit cards from the institutes that issue the cards and are managed by VÖB-ZVD Processing are managed in escrow accounts (€10,006k; 31/12/2016 €9,754k). The trust balance is offset by corresponding liabilities due to customers. As a result of the sale of the Frankfurt network operations and the associated transfer of the obligations to the purchaser Six Payment with an impact on the balance sheet, there are no longer any fiduciary obligations from payment transaction accounts ("provider accounts") from this business segment on the balance sheet date (31/12/2016 €1,073k). VÖB-ZVD Processing does not possess any call money or time deposits in 2017 due to the current low-interest phase. Postbank continued to charge the custody costs for the credit balances in its own business accounts in 2017.

The receivables from customers (€123k; 13/12/2016 €2,756k) were almost exclusively the result of deliveries and services. The decrease in the item in comparison to the previous year is the result of the sale of the Frankfurt business segment (elimination of the receivables from the monthly network operations accounting).

The company holds a 22.5% share in SRC Security Research & Consulting GmbH (SRC) which is incorporated in Bonn. SRC's share capital amounts to € 1 million.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

The other shareholders are Bank-Verlag GmbH, Deutsche Genossenschafts-Verlag eG, and Deutsche Sparkassen Verlag GmbH, (each 22.5%). 10% of share capital is held by Mitarbeiterbeteiligungs-GbR. In the 2017 fiscal year, a gross profit of €94k (2016: €127k) was earned on the shareholding.

On the balance sheet date, the company held a share of 1% in EURO Kartensysteme GmbH (EKS), which is incorporated in Frankfurt am Main. No profit on shareholdings was earned on the shareholding during the reported year.

Regarding the development of the capital assets, please refer to our statements in the Appendix and the attachment to the Appendix.

The other assets (€149k; 31/12/2016 €238k) include profit tax reimbursement claims from previous years.

The deferred charges (€2,414k; 31/12/2016 €2,321k) are the result of, in particular, IT-specific licensing models and advance payments for future maintenance and support services as well as prepaid salaries.

The other liabilities (€1,112k; 31/12/2016 €296k) largely result from corporate tax plus the solidarity surcharge for 2016 and payable payroll taxes.

The provisions amount to €12,258k (31/12/2016 €6,361k) and include provisions for pensions and similar obligations (€1,470k; 31/12/2016 €1,071k), tax provisions (€8,759k; 31/12/2016 €2,782k) and other provisions (€2,029k; 31/12/2016 €2,508k). The other provisions amount to €538k (31/12/2016 €512k) for personnel related matters and €1,490k (31/12/2016 €1,996k) for other matters, of which €470k are primarily allocated to dismantling obligations, €671k to outstanding invoices and €324k to annual financial statement , tax consultation and archiving costs.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

### **3.3 Financial situation**

The balance sheet equity decreased by €18,466k to €41,165k (previous year €22,699k), which corresponds to an equity capital rate of 29.4% (31/12/2016 20.2%).

The equity capital, determined according to supervisory provisions and in accordance with §12 in conjunction with §7 of the ZAG in conjunction with the ordinance governing the capital adequacy of institutes in accordance with the Payment Services Oversight Act (Zahlungsdiensteaufsichtsgesetz (ZIEV)) amounts to €10,292 on 31/12/2017 (31/12/2016 €9,242k) after taking into account the relevant deductions and without taking the net profit into account.

The equity capital is comprised of the share capital amounting to €425k, the capital reserve amounting to €10,847k, the retained earnings amounting to €3,905k and the net profit amounting to €25.988k.

During the fiscal year, it was ensured at all times that the company was able to fully meet its financial obligations using its own resources. All financial obligations were met. On the balance sheet date, VÖB-ZVD had available credit balances in the amount of €45,836 (31/12/2016 €14,806k) in its own current accounts. In addition, the company has a line of credit with Deutsche Postbank AG for a potential peak demand.

During the fiscal year, investments in the amount of €1,726k were executed. These investments include €411k for intangible assets and €1,315k for tangible assets, in particular, hardware components. The procurement costs for intangible assets largely consist of licenses and upgrades for the MATs and OLTP systems. The accruals in the tangible assets largely consist of new and replacement acquisitions from the IT segment (server architecture, storage systems and network and security systems). The procurement of low-value assets, at €70k, are almost exclusively related to new and replacement purchases of EC cash terminals for the former network operations business segment.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

The investments in the 2017 fiscal year were all financed from liquidity inflows from the current business activities and existing credit balances.

### **3.4. Overall statement on the 2017 business situation**

The 2017 fiscal year closed with gross earnings in the amount of €33,024k (previous year €11,186k). On the financial statement date, VÖB-ZVD Processing's financial and economic situation are in order and it has solid capital resources. Overall, the executive board has come to the conclusion that the overall development progressed very positively in the 2017 fiscal year, due, in particular, to the one-off effects.

### **3.5 Financial and non-financial performance indicators**

The executive board defined the company's key financial performance indicators as the development of the personnel segment (personnel expenses and FTE development), the commission revenues, the administrative expenses and the gross profit. This information is illustrated via an internal reporting system. All key performance indicators flow into the corporate control.

On the company level, the executive board defined the fulfilment of the concluded Service Level Agreements (SLA) as the non-financial performance indicators for VÖB-ZVD Processing. These pertain to the high availability of the data centre and the technical availability of the client-capable authorisation systems, MATs Issuing and MATs Acquiring. What is not explicitly defined as a non-financial performance indicator on the company level is the fact that VÖB-ZVD Processing is integrated into the process for measuring employee satisfaction because it belongs to the Deutsche Bank Group. This process is conducted on an annual basis using an electronic survey. The motivation and loyalty of the company's staff was determined, in particular, by means of a variety of questions.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

#### **4. Opportunities report**

After the successful sale of the Frankfurt POS third-party customer network operations to Six Payment Services (Europe) S.A., VÖB-ZVD Processing increasingly shifted its focus back to its services in the Deutsche Bank Group and in the Deutsche Kreditwirtschaft. Currently the European payment services landscape is undergoing comprehensive changes. In addition to the regulatory changes (PSD2), new product segments (instant payment), new market participants (Figo, Sofort), increased consolidation measures and corporate mergers can also be seen in Europe. In addition, the technical innovation and standardisation in the payment sector has also increased massively (contact-free, mobile payment, instant payment, payment processes using QR codes, etc.). The company sees huge opportunities to accompany the new developments for the Group from a technical perspective and in the role of a service provider, thus providing added value for both the Group companies as well as third-party customers in the future. Two pilot initiatives in 2017 which reached the production stage are examples of this. In addition to a mobile payment solution, the distributed Girocard terminal was also put into production with a partner and connected to the modern MATs platform.

In addition, regulatory requirements have an increasing impact on the operative business. Thus, in 2017, all of the prerequisites had to be established in order to meet the requirements in accordance with the "Verordnung zur Bestimmung Kritischer Infrastrukturen nach dem BSI-Gesetz" (KritisVO (Directive for determining critical infrastructures in accordance with the BSI Act)) and the new ZAG. A certification of the MATs platform and the clearing system was planned for the first time in 2018 in accordance with the then current PCI-DSS standard to be able to meet the needs of the continuously increasing IT security requirements.

In a series of measures, Deutsche Bank announced on 5 March 2017 that, in the framework of its strategy, it intended to merge Postbank with the private and corporate customer segment and business with wealthy Deutsche Bank customers

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

in the medium-term. The strategic repositioning and clear commitment to the domestic market aim to create a market leader in the private and corporate customer segment in Germany and utilise the mutual benefits of scale. The executive board sees this step as a positive one since it results in additional potential for the expansion of VÖB-ZVD Processing's business activities in conjunction with the classic business segments. Previously planned projects that were temporarily stopped in the framework of the demerger in 2015/2016, may be resumed in the next 24 months as a result of new strategy initiatives.

Based on the statements above, VÖB-ZVD Processing's executive board assumes that all of the business segments will continue to succeed, but is carefully monitoring developments, particularly in the payment branch. This forecast pertains not only to the coming 2018 fiscal year but also to the four subsequent years up to and including 2022 based on the assumption of a slightly reduced gross profit from the operative business operations (without taking one-off effects into account) in comparison to 2018, despite, for instance, known individual contract-related inflation or tariff-related cost increases. Potential additional earnings opportunities from the reintegration into Deutsche Bank are not reflected in detail.

Overall, the described opportunities in their totality will be slightly greater, taking potential and existing risks into consideration, and will continue to make a positive contribution toward the positive development of the company. The executive board sees additional earning potential with respect to the medium-term development while simultaneously maintaining a high level of cost discipline.

## **5. Risk report**

As a payment institute, VÖB-ZVD Processing is required to have adequate risk management pursuant to § 22(1) No. 4 of the ZAG. In line with the minimum requirements for risk management (MaRisk), the company implemented a risk management system that meets the MaRisk requirements to the extent this appears necessary based on the size of the institute and the nature, scope and



**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

complexity as well as the risk content of the business activities. This applies in particular to the AT 3 (Overall Responsibility of the executive board), AT 4 (Risk-bearing Capacity and Risk Strategies), AT 5 (Organisational Guidelines), AT 7 (Resources) and AT 9 (Outsourcing) MaRisk modules.

The institutes and persons specified in §8(3) No. 9 of the ZAG (“Chief Executives”) are obligated pursuant to §22(1) Sentences 1 and 2 of the ZAG, to set up and maintain a proper business organisation. Proper business organisation includes, in particular, adequate corporate control measures, control mechanisms and procedures that ensure the institute meets its obligations. In accordance with the principle of double proportionality, the institute-specific conditions should be taken into account and the institute-specific risk control processes (procedures to identify, measure, control and report risks) should be designed to be proportionate to the scope of business and the complexity of the operated businesses and to the risk profile.

The executive board defined a business strategy, including an outsourcing strategy, and a risk strategy which was approved by VÖB-ZVD Processing’s advisory board. The objectives and specification for the major business activities set forth in the business strategy were taken into account in the development of the risk strategy. Moreover, a consistent IT strategy was developed and adopted based on the statements in the business and risk strategy. The specifications of the individual strategies must be reviewed and, if needed, updated at least once a year.

The executive board has derived three superordinate business segments for VÖB-ZVD Processing:

- Handling what are commonly referred to as “sovereign tasks” on behalf of the Deutsche Kreditwirtschaft (formerly Zentraler Kreditausschuss (ZKA))
- Provision of services for the VÖB member institutes and for the group parent companies, Deutsche Postbank AG and Deutsch Bank AG.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

- Provision of payment services as defined in §1(2) No. 2 of the ZAG (the execution of payment transactions including the transfer of monies) as well as a variety of additional services related to payment transactions for third-party customers

The principle risk avoidance or risk transfer as major components of VÖB-ZVD Processing's risk strategy differ in these three business segments. The first two business segments primarily include operational risks. A conscious risk avoidance (e.g. not concluding risky transactions) is only possible to a highly limited extent here due to the particularities and objectives (sovereign tasks and internal group services). In the third business segment (third-party-oriented), there are also marginal counterparty default risks. As a result of the identified market conditions and particularities, there is a conscious acceptance of these risks which are minimised by means of a variety of controls.

In principle, the following requirements with respect to the risk management system have been derived for VÖB-ZVD Processing:

- Recording, analysing and assessment of existing risks (e.g. in the form of a risk inventory)
- Implementation of a risk-bearing capability model, taking the risks at VÖB-ZVD Processing identified as major risks
- Implementation of an adequate risk control and monitoring process for all major risks
- Integration into VÖB-ZVD Processing's organisational and process structure
- Regular transmission of risk-related information as regular (risk) reports to the decision makers or ad-hoc if defined threshold or risk values are reached
- Implementation of appropriate escalation procedures in the framework of risk monitoring and risk reporting in the event of identified risks
- In the event of existential risks, immediate transmission to the executive board and the advisory board and initiation of appropriate countermeasures

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

- Creation of a monitoring system to control compliance with implemented measures

In principle, VÖB-ZVD Processing includes all defined types of risks (counterparty default, market price, liquidity risks as well as operational risks) in its risk management processes. In light the particularities of the business segments operated by VÖB-ZVD Processing, the counterparty default risks and the operational risks are classified as major risks by the executive board in the framework of a risk inventory. No market price risks arise from the largely interest independent business of VÖB-ZVD Processing. Moreover, the company is highly restrictive with respect to financial investments. The liquidity risks are also insignificant due to the capital resources and own cash and cash equivalents on hand. Furthermore, as a result of VÖB-ZVD Processing's business model, executive board does not expect any risks relevant to earnings to arise in the medium-term. On this basis, the market price, liquidity, business and earnings risks are considered to be of lesser importance and are therefore not major risks.

VÖB-ZVD Processing's individual risk variables (risk potentials) are based on the following calculation methods:

<b>Risk type</b>	<b>Risk measurement procedure</b>
Counterparty default risk	Analogue application of the Kreditrisikostandardansatz (KSA (Credit Risk Standard Approach) in accordance with the old version of SolvV (Solvency Regulations), with possible variations, based on the type, scope and content of the risk of the operated business
Operational risks	Analogue application of the standard approach in accordance with the old version of the SolvV

The market price risks and the liquidity risks are not considered separately in the risk-bearing capability analysis since these risk types are not classified as major risks by executive board.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

On the balance sheet date, the equity capital requirements according to supervisory regulations, in accordance with ZAG in conjunction with ZIEV, amount to €2,355k. In addition, VÖB-ZVD Processing is budgeting for a lump-sum total of €2,721k for the counterparty default risk, €2,633k for operational risks and a €300k for business and earnings risks in the framework of the risk-bearing capability. After taking the risk potentials of all applied legal standards (ZAG, MaRisk, old version of the SolvV) and the various types of risk into account, VÖB-ZVD Processing still has remaining free risk coverage in the amount of €4,638k on the balance sheet date. The risk-bearing capability as defined is therefore met.

In the framework of the risk-bearing capability model, conservative assumptions were made when determining risk potential with respect to the counterparty default risks and the operational risks classified by the executive board as major risks. In the framework of the selected risk measurement approaches (with a modified application of the old version of the SolvV), there is a comparatively high offset against the risk coverage potential. An analysis of the actual defaults in the past, however, resulted in a significantly lower risk. The financial department can present a corresponding default history in this context. As a result, VÖB-ZVD Processing simultaneously defines the normal scenario used in the framework of the risk-bearing capability model as the "worst-case" scenario. On the basis of the aforementioned equity backing of the major risks, also classified as the "worst-case" scenario, executive board does not deem it necessary to establish additional stress tests procedures at VÖB-ZVD Processing. On the aforementioned basis and in strict adherence to the proportionality principle, VÖB-ZVD Processing does not apply any risk measurement methods in the form of value at risk models.

For the purposes of controlling and limiting counterparty default risks, VÖB-ZVD Processing established a limit system. The limit system is divided into a VÖB-ZVD Processing-specific overall limit and customer-specific individual limits. For the individual commitments of the limit-related business relationships, individual limits

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

were defined based on the assumed creditworthiness of the business partners, the nature and scope of the business relationship and the projected development of the customer and market environment. The definition of a limit-related business relationship is oriented on the term "borrower unit" in accordance with §19 of the old version of the KWG (Banking Act). The definition of individual limits thus apply to a respective borrower unit. In its original form, the limit system applied without restriction until the sale of the Frankfurt network operations on 30 September 2017. A majority of the monitoring-related counterparties have been eliminated as a result of the sale of the Frankfurt network operations. On this basis, the system for monitoring the counterparty default risk will be revised throughout the course of this 2018 fiscal year.

There were no major losses from counterparty defaults (value adjustments or write-offs) in the 2017 fiscal year as in 2016.

An operational risk, based on executive board's understanding, is the risk of losses resulting from the inadequacy or failure of internal procedures and systems, people or as the result of external events. The objective of OpRisk controlling is to systematically and promptly identify operational risks with their causes and interdependencies. The need for ad-hoc management of crisis situations should not be limited to an influenceable residual risk. Ad-hoc management in particular is often associated with high costs and should therefore remain the exception.

In addition to the regular, generally monthly, examination of the company's risk situation by the executive board and the heads of department in the jour fixes, an annual risk inventory is also conducted as an instrument to identify the major risk areas. This qualitative measure to identify and control the risks is used, in particular, to manage the operational risks. A review of all organisational units of VÖB-ZVD Processing will be conducted based on standardised surveys to determine which risks they bear and the significance or loss potential they represent. The results of the risk inventory are then prepared, transmitted to the executive board and, if needed, measures are taken.

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

To avoid losses in the area of operational risks, VÖB-ZVD Processing possesses an emergency strategy in the framework of a company-wide emergency management system and dedicated business continuity plans (BCP's) and catalogues of measures which are defined in writing in the various department-specific emergency manuals and the emergency planning concept (framework). The normative environment, roles and responsibilities as well as the conduct and measure in the event of an emergency, among other things, are examined in these documents. In addition, the documentation requirements, preventive measures and the prevention of emergencies and the need and obligation to conduct emergency tests are also defined in writing here.

In total, there were no losses during the 2017 fiscal year (2016: three) from the area of operational risks.

Concentrations/cluster risks in the area of counterparty default risks arise for VÖB-ZVD Processing due to its involvement in the Deutsche Bank Group, in particular, however, with Postbank. With respect to the market price, liquidity or operational risks, the executive board did not identify any relevant concentrations of risks that require corresponding steering or control. There were also no indications of risk concentrations from the expense-side perspective (procurement, suppliers, etc.).

Overall, the executive board believes the company risks will remain moderate to low in the future. No significant monetary risks have been determined for the future.

VÖB-ZVD Processing, as a subsidiary of the Postbank Group, is integrated into appropriate risk management processes on the group level. The manuals, frameworks and strategies adopted and communicated within the Group are also binding for VÖB-ZVD Processing. For this reason, a local OpRisk Manager (ORM) has been appointed who manages the corresponding, superordinate management processes for VÖB-ZVD Processing. This includes, in particular, the recording of

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

losses of more than €1k in the Postbank's central database of losses and monthly risk indicator reports. In addition, every six months, the risk control department - operational risk management (RIS ORM) at Postbank initiates and conducts a self assessment process to evaluate the operational risks of the group companies.

The financial department drafts a risk report in the framework of the quarterly risk reporting process which is reported to the VÖB-ZVD Processing advisory board. The risk report includes the relevant information on the areas of key performance indicators and the equity base, limit control/monitoring, money laundering, losses during the reporting period and projects and other information.

The internal audit is a major component of VÖB-ZVD Processing's corporate and process-dependent monitoring systems. The internal audit assignment has been almost completely outsourced to Postbank's corporate auditing department in the framework of an internal group outsourcing agreement. The communication and monitoring of the outsourced service between VÖB-ZVD Processing and the audit department is secured by an audit officer or is conducted directly via the executive board. As part of the corporate monitoring system, Postbank's auditing department reviews all of VÖB-ZVD Processing's activities and processes. The audit planning and the audit frequency is defined on the basis of a risk-oriented auditing method and is supplemented by the specifications and standards of the Deutsche Bank Group. To maintain the independence of the auditor in a multi-client business (e-payment segment, §24c of the KWG (Banking Act) central account database, paydirekt), an external financial auditing firm has been tasked with auditing these business segments since 2013.

## **6. Prognosis Report**

An analysis of the deviations between the projections reported last year and the actual values on 31 December 2017 was performed in the chapter "Earnings, assets and financial situation". The executive board defined the company's key financial performance indicators as the development of the personnel segment

**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

(personnel expenses and FTE development), the commission revenues, the administrative expenses and the gross profit. The high availability of the data centre and, in particular, the availability of the client-capable authorisation systems, MATs Issuing und MATs Acquiring, were defined as non-financial performance indicators. They must be reported monthly as risk indicators and are contractually defined in Service Level Agreements. The availability of MATs Issuing must be 99.7% (actual 2017: 99.99%) and MATs Acquiring must be 99.5% (actual 2017: 99.99%).

The forecast for the commission revenues for the 2018 fiscal year is €23,317k. The reduction of the projections in comparison to the actual commission results in 2017 (€25,323k) is largely attributed to the sale of the Frankfurt network operations and the related elimination of the earnings.

Moreover, executive board expects generally lower earnings in the core business segments, MATs Issuing, MATs Acquiring and card production. They should, however, be partially compensated for by increases in earnings in the automatic teller machine/cash prognosis business segments due to the target growth.

The personnel expenses are budgeted at €7,425k. The reduction of the budget in comparison to 2017 is almost exclusively due to the sale of the Frankfurt network operations and the related transfer of the employees to the purchaser.

The administrative expenses should amount to €8,342k as per the original projections. The cost discipline will also have a significant impact on the expenditures in 2018 as well. Larger cost-side one-off effects as resulted in 2017 from the project for the sale of the Frankfurt network operations, are not expected.

A total gross result of €5,822k is expected for VÖB-ZVD Processing's business segments in 2018. This earnings projection includes normal business operations. Though, as already explained in the opportunities report, the executive board sees opportunities in being able to accompany the new developments for the group



**VÖB-ZVD Processing GmbH**  
**situation report**  
**for the fiscal year from 1 January to 31 December 2017**

---

from a technical perspective and in the role of a service provider, these opportunities have not yet been incorporated into the budget. In addition to the assumption of services for the new structure planned by the Deutsche Bank Group in 2018, this also includes the options in the aforementioned technical innovation and standardisation processes segments. In addition to normal business operations, earnings from so-called milestone payments totalling €6,000k are expected in 2018 which will become due successively in conjunction with the final migration of the IT infrastructure of the Frankfurt network operations to the purchaser's, Six Payment Services (Europe) S.A., data centre in Luxembourg.

In November 2017, the company's advisory board approved new, replacement and expansion investments totalling €2,557k for 2018, of which €905k are allocated to intangible assets and €1,652k to hardware components and other operational and business equipment. The investments are largely life cycle-related new and replacement acquisitions for the MATs-systems and the planned modernisation of the network architecture.

**Statement from the executive board**

We ensure, to the best of our knowledge and in accordance with the applicable accounting principles that the annual financial statement provides a true and fair view of VÖB-ZVD Processing GmbH's assets, financial situation and earnings and in the situation report, the course of business including the business performance as well as the position of the Group are described in such a way that they provide a true and fair view of the important opportunities and risks associated with the development of the Group.

VÖB-ZVD Processing GmbH  
situation report  
for the fiscal year from 1 January to 31 December 2017

---

Bonn 16 April 2018

---

Hermann Beckers

---

Ingo Faerber

---

ppa. Markus Schierack  
(General Representative)





## **Annual financial statement**

## Annual balance sheet on 31 December 2017

VÖB-ZVD Processing GmbH, Bonn

Asset side	31/12/2017	31/12/2016
	Euro	Euro
<b>1. Cash reserve</b>	<b>61571392.97</b>	<b>57,317,157.95</b>
a) from payment services and the expenditure of electronic money	61,571,342.94	57,317,034.11
b) from other activities	50.03	123.84
<b>2. Receivables</b>	<b>62956913.67</b>	<b>37,241,740.88</b>
a) from payment services and the expenditure of electronic money of that, balances in escrow accounts	14,550,626.24 14078302.55	15,901,166.76 15,316,768.10
b) from other activities	48,406,287.43	21,340,574.12
aa) due daily	46,084,642.04	18,725,966.68
bb) other receivables	2,321,645.39	2,614,607.44
<b>3. Receivables from customers</b>	<b>123296.33</b>	<b>2,755,930.70</b>
a) from payment services and the expenditure of electronic money of that: from commissions	43,980.40 0.00	1,052,599.02 160,267.63
b) from other activities	79,315.93	1,703,331.68
<b>4. Receivables from institutes pursuant to §1(2a) of the Payment Services Oversight Act (Zahlungsdienststeaufsichtsgesetz (ZAG))</b>	<b>8,748,717.32</b>	<b>7,030,479.97</b>
a) from payment services and the expenditure of electronic money	8,517,550.00	6,887,816.21
b) from other activities	231,167.32	142,663.76
<b>5. Shareholdings</b>	<b>251000.00</b>	<b>303,202.90</b>
a) from payment services and the expenditure of electronic money including: aa) in institutes pursuant to §1(2a) of the Payment Services Oversight Act	26,000.00 26,000.00	78,202.90 78,202.90
b) from other activities	225,000.00	225,000.00
<b>6. Intangible assets</b>	<b>1461585.00</b>	<b>2,353,038.39</b>
a) from payment services and the expenditure of electronic money	153,967.60	242,775.92
aa) purchased concessions, industrial property rights and similar rights and values and licenses to such rights and values	153,967.60	234,982.83
bb) advance payments	0.00	7,793.09
b) from other activities	1,307,617.40	2,110,262.47
aa) purchased concessions, industrial property rights and similar rights and values and licenses to such rights and values	1,307,617.40	2,042,523.17
bb) advance payments	0.00	67,739.30
<b>7. Tangible assets</b>	<b>2499822.94</b>	<b>2,728,085.00</b>
a) from payment services and the expenditure of electronic money	256,646.01	243,397.74
b) from other activities	2,243,176.93	2,484,687.26
<b>8. Other assets</b>	<b>148806.64</b>	<b>237,603.25</b>
a) from payment services and the expenditure of electronic money	0.00	0.99
b) from other activities	148,806.64	237,602.26
<b>9. Accruals and deferrals</b>	<b>2414365.34</b>	<b>2,320,570.05</b>
a) from payment services and the expenditure of electronic money	242,439.31	230,967.33
b) from other activities	2,171,926.03	2,089,602.72
<b>Total assets</b>	<b>140175900.21</b>	<b>112,287,809.09</b>

## Annual balance sheet on 31 December 2017

VÖB-ZVD Processing GmbH, Bonn

Asset side	31/12/2017	31/12/2016
	Euro	Euro
<b>1. Liabilities due to credit institutes</b>	<b>73671310.86</b>	<b>68,707,190.01</b>
a) from payment services and the expenditure of electronic money	73,671,266.91	68,536,204.73
aa) due daily	70,535,802.05	64,693,225.81
bb) with contractual term or termination notice period	3,135,464.86	3,842,978.92
b) from other activities	43.95	170,985.28
aa) with contractual term or termination notice period	43.95	170,985.28
<b>2. Liabilities due to customers</b>	<b>11917468.53</b>	<b>14,169,509.60</b>
a) from payment services and the expenditure of electronic money	11,163,402.93	12,536,678.40
aa) Liabilities for the execution of payment transactions	10,976,596.84	12,325,185.76
bb) of that, in payment accounts	10,942,282.96	12,307,219.83
b) from other activities	754,065.60	1,632,831.20
<b>3. Liabilities due to institutes pursuant to §1(2a) of the Payment Services Oversight Act</b>	<b>680.00</b>	<b>2,785.73</b>
a) from payment services and the expenditure of electronic money	680.00	823.45
b) from other activities	0.00	1,962.28
<b>4. Other liabilities</b>	<b>1111593.62</b>	<b>295,802.02</b>
a) from payment services and the expenditure of electronic money	14,572.05	20,169.76
b) from other activities	1,097,021.57	275,632.26
<b>5. Accruals and deferrals</b>	<b>52074.62</b>	<b>52,074.62</b>
a) from payment services and the expenditure of electronic money	0.00	0.00
b) from other activities	52,074.62	52,074.62
<b>6. Provisions</b>	<b>12258240.55</b>	<b>6,361,422.11</b>
a) Provisions for pensions and similar obligations	1,469,995.00	1,070,700.00
aa) from payment services and the expenditure of electronic money	82,240.90	72,939.72
bb) from other activities	1,387,754.10	997,760.28
b) Tax provisions	8,759,516.16	2,782,261.02
aa) from payment services and the expenditure of electronic money	452,343.17	236,741.48
bb) from other activities	8,307,172.99	2,545,519.54
c) other provisions	2,028,729.39	2,508,461.09
aa) from payment services and the expenditure of electronic money	275,694.23	309,174.96
bb) from other activities	1,753,035.16	2,199,286.13
<b>7. Equity capital</b>	<b>41164532.03</b>	<b>22,699,025.00</b>
a) Subscribed capital	425,000.00	425,000.00
b) Capital reserve	10,847,476.28	10,847,476.28
c) Retained earnings	3,904,501.55	3,904,501.55
aa) other retained earnings	3,904,501.55	3,904,501.55
d) Net profit	25,987,554.20	7,522,047.17
<b>Total liabilities</b>	<b>140175900.21</b>	<b>112,287,809.09</b>





**Profit and loss statement**

VÖB-ZVD Processing GmbH Bonn for the period from 01/01/17 - 31/12/2017

	2017	2016
	Euro	Euro
<b>1. Interest income</b>	<b>518630.52</b>	<b>497,316.01</b>
a) from payment services and the expenditure of electronic money	605,423.85	476,638.28
aa) from credit and money market transactions	605,423.85	476,638.28
b) from other activities	-86,793.33	20,677.73
bb) from credit and money market transactions	-86,793.33	20,677.73
<b>2. Interest costs</b>	<b>764143.22</b>	<b>523,709.26</b>
a) from payment services and the expenditure of electronic money	620,410.79	491,458.81
b) from other activities	143,732.43	32,250.45
<b>3. Current income</b>	<b>94190.30</b>	<b>3,341,781.49</b>
a) from payment services and the expenditure of electronic money	0.00	30,011.50
aa) Shareholdings	0.00	30,011.50
b) from other activities	94,190.30	3,311,769.99
bb) Shareholdings	94,190.30	3,311,769.99
<b>4. Commission revenues</b>	<b>33393107.92</b>	<b>35,558,139.76</b>
a) from payment services and the expenditure of electronic money	3,517,726.81	3,668,728.97
b) from other activities	29,875,381.11	31,889,410.79
<b>5. Commission costs</b>	<b>8070434.28</b>	<b>8,031,842.57</b>
a) from payment services and the expenditure of electronic money	1,174,338.82	1,224,402.07
b) from other activities	6,896,095.46	6,807,440.50
<b>6. Other operating income</b>	<b>30302904.67</b>	<b>1,142,517.48</b>
a) from payment services and the expenditure of electronic money	167,122.31	199,149.98
b) from other activities	30,135,782.36	943,367.50
<b>7. General administrative costs</b>	<b>20085177.57</b>	<b>17,931,320.49</b>
a) from payment services and the expenditure of electronic money	1,432,667.32	1,476,727.01
aa) Personnel expenses	537,828.20	655,255.24
aaa) Wages and salaries	454,893.70	556,126.04
bbb) Social contributions and expenses for of old-age pension and support	82,934.50	99,129.20
including: for old-age pension	13,701.64	9,666.79
bb) other administrative expenditures	894,839.12	821,471.77
b) from other activities	18,652,510.25	16,454,593.48
aa) Personnel expenses	9,075,451.57	8,963,397.12
aaa) Wages and salaries	7,675,993.42	7,607,384.53
bbb) Social contributions and expenses for of old-age pension and support	139,945.15	1,356,012.59
including: for old-age pension	23,120.01	132,234.35
bb) other administrative expenditures	9,577,058.68	7,491,196.36
<b>8. Write-downs and value adjustments on intangible assets and tangible assets</b>	<b>2,212,265.97</b>	<b>2,270,443.13</b>
a) from payment services and the expenditure of electronic money	226,552.39	215,615.40
b) from other activities	1,985,713.58	2,054,827.73
<b>9. Other operating costs</b>	<b>152173.34</b>	<b>592,455.87</b>
a) from payment services and the expenditure of electronic money	828.73	13,997.36
b) from other activities	151,344.61	578,458.51
<b>10. Write-downs and value adjustments on receivables and certain securities as well as deposits into provisions for the lending business</b>	<b>1,016.97</b>	<b>10,213.72</b>
a) from payment services and the expenditure of electronic money	107.13	1,053.81
b) from other activities	909.84	9,159.91
<b>11. Earnings from appreciations on receivables and certain securities as well as from the dissolution of provisions in the credit segment</b>	<b>436.53</b>	<b>6,138.48</b>
a) from payment services and the expenditure of electronic money	45.99	530.17
b) from other activities	390.54	5,608.31

<b>12. Earnings from normal business operations</b>	<b>33024058.59</b>	<b>11,185,908.18</b>
a) from payment services and the expenditure of electronic money	835,413.77	951,804.45
b) from other activities	32,188,644.82	10,234,103.73
<b>13. Taxes on income and profit</b>	<b>7036504.39</b>	<b>3,663,861.01</b>
a) from payment services and the expenditure of electronic money	174,195.38	311,739.01
b) from other activities	6,862,309.01	3,352,122.00
<b>14. Annual net profit</b>	<b>25987554.20</b>	<b>7,522,047.17</b>
a) from payment services and the expenditure of electronic money	661,218.39	640,065.44
b) from other activities	25,326,335.81	6,881,981.73
<b>15. Balance sheet profit</b>	<b>25987554.20</b>	<b>7,522,047.17</b>

**VÖB-ZVD Processing GmbH**  
**Bonn**  
**Attachment for the fiscal year**  
**from 1 January to 31 December 2017**

**I. General information**

VÖB-ZVD Processing GmbH (VÖB-ZVD Processing) is incorporated in Bonn and is registered in the District Court of Bonn commercial register under the register number HRB 23407. The relocation of the headquarters from Frankfurt a.M. (formerly HRB 50934) to Bonn was executed by a certified shareholder resolution on 18 December 2017. The entry in the commercial register was executed on 3 January 2018.

VÖB-ZVD Processing shall be included in the Deutsche Postbank AG, Bonn, (Postbank) sub-consolidated financial statement and submitted to the District Court in Bonn under HRB 6793.

Postbank will be included in the Deutsche Bank AG, Frankfurt am Main (Deutsche Bank) consolidated financial statement. It shall be submitted to the District Court of Frankfurt am Main under HRB 30000 and published in the Bundesanzeiger (Federal Gazette).

The share capital amounts to €425k. The shareholders are Postbank, which holds 75%, and Bundesverband Öffentlicher Banken Deutschlands e.V., Berlin (VÖB e.V.), which holds 25%. The share held by VÖB e.V., in the amount of €106k, shall hereby be held in escrow by VÖB e.V. (fiduciary) for Postbank (trustor) in accordance with the escrow agreement concluded on 13 January 2016.

Since the conclusion of the agreement on 12 May 2014 and effective since 1 January 2014, a sales tax allocation agreement between Deutsche Bank AG, Frankfurt (parent company) and VÖB-ZVD Processing GmbH, Bonn (subsidiary) has applied on the basis of the sales tax entity.

## Appendix

---

During the reporting period, the Frankfurt network operations were sold to SIX Payment Services (Europe) S.A. on 29/9/2017 in the framework of an auction process. As a result of the sale, various items on the balance sheet and profit and loss statement were only comparable to the previous year's figures to a limited extent.

### **II. Accounting regulations**

In letters from the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)) dated 28 April 2011 / 04 July 2012, VÖB-ZVD Processing GmbH was issued a permit to provide payment services pursuant to §1(2) Nos. 1, 2a, 2b, 4 and 6 of the Payment Services Oversight Act (Zahlungsdiensteaufsichtsgesetz (ZAG)). In a letter dated 29 September 2017, VÖB-ZVD Processing notified BaFin in accordance with §66(2) of the ZAG-new that the company would like to continue providing payment service past 13 July 2018.

VÖB-ZVD Processing is subject to the legal standards in the Payment Service Oversight Act (Zahlungsdiensteaufsichtsgesetz (ZAG)) and shall be monitored accordingly under oversight laws, by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)) and the central bank for the Federal Republic of Germany (Bundesbank). The company compiles its annual financial statement for the fiscal year period from 1 January to 31 December 2017 in accordance with mandatory structure for payment institutes (Forms 1 and 2) in the Payment Institutes Accounting Ordinance (Zahlungsinstituts-Rechnungslegungsverordnung (RechZahlV)). In addition, the regulations in §§ 340 et seq in conjunction with §§ 238 et seq. of the HGB (Commercial Code), compliance with which is required for payment institutes, were applied.

### **III. Accounting and assessment methods**

The cash reserve, receivables from credit institutes, receivables from customers, receivables from institutes pursuant to §1(2a) of the Zahlungsdiensteaufsichtsgesetz (Payment Institutes) and the other assets have been recognised at the nominal value in compliance with the strict lowest value principle.

## Appendix

---

There are no foreign currency receivables on the balance sheet date.

Equity interests have been capitalised at amortized acquisition cost. In the event of continuous write-downs, unscheduled write-downs shall be applied. The option granted in accordance with § 253(3) Sentence 6 of the HGB shall not be exercised.

Purchased intangible assets and tangible assets shall be capitalised at acquisition cost, reduced by scheduled, utilisation-dependent write-downs. The write-downs were determined linearly based on the expected normal operational duration of use. In the event of continuous write-downs, unscheduled write-downs shall be applied.

The option granted in accordance with § 248(2) of the HGB to include internally generated intangible assets in the capital assets as an asset item on the balance sheet was not exercised.

The fixed assets exclusively include the operational and business equipment. VÖB-ZVD Processing does not own any land or buildings designated for its own use.

In compliance with the tax regulations pursuant to §6 of the EStG (Income Tax Act), low-value assets up to a limit of €150 in the year of receipt will be recorded at their full amount as expenditures and, for additional procurements of up to €1,000, they will be recorded as a compound item which is dissolved on a linear basis at a fifth per calendar year.

Advance payments shall be evaluated at the nominal amount.

An accounting of the deferred tax assets on 31 December 2017 shall be waived pursuant to § 274(1) Sentence 2 of the HGB.

With the amendment of §253(2) of the HGB in 2016, the observation period to determine the average interest for old-age pension obligations was expanded from seven to ten fiscal years. The difference resulting from assessment at the 10-year

## Appendix

---

average and assessment at the 7-year average is subject to a dividend payout block (see Section VI. Other disclosures).

The recognised liabilities due to credit institutes, liabilities due to customers, liabilities due to payment institutes and other liabilities shall be recorded at the fulfilment amount.

There are no foreign currency liabilities on the balance sheet date.

The recognised pension provisions and similar obligations are based on actuarial assessments which determine the amount of the provisions based on the projected, unit credit method, while taking the "Guideline Tables 2005 G" by Prof. Klaus Heubeck.

When calculating the pension provisions, an actuarial interest rate based on the average market interest rate of the past ten fiscal years in the amount of 3.68 % (31/12/2016 4.01 %) was applied. The average market interest rate of the past seven fiscal years would have been 2.8 %. The dynamic growth on creditable compensations was accounted for at 2.4 % (31/12/2016 1.9%), the dynamic growth on the income threshold for the statutory pension insurance at 2.4 % (31/12/2016 2.2%), and the dynamic growth of the adjustment of current pensions at 1.8 % (31/12/2016 1.6%). Deferred compensations shall be adjusted at a fixed rate of 1.0%. In total, a remaining term of 15 years was assumed for the pension provisions.

The tax provisions and the other provisions took all identifiable risks and uncertain obligations into account. The provisions are carried as liabilities at the necessary settlement amount and are discounted pursuant to § 253(1) of the HGB in the event of a remaining term of more than one year.

Accrued and deferred income was recognised in accordance with § 250 of the HGB.

The equity capital, in compliance with § 272 of the HGB includes the subscribed capital, the capital reserves, the other retained earnings and the net profit. The company's share capital has been fully paid up.

### IV. Notes on the balance sheet

#### Cash reserve

The cash reserve in the amount of €61,571k (31/12/2016 €57,317k) resulted almost exclusively from the automatic teller machine business segment and, and includes €57,714k in cash held in the automatic teller machines (31/12/2016 €53,151k) and €3,857k in credit balances at the Deutsche Bundesbank (31/12/2016 €4,166k).

#### Receivables

The receivables from credit institutes in the amount of €62,957k (31/12/2016 €37,242k), of that €62,923k (31/12/2016 €37,097k) due to affiliated companies, are largely comprised of credit balances in the payment transaction processing accounts as trust assets at Postbank in the amount of €14,078k (31/12/2016 €15,317k) and the internal business account credit balance at Postbank in the amount of €46,080k (31/12/2016 €15,112k). The remaining receivables due to Postbank at €470k consists of trade receivables (31/12/2016 €1,280k). There is a receivable from chargeable capital gains taxes against the tax parent company Deutsche Bank AG from the tax group with PBC Banking Services GmbH from 2014 amounting to €4k. There additional are receivables from affiliated credit institutes in the amount of €1,479k (31/12/2016 €695k) from Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt a.M., €238k (31/12/2016 €508k) from Konzernobergesellschaft Deutsche Bank AG, and €110k (31/12/2016 €42k) from norisbank GmbH, Bonn, from trade receivables. The receivables from credit institutes have terms of up to three months.

#### Receivables from customers

Receivables from customers in the amount of €123k (31/12/2016 €2,756k) are the result of trade payables, e.g. the functional test and test card production.

There are receivables from affiliated companies in the amount of €5k (31/12/2016 €22k). The receivables from customers have terms of up to three months.

## Appendix

### Receivables from institutes in accordance with §1(2a) of the ZAG (Payment Services Oversight Act)

The receivables from institutes in accordance with §1(2a) of the ZAG amount to €8,749k (31/12/2016 €7,030k), are payable within 3 months and, at €8,518k, result almost exclusively from offsetting credit card revenue from the operated ATMs.

The receivables from credit institutes, customers and institutes in accordance with §1(2a) of the ZAG are fully non-secured.

### Capital assets

VÖB-ZVD Processing owns the following **shareholdings**:

Name and place of incorporation	Share of the capital	Equity capital as of 12/31/2016	Profit and loss 2016	Balance sheet value 31/12/2017
	%	€k	€k	€k
EURO Kartensysteme GmbH, Frankfurt am Main (EKS)	1.0	11,635	391	26
SRC Security Research & Consulting GmbH, Bonn (SRC)	22.5	4,971	942	225

The stake in ConCardis GmbH, Frankfurt a.M., was sold during the fiscal year.

The development of the **capital assets** is presented in the assets analysis (attachment to the Appendix). The operating and business equipment amounts to €1,845k (31/12/2016 €2,392k) on the balance sheet date. VÖB-ZVD Processing does not own any land or buildings designated for its own use.

The major accruals during the fiscal year, at €551k, are related to hardware components (firewall, network, server and archiving systems). Another €411k are related to software and result primarily from procurements of new licenses for server and interface systems. Additional provisions in the amount of €117k relate to operating and business equipment (€47k) and low-value assets (€70k). In addition, €646k was spent on advance payments for hardware systems currently being built on the balance sheet date.



## Appendix

---

### **Other assets**

The other assets in the amount of €149k (31/12/2016 €238k) include commercial tax receivables for 2012 and 2013.

### **Deferred charges**

On 31 December 2017, the deferred charges amount to €2,414k (31/12/2016 €2,321k) and are the result of payments made in advance for software and hardware maintenance, licenses, support services and salaries paid in advance.

### **Liabilities due to credit institutes**

The liabilities due to credit institutes in the amount of €73,671k (31/12/2016 €68,707k) are largely the liabilities due to Postbank from the operating loan for the purpose of filling the ATMs with cash in the amount of €70,535k (31/12/2016 €64,590k). As a result of our position as a head ec fee office, liabilities in the amount of €3,136k (31/12/2016 €2,994k) arise from ec cash fees from November 2017 which still have to be passed on. In total, there are liabilities to affiliated companies in the amount of €73,671k (31/12/2016 €67,858k). The liabilities due to credit institutes have terms of up to three months.

### **Liabilities due to customers**

This item in the amount of €11,917k (31/12/2016 €14,170k) is fully non-securitised, payable within one year and is largely comprised of the asset and offsetting account kept as trust liabilities from charging processes in the money card central database ("stock market offsetting accounts") business segment in the amount of €10,006k (31/12/2016 €9,754k). In total, the trust liabilities amount to €10,942k (31/12/2016 €12,307k). Another €176k relate to companies with which there is a shareholding relationship.

### **Liabilities due to institutes in accordance with §1(2a) of the ZAG (Payment Services Oversight Act)**

Liabilities toward payment institutes in the amount of €1k (31/12/2016 €3k) are the result of trade payables. The liabilities due to payment institutes have terms of up to three months.

### **Other liabilities**

The other liabilities in the amount of €1,112k (31/12/2016 €296k) relate to pending corporate taxes/solidarity surcharge, payroll taxes and social insurance contributions. The other liabilities have terms of up to three months.

All reported liabilities are non-securitised and unsecured.

### **Deferred income**

The deferred income in the amount of €52k (31/12/2016 €52k) includes deferrals from fees collected in advance.

### **Provisions**

The pension liabilities on 31 December 2017 in the amount of €1,470k (31/12/2016 €1,071k) are the result of six direct commitments, of which three commitments in the amount of €639k were issued in the form of compensation conversions for operational old-age benefits (deferred compensation). All commitments were assessed in an actuarial assessment performed by Willis Towers Watson GmbH, Reutlingen.

There are tax provisions totalling €8,760k (31/12/2016 €2,782k) in the amount of €5,454k for commercial tax for the previous year and in the amount of €3,306k for corporate taxes/solidarity surcharge.

Other provisions in the amount of €2,029k (31/12/2016 €2,508k) include personnel-related provisions in the amount of €538k (31/12/2016 €512k) which are largely comprised of expected reconciliation of interests payments resulting from the sale of the Frankfurt network operation, from employee bonus claims and residual holiday time claims. The provisions for bonus payments are divided into claims from the 2017 fiscal year as well as potential claims which will not be paid out until later periods in the framework of the corporate sustainability rules.

## Appendix

---

Other provisions not related to personnel in the amount of €1,490k (31/12/2016 €1,996k) are largely comprised of €470k (31/12/2016 €438k) in provisions from dismantling obligations for rented real estate, €180k (31/12/2016 €161k) from annual financial statement costs, €671k (31/12/2016 €641k) in provisions for pending invoices, €79k (31/12/2016 €93k) for tax consulting services and €65k (31/12/2016 €85k) in provisions for archiving costs.

Discounts over the corresponding remaining terms were executed.

### Equity capital

The company's subscribed capital amounts to €425k, the capital reserves €10,847k and the retained earnings €13,905k.

In total, VÖB-ZVD Processing's profit in the 2017 fiscal year amounts to €25,988k (previous year €7,522k).

### V. Information about the profit and loss statement

The **interest earnings** in the amount of €519k (2016 €497k) are offset by **interest expenses** in the amount of €764k (2016 €524k). The accrued interest on existing provisions amounts to €147k (2016 €14k). There are interest expenses due to affiliated companies in the amount of €616k (2016 €506k). The interest income includes custodian fees in terms of negative interest in the amount of €100k (previous year €16k).

The **current earnings** in the amount of €94k (2016 €3,342k) are related to the distribution of the shares in SRC (previous year €127k) Please refer to our statements regarding the capital assets.

The **commission revenues** amount to €33,393k (2016 €35,558k). A total of €18,479k (2016 €19,489k) resulted from transactions with affiliated companies.

The **commission expenses** amounted to €8,070k (2016 €8,032k). A total of €6k (2016 €329k) resulted from transactions with affiliated companies.

## Appendix

---

The **other operating income** in the amount of €30,302k (2016 €1,143k) are largely the earnings from the sale of the Frankfurt network operations (€16,764k), the earnings from the sale of the stake in ConCardis (€12,821k), turnover tax reimbursements from 2016 (€244k), earnings from the dissolution of provisions (€76k) and earnings from the personnel costs reimbursements from BCB AG (€124k). In total, earnings in the amount of €125k (2016 €251k) result from relationships to affiliated companies.

**Personnel expenses** amount to €9,613k (2016 €9,619k). In 2017, one chief executive received compensation from VÖB-ZVD Processing. Another chief executive received his compensation directly from Postbank. For more information about the development of personnel numbers, please refer to the information provided under 'Other disclosures'.

The **other administrative expenses** amount to €10,472k (2016 €8,313k). The following amounts due from affiliated companies were disclosed: €1,009k (2016 €946k), of that €649k (2016 €487k) from Postbank Systems AG, Bonn, €275k (2016 €390k) from Postbank, €45k from BCB AG and €40k from PB Immobilien und Baumanagement GmbH & Co Objekt Leipzig KG.

The **write-downs on intangible assets and tangible assets** amount to €2,212 (2016 €2,270) and consist of €1,068 in intangible assets, €1,037 for hardware/data processing systems and workstation systems and €107k in low-value assets. There were no unscheduled write-downs this fiscal year.

The **other operating expenses** amount to €152k (2016 €592k) and largely consist of €123k in interest on retrospective tax payments. There are no expenses owed to affiliated companies.

**Write-downs and value adjustments on trade receivables** in the amount of €1 (2016 €10k) were executed during the reporting year.

## Appendix

The **profit taxes** in the amount of €7,037k (2016 €3,664k) are largely from the 2017 fiscal year. Of that, €3,555k are allocated to commercial taxes and €3,306k to corporate taxes and the solidarity surcharge.

The earnings were generated almost exclusively on the domestic market.

### VI. Other information

#### Employees

The average number of employees decreased by 10 to 112 during the fiscal year. Using the internal corporate full-time employee method, the 88 employees employed at the end of the year correspond to a total of 82.1 FTEs. Moreover, one temporary worker (0.5 FTE's) was employed on the balance sheet date.

	31/03/2017	30/06/2017	30/09/2017	31/12/2017	average	
					2017	2016
Number of employees	117	121	121	88	<b>112</b>	<b>122</b>
of which work in Bonn/Leipzig	84	88	88	86	<b>87</b>	<b>88</b>
of which work in Frankfurt	33	33	33	2	<b>25</b>	<b>34</b>
of which work full-time	91	93	93	70	<b>87</b>	<b>95</b>
of which work part-time	26	28	28	18	<b>25</b>	<b>27</b>

(Figures do not include members of the executive board)

#### Audit fee

With respect to the financial auditor's fees pursuant to §285 No. 17 of the HGB for the 2017 fiscal year, please refer to the information in the Deutsche Postbank AG consolidated financial statement which includes the amounts for VÖB-ZVD Processing.

### **Payout block**

The difference, which is subject to a payout block in accordance with §253(6) of the HGB amounts to €303k.

Due to the adequate freely available equity components which correspond to at least the amounts subject to a payout block, the limitations of the payout block do not apply during the fiscal year.

### **Payment transactions and payment volumes**

During the fiscal year, 58,403,375 (2016 72,577,583) payment transactions were executed with a payment volume of €4,036.8 million (2016 €4,823.4 million).

### **Off-balance-sheet transactions / contingent liabilities**

There are no off-balance-sheet transactions or contingent liabilities in accordance with §251 of the HGB

### **Report on Events After the Balance Sheet Date**

After the conclusion of the fiscal year, no transactions of particular significance that might have an impact on the current and future development of VÖB-ZVD Processing were executed.

### **Profit and loss (profit) utilisation**

The executive board recommends adding a portion of the balance sheet profit in the amount of €10,000k to the retained earnings and distributing the remaining €15,988k to the shareholders.

### **Executives / managing directors**

The following persons were hired in the past fiscal year:

## Appendix

---

Hermann Beckers, Bad Münstereifel,  
Executive board spokesperson for VÖB-ZVD Processing GmbH Bonn

Ingo Faerber, Cologne,  
Chief Executive of VÖB-ZVD Processing GmbH, Bonn  
Head of the Cost Controlling Operations & Products Department at Deutsche  
Postbank AG, Bonn

Markus Schierack, Bonn  
General representative, authorised representative of VÖB-ZVD Processing GmbH,  
Bonn

Chief executive Faerber did not receive any compensation from VÖB-ZVD Processing during the fiscal year.

The disclosure of the executives' compensation was waived in accordance with §286(4) of the HGB.

In compliance with §8 of the VÖB-ZVD Processing articles of association, a **supervisory body (advisory board)** was established. The following men and women were or are members of the advisory board:

Dr. Thomas Mangel  
Board of directors Postbank Systems AG, Bonn  
(from 1 January 2017; Chair of the Advisory Board from 15/02/2017)

Bernd Oletzky  
Head of the Account / Payment Transactions Department at Deutsche Postbank  
AG, Bonn  
Chair of the Advisory Board  
(until 31 January 2017)

## Appendix

---

Markus Dahm

Head of the Corporate Purchasing Department at Deutsche Postbank AG, Bonn  
(from 10 February 2017)

Britta Lehfeldt

Managing Director Deutsche Bank AG, Frankfurt a. M.

Dr. Andreas Steininger

Head of the Sales Support Department at Deutsche Postbank AG, Bonn

The members of the advisory board do not receive compensation.

The members of the executive and the advisory board received neither advances nor loans from the company during the reporting year, as in the previous years.



## Appendix

---

Bonn 16 April 2018

---

Hermann Beckers

---

Ingo Faerber

---

ppa. Markus Schierack  
(General Representative)



Procurement and manufacturing costs						Write-downs						Book value	
Last 01/01/2017	Credits	Transfers	Debits	Last 31/12/2017	Last 01/01/2017	Credits	Transfers	Debits	Last 31/12/2017	Last 01/01/2017	Last 31/12/2017	€k	€k
€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
303	0	0	-52	251	0	0	0	0	0	303	0	303	251
78	0	0	-52	26	0	0	0	0	0	78	0	303	26
<b>303</b>	<b>0</b>	<b>0</b>	<b>-52</b>	<b>251</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>303</b>	<b>0</b>	<b>303</b>	<b>251</b>
20,895	411	75	-1,749	19,632	-18,617	-1,068	0	1,515	-18,170	2,278	0	2,278	1,462
<b>20,970</b>	<b>411</b>	<b>0</b>	<b>-1,749</b>	<b>19,632</b>	<b>-18,617</b>	<b>-1,068</b>	<b>0</b>	<b>1,515</b>	<b>-18,170</b>	<b>2,353</b>	<b>0</b>	<b>2,353</b>	<b>1,462</b>
12,171	599	0	-1,661	11,109	-9,779	-1,037	0	1,552	-9,264	2,392	0	2,392	1,845
939	70	0	-911	98	-603	-107	0	621	-89	336	0	336	9
0	646	0	0	646	0	0	0	0	0	0	0	0	646
<b>13,110</b>	<b>1,315</b>	<b>0</b>	<b>-2,572</b>	<b>11,853</b>	<b>-10,382</b>	<b>-1,144</b>	<b>0</b>	<b>2,173</b>	<b>-9,353</b>	<b>2,728</b>	<b>0</b>	<b>2,728</b>	<b>2,500</b>
<b>34,383</b>	<b>1,726</b>	<b>0</b>	<b>-4,373</b>	<b>31,736</b>	<b>-28,999</b>	<b>-2,212</b>	<b>0</b>	<b>3,688</b>	<b>-27,523</b>	<b>5,384</b>	<b>0</b>	<b>5,384</b>	<b>4,213</b>

<b>I. Shareholdings</b>
including stakes institutes in accordance of the <u>Zahlungsdienstleistungsgesetz</u>
<b>II. Intangible assets</b>
1. concessions, commercial property rights and similar rights and values as well as licenses to such rights and values acquired for a
2. advance payments
<b>III. Tangible assets</b>
1. other assets, operating and Office equipment
2. low-value assets
3. advance payments

## AUDIT CERTIFICATE FROM THE INDEPENDENT FINANCIAL AUDITOR

To VÖB-ZVD Processing GmbH Bonn

### Auditor's opinions

We have audited the VÖB-ZVD Processing GmbH, Bonn annual financial statement, consisting of the balance sheet dated 31 December 2017 and the profit and loss statement for the fiscal year from 1 January to 31 December 2017 as well as the Appendix, including the presentation of the accounting and assessment methods. We also audited VÖB-ZVD Processing GmbH's situation report for the fiscal year from 1 January to 31 December 2017.

According to our assessment based on the findings of the audit,

- the attached annual financial statement complies in all major respects with the German regulations under commercial law and, in compliance with the German principles of proper accounting, conveys true and fair picture of the asset and financial situation of the company on 31 December 2017 and its earnings situation for the fiscal year from 1 January to 31 December 2017, and
- the attached situation report conveys, overall, an accurate picture of the company's situation. In all major respects, this situation report is in line with the annual financial statement, is in compliance with the German statutory regulations and accurately portrays the opportunities and risks of the company's future development.

pursuant to §322(3) Sentence 1 of the HGB, we declare that our audit did not result in any objections against the regularity of the annual financial statement nor against the situation report.

### Basis of the auditor's opinions

We performed our audit of the annual financial statements and situation report in compliance with §317 of the HGB and in accordance with the German principles of proper financial auditing set forth by the

Institut der Wirtschaftsprüfer (IDW (Institute of German Financial Auditors)). Our responsibility under these rules and principles is described in more detail in the section "Responsibility of the financial auditor when auditing the annual financial statement and situation report" in our audit certificate. We are independent from the company in accordance with German regulations under commercial and professional law and have met our other German professional obligations in accordance with these requirements. We are of the opinion that the audit documents we received are adequate and suitable to act as a basis of our auditor's opinions on the annual financial statement and situation report.

## Responsibility of the legal representatives for the annual financial statement and situation report

The legal representatives are responsible for drafting the annual financial statement which complies in all respects with the German regulations under commercial law and for ensuring that the annual financial statement, in compliance with the German principles of proper accounting, conveys a true and fair view of the asset, financial and earnings situation that reflects the company's actual situation. In addition, the legal representatives are responsible for the internal controls which they have deemed necessary in compliance with the German principles of proper accounting, to allow for an annual financial statement that is free of major misrepresentations, intentional or unintentional.

When drafting the annual financial statement, the legal representatives are responsible for assessing the company's ability to continue its business activities. In addition, they are responsible for submitting information related to the continuation of the company's activities, if relevant. In addition, they are responsible for accounting for the continuation of the company activities on the basis of the accounting principles unless actual or legal circumstances require otherwise.

The legal representatives are also responsible for drafting the situation report which, overall, conveys an accurate picture of the company's situation and which complies, in all major respects, with the annual financial statement, the German statutory regulations and accurately portrays the opportunities and risks of the future development. The legal representatives are also responsible for the precautions and measures (systems) which they have deemed necessary to allow the situation report to be drafted in compliance with the applicable German statutory regulations and to be able to provide adequately suitable evidence of all the statements in the situation report.

## Responsibility of the financial auditor when auditing the annual financial statements and the situation report

Our objective is to obtain adequate certainty regarding whether the annual financial statement as a whole is free of major misrepresentations, intentional or unintentional, and whether the situation report conveys a generally accurate picture of the company's situation and which is in compliance, in all major respects, with the annual financial statement and the findings of the audit, complies with the German statutory regulations and accurately portrays the opportunities and risks of the future development as well as to issue an audit certificate that includes our auditor's opinions regarding the annual financial statement and the situation report.

Adequate certainty is a high degree of certainty, but not a guarantee that an audit performed in compliance with 317 of the HGB in accordance with the German principles of proper financial auditing set forth by the Institut der Wirtschaftsprüfer (IDW) will always uncover major misrepresentations. Misrepresentations can be the result of violations or inaccuracies and are considered major if it can be reasonably expected that they have an individual or overall impact on financial decisions of addressees made on the basis of this annual financial statement and situation report.

During the audit, we exercise due diligence and maintain a critical stance. In addition,

- we identify and assess the risks of major misrepresentations, intentional or unintentional, in the annual financial statement and in the situation report, plan and conduct audit actions as a response to these risks and obtain audit evidence that is adequate and suitable to act as a basis of our auditor's opinions. The risk that major misrepresentations will not be uncovered is higher with respect to violations than by inaccuracies because violations may be associated with fraudulent conduct, intentional incomplete information, misleading representation or the disabling of internal controls.
- We gain an understanding of the internal control systems relevant to the audit of the annual financial statement and the precautions and measures relevant to the audit of the situation report in order to plan audit actions that are appropriate in light of the circumstances, but not with the objective of submitting an auditor's opinion regarding the efficacy of these company systems.
- We assess the adequacy of the accounting methods applied by the legal representatives and the justifiability of the estimated values and associated information presented by the legal representatives.
- We draw conclusions regarding the adequacy of the accounting principles applied by the legal representatives to the continuation of the company's activities and, on the basis of the received audit evidence, whether there is significant uncertainty regarding events or circumstances that might result in significant doubts in the company's ability to continue its business activities. If we come to the conclusion that there is significant uncertainty, we are obligated to indicate the corresponding information in the annual financial statement and the situation report in the audit certificate or, if this information is inadequate, to modify our respective auditor's opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit certificate. Future events or circumstances can, however, result in the company not being able to continue its business activities.
- We assess the overall presentation, the structure and content of the annual financial statement, including the information and whether the annual financial statement presents the underlying business incidents and events in such a manner that the annual financial statement, in compliance with the German principles of proper accounting, conveys a picture of the asset, financial and earnings situation that reflects the actual situation.

- We assess the compliance of the situation report with the annual financial statement, its compliance with the law and the picture it conveys of the company's situation.
- We conduct audit procedures on the forward-looking statements provided by the legal representatives in the situation report. On the basis of adequately suitable audit evidence, we assess, in particular, the significant assumptions on which the forward-looking statements provided by the legal representatives are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not provide an independent auditor's opinion regarding the forward-looking statements and the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the forward-looking statements.

We discuss with the person responsible for monitoring, amongst other things, the planned scope and schedule of the audit and significant audit determinations, including potential defects in the internal control system that we determined during our audit.

Düsseldorf, 16 April 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

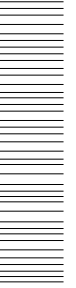
*Christian F. Rabeling*  
*Financial auditor*

*ppa. Dr. Nicole Bradsch*  
*Financial auditor*





*Empty page for binding reasons*



20000003512590