Annual Report 2011
Dear Readers,

GLS Bank’s way of working is humane, forward-looking and economically oriented. The 2011 Annual Report summarises the results of these three aspects of our work and complements our continuous reporting in our customer magazine “Bankspiegel”.

The 2011 business year was characterised by a great demand for our banking offers, which are socio-economically meaningful while being safe and bearing average interest. We welcomed our 100,000th customer in summer 2011 – one of about 25,000 people who found their way to us last year. We won several awards, were nominated for others and were respectively represented in the media. We are expecting the number of our new customers to increase considerably in 2012.

In response to our growth as well as in order to meet the increasing requirements of bank regulations we need to constantly increase our equity capital. By introducing a dividend on cooperative shares in December 2011 the foundation was laid for also offering membership as a capital investment with effect from 2012. This step was supported by the large majority of the members, in particular by subscribing for shares. We would like to invite every customer or prospective customer to become a member of our cooperative.

The conscious involvement in the direct and indirect socio-economic impact of all GLS Bank activities forms the basis of our integrated economic approach. The subject of sustainability is therefore the main focus of our reporting along with the people who share and have a forming influence on GLS Bank.

At this point our special thanks go to our members and customers for putting their trust in GLS Bank. Owing to our pleasing development to date as well as from the numerous opportunities seized, in the future we are expecting results from the huge commitment of our employees. We would also like to express our sincere thanks for this dedication.

Thomas Jorberg  
Management Board Spokesperson

Andreas Neukirch  
Member of the Management Board
“Fears that we have for the future can only be overcome by images of a future we want.”

Wilhelm Ernst Barkhoff, GLS Bank Initiator and Founding Member
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Highlights in 2011

GLS Bank welcomes its 100,000th customer

In June 2011, GLS Bank welcomed its 100,000th customer. The anniversary customer from Hesse was invited to a special weekend event: she was firstly given a festive reception and a tour of the bank by the employees in Bochum, followed by a visit to the organic-dynamic Schepershof in Velbert. By taking a look at the stables and the cheese dairy during the tour of the farmyard she had the opportunity to see at first hand how the deposits of GLS customers are invested. She enjoyed the rest of the weekend with her family at the organic hotel Werretal in Weserbergland.

GLS Bank honoured as “Bank of the Year” with the QUERDENKER Award and for its housing financing – Thomas Jorberg receives German Fairness Prize 2011

For the second time in a row GLS Bank was delighted to receive the “Bank of the Year” award following a nationwide consumer survey initiated by BÖRSE ONLINE and n-tv. The top ratings of GLS Bank reflect the great trust of its customers: by giving the best mark of 1.1, they chose GLS Bank as “Bank of the Year 2011” by a wide margin. The cooperative bank had already received this coveted customer prize in 2010. A total of 35,000 customers rated their banks – roughly 100 private, cooperative and savings banks. As early as in May, as part of a survey conducted by the magazine Euro, GLS customers had confirmed the quality of their banks and selected GLS Bank as the bank with the best housing financing and availability by phone.

GLS Spokesperson Thomas Jorberg was awarded the German Fairness Prize 2011 for his fair business management which sets a strong focus on the customers, members and employees of GLS Bank as well as the environment and society. On behalf of the Fairness Foundation’s Board of Trustees, Prof. Dr. Karl-Heinz Brodeck acknowledged GLS Bank for its socio-ecological and forward-looking orientation. The German Fairness Prize is awarded on an annual basis and particularly honours the commitment to economic and social fairness.

Furthermore, GLS Bank received the QUERDENKER Award in late 2011 for its forward-looking and innovative business operations. As a lateral thinker and the sector’s role model in the field of sustainable banking operations it came out on top in the category “Market Leader”. The QUERDENKER Award has been awarded by the QUERDENKER Foundation since 2010.
50 years of GLS Treuhand

50 years of donations and endowments for a liveable and loveable world! Since its establishment GLS Treuhand has had a significant impact. More than EUR 100 million has been granted to more than 8,000 projects. The variety of charitable cases is very wide: with the support of GLS Treuhand, farmers were able to buy land for organic farming, Brazilian children completed their school education, primary pupils learnt how to play an instrument and physicians further developed holistic medicine for their patients’ benefit. The 50th anniversary was an occasion to reflect on the effects of this funding and find answers to the question about the significance of donations and endowments for a positive social change. These reflections were compiled by 14 authors in the anniversary book “The Only Thing That Helps Is Endowment”. It showcases the entire diversity of donations and endowments – and depicts the present and future ground-breaking ideas associated with donation.

Annual shareholders’ meeting

Under the motto “Donating money – Generating sense. Shaping the future with GLS Bank.”, this year’s General Meeting was all about the 50th anniversary of GLS Treuhand. Together with its members and customers GLS Bank elaborated on the bank’s core business and future development prospects. Member of the Supervisory Board Rolf Kerler emphasised the significance of always bearing public welfare in mind, instead of making one’s own advantage top priority, and thereby substantiated the joint principle of GLS Bank and GLS Treuhand. In addition to the official part of proceedings, guests also had the opportunity to share information and ideas in a great number of dialogues and workshops.

Extraordinary shareholders’ meeting and establishment of GLS Bank Stiftung

In December about 600 GLS members met at an extraordinary General Meeting convened by GLS Bank. The proposal of the Management Board to introduce a dividend on the shares was accepted with an overwhelming majority of 94% at this shareholder meeting.

GLS Bank resolutely responds to the regulatory requirements on the amount of equity capital of all banks with this statute amendment: “By taking this step, we are creating the prerequisite for increasing the number of our members and also our equity capital as the most powerful lever of our forward-looking banking operations,” Spokesman Thomas Jorberg stated at the General Meeting. At the same time the GLS Bank Stiftung was established, into which the cooperative members can transfer their shares. The capital of this Stiftung forms the equity capital for GLS Bank, to be used to fund charitable projects.

The decision in favour of introducing a dividend and the establishment of the GLS Bank Stiftung constitute essential milestones in the further successful development of GLS Bank.
People at GLS Bank

Members

Being a cooperative bank our members form the basis for our socio-ecological banking operations. It is their shares that enable us to grant loans to forward-looking projects and enterprises. The more shares there are, the more loans can be granted.

Each member has one vote, irrespective of the number of their shares. Not only at the annual shareholder meeting they voice their opinion, also rate their bank, approve the results and determine the bank's fundamental and future orientation.

The bank and its members form a partnership with a common vision and value orientation, clear goals and money as an instrument of shaping society. Together, we are contributing to changing the ever more abstract financial market to ensure that money is there for the people and not the other way round.

Membership development

<table>
<thead>
<tr>
<th>Year</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>17,557</td>
</tr>
<tr>
<td>2011</td>
<td>21,636</td>
</tr>
</tbody>
</table>

How did you find out about GLS Bank?

"GLS Bank has asserted itself in practice. I hope it will gain even more influence."

Susanne Sirringhaus

What are your hopes for the future?

"GLS Bank has asserted itself in practice. I hope it will gain even more influence."

Susanne Sirringhaus
"I think the prevailing economic and monetary system is unsustainable. Seven years ago, I was looking for alternatives and found GLS Bank."

*Fabian Hanneforth*

"I had already been a member of the charitable credit guarantee association from which GLS Bank developed. A youth recreation centre needed money; without the association providing the guarantee, the project could have never been implemented."

*Gunter Stegemann*

"I work in the social sector. Therefore, I attached great importance to supporting enterprises and projects in this sector as a member."

*Karin Wiertz*

"I already had some family members at GLS Bank but I also wanted my money to be invested in alternative projects. The freedom to decide where my money is invested was very important to me."

*Philipp Homann*

"I hope that GLS Bank will continue to be successful and will be able to fund desirable projects. It’s great to have this alternative to the conventional system."

*Marc Andreas Pfizenmaier*

"I’m simply convinced that GLS Bank knows how to deal with money and hope that even more people will become members."

*Friederike Beyer-Schrank*
The number of GLS Bank customers continued to increase at a steady rate in 2011. More than 2,000 people decided to join GLS Bank throughout the year.

GLS Bank seeks close dialogue with our customers using various formats and channels. On the one hand customers experience individual support and face-to-face dialogue firstly in personal consultations and secondly within the scope of the more than 400 events (trade fairs, lectures, panel discussions, information stands, gallery openings, etc.) we conducted in 2011.

On the other, we also seek dialogue with our customers as well as with the wider public via our social media platforms at Facebook or Twitter or through our GLS Bank blog (http://blog.gls.de). GLS Bank regularly compiles rankings where, amongst other things, the number of readers or the level of interaction is assessed. Furthermore, GLS Bank maintains extensive and constant press relations with print media, radio and TV. Journalists have a competent press office at their disposal to receive answers to their many questions.

The Customer Dialogue Division, where customer feedback and complaints are evaluated at a central point, plays an important role. This is how we make sure that we are constantly improving our service quality.

GLS Bank deposit customers have the opportunity to earmark their deposits for intended use so that, upon opening the account, an early decision can be made on which sectors are to be granted the money deposited in the form of a loan. In 2011, the majority of our customers indicated the “renewable energy” sector as the desired purpose of utilising their deposits. In addition, about six per cent of them decided to donate their interests in whole or in part to charitable borrowers. GLS Bank forwards these funds to social projects – with limited access to capital at an especially favourable borrowing rate.

GLS Bank and its networks

Being a cooperative bank, GLS Bank not only maintains constant dialogue with its own members and customers but is also strongly networked with a multitude of socio-ecological enterprises, other banks, associations, societies, consultants and public authorities. Through loan financing, joint campaigns, investment projects, establishment of foundations and similar activities, a unique working basis has been created throughout the federal territory within the scope of many thousands of projects implemented over decades.

GLS Bank is also operating on an international scale, for example as the founding member of the Global Alliance for Banking on Values (GABV), a global alliance of 15 socio-ecological banks established in 2009 (www.gabv.org). This network constitutes a positive alternative concept in response to the financial market crisis and takes a uniform stand on global issues as the only global alliance of microfinancing and sustainability banks.
Opening of the new GLS branch office in Berlin

The ceremonial opening of the new GLS branch office in Berlin took place in September. About 120 customers, partners and friends celebrated the opening in the newly refurbished event room. Following the welcome speech by Branch Manager Werner Landwehr, the guests listened to the performance of the gamba duo "Nachklang". This was followed by a speech by Management Board Spokesperson Thomas Jorberg, who also addressed the current development on the financial markets and in politics. The new premises have an open design and not only provide space for meetings and consultations but also reflect GLS Bank’s transparent way of working. The concept is intended to be adopted in all other branch offices in the medium term.
“Whoever works for GLS Bank has selected a special function” it reads in GLS Bank’s mission statement. Without our highly committed staff, GLS Bank would not be the same as it is today. Especially in times of substantial growth it is particularly important that our staff continuously develop their knowledge and expertise in line with the increasing requirements.

In doing so, we have to carefully consider our work in relation to our core values and understanding of sustainability. The annual appraisal, for example, is one of the core components of human resource development. In addition to the informal meetings, the monthly staff forum as well as the intranet “in-house Bankspiegel” allow for regular exchange of information within GLS Bank.

People working at GLS Bank organise their staff association themselves based on our mission statement and our core brand values. 1996 was the first year in which two panels were elected with different remits: the Trust Circle and the Income Circle. The GLS Supervisory Board meetings are always attended by two staff members.

**Trust Circle**

GLS employees have a Trust Circle at their disposal, consisting of a total of eleven employees who advocate the interests of all employees (e.g. upon recruitment, dismissal or transfer). The Trust Circle replaces a works council and holds regular meetings with the Management Board to discuss any issues that arise. Each employee is entitled to address the members of the Trust Circle and arrange to be represented by them. By creating this instrument of staff association, the employees opted in favour of open and trusting interaction.

**Income Circle**

The employees’ interests regarding matters of income are represented by the six members of the Income Circle. GLS Bank has developed its own in-house income regulations.

### Employees

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
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<td>Women</td>
<td>204</td>
<td>248</td>
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<tr>
<td>Men</td>
<td>136</td>
<td>170</td>
</tr>
<tr>
<td>Total</td>
<td>340</td>
<td>418</td>
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<tr>
<th></th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>Full-time</td>
<td>231</td>
<td>273</td>
</tr>
<tr>
<td>Part-time</td>
<td>95</td>
<td>128</td>
</tr>
<tr>
<td>Maternity leave/ Special agreements</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>340</td>
<td>418</td>
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1. See page 24
The Income Circle and the Trust Circle as well as the staff representatives of the Supervisory Board closely cooperate with each other on an ongoing basis.

In 2011, nearly 80 new employees were recruited. At first, they were made familiar with the specifics of the work at GLS Bank for at least one week within the scope of a special training workshop. In 2011, 24 apprentices and seven trainees were employed at GLS Bank, in addition to 15 disabled employees.
Dr. Christoph von Carlowitz
*Overall Group Management*

I have been working at GLS Bank since 2009. Previously, I was employed at another bank as chief executive and general manager of various group companies. At GLS Bank, I am in charge of internal administrative functions such as accounting, controlling, organisation, EDP and construction projects. Furthermore, I am a managing trustee of the Equalisation and Safety Fund\(^1\) as well as general manager of the Social Economic Guarantee Bank.

To me, money is an instrument for shaping society, serving both economic and ecological purposes. I believe that responsible people should have a say in deciding what aims banks pursue with the deposits of their customers. Therefore, what especially appeals to me about GLS Bank is its commitment to protecting our environment as part of its business model and its clear orientation on a down-to-earth, real economy.

I am currently exploring these ideas also in my private life within the scope of my master’s studies "Social Banking & Social Finance" at the Institute for Social Banking. I spend the majority of my spare time outdoors and travelling.

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Thomas Goldfuß
*Asset Management*

I started working for GLS Bank in 2005. I was able to contribute a great deal of professional experience, particularly in the banking industry and customer relations management. In addition, I was already familiar with many of the social and ecological issues of GLS Bank through my private commitment.

My "Asset Management and Treasury" team provides support to customers with large or complex assets. Furthermore, we are responsible for the securities business, the placement of investment offerings and the bank’s own investments.

I am impressed by the great variety of possibilities and the excellent results of GLS Bank in using money as an instrument for shaping society since 1974, in GLS Treuhand’s case for more than 50 years, from ecological agriculture and renewable energy sources to education and microfinancing in Germany.

Together with my family and friends, I started an organic home farming initiative in Bochum. Taking care of vegetable patches, beehives, greenhouses and chicken coops really helps me relax. Apart from this, I enjoy reading a good book, going to the theatre or hiking.

\(^1\)See page 35
Christina Opitz  
*Loan Management*

I have been employed at GLS Bank as manager of the Loan Division since August 2008. Fundamental to this role is my 20 years of experience in the corporate lending business, most recently in an executive function at a savings bank.

I am in charge of GLS Bank’s lending business on the market side. This includes in particular loan monitoring, construction financing, the “Credit Service and Consulting” team as well as microfinancing.

The responsible handling of money in a transparent and direct manner from investors to individual loans at GLS Bank has fascinated me from the very beginning. Recognising the purpose of my tasks gives me pleasure and motivation for my daily work. Compared to my previous activities, there is now a stronger emphasis on the human element, both in customer dialogue and staff management. In addition, risk awareness and economic aspects are important elements of my day-to-day activities.

When I am not working, my husband and I spend as much time as possible with our horse. Going on a ride in the countryside is the best way for me to achieve a healthy work-life balance.

Anita K. Kottke  
*Customer Dialogue*

I was born in England, I am 55 years old and have been in charge of GLS Bank’s Customer Dialogue Division since July 2009. This comprises customer advisory services by phone, the back office, the online branch office and payment transactions.

My diverse experience with private and business customers, which I previously gathered at various major European banks, is very useful for my work at GLS Bank. What I really appreciate is that GLS Bank acts in a progressive, sustainable and thus forward-looking manner to ensure sustainable development for future generations.

After I have finished my work, I enjoy reading, travelling or doing sports (cycling and fitness) together with my husband. Our grown-up son lives in Great Britain and is engaged to a British girl – thereby closing the circle in our family history...!

Dirk Kannacher  
*Branch Offices*

I have been working at GLS Bank since September 2010. Previously, I had the opportunity to gather extensive experience in various special and executive functions at a major bank. In my last position, I was in charge of qualifying two major banks for integration into the market territory of “Westphalia”.

I am the first point of contact for the branch managers and I am in charge of the “Presence Business” segment together with my colleague Christina Opitz. Within this segment, I am responsible for the further development and optimisation of business operations at the branch offices and for offerings relating to the deposit business.

Together with all colleagues, members and customers, our objective is to plan and shape the future in a different way by thinking consciously and acting in a value-oriented manner. GLS Bank is a bank consisting of members for members. By joining forces, we can achieve what we could not manage as individuals.

I prefer to spend my spare time with my sons. I enjoy being outdoors, jogging, cycling or hiking but I also like reading while sitting in the garden in summer or by the fireplace in winter.
Money is there for the people; for creative, entrepreneurial people with economic, charitable, private or civic involvement. This fundamental attitude of GLS Bank was what impressed me when I started working there as the first trainee in 1977. Without this fascination for using money as an instrument for reshaping society, I would have never become a banker.

Although the financial market has increasingly developed from a service provider to serve people into itself of abstract money reproduction, the demand for banking work geared to human values is greater than ever and is constantly increasing.

The fourth annual conference of the GABV (Global Alliance for Banking on Values) took place in Canada in March 2012. It is an association of 15 European, Asian as well as South and North American banks which gear their banking work exclusively to social and ecological goals. Year by year, the banks exhibit strong growth, gain much public attention and new financial institutions join the network. The work of all these banks – particularly GLS Bank – is based on the relationship between people and not on speculative, abstract market transactions.

Basically, a maxim applies to all economic activities: they only make sense if they serve people’s needs – their holistic material, emotional as well as cultural and intellectual needs. This is the only true “real economy” I can imagine, which every bank should serve. Only then does banking work make sense – giving you pleasure and making you friends.
GLS Bank Supervisory Board

Paul Mackay, Dornach (CH)  
Member of the Supervisory Board from 2004 to March 2012  
Chairman until March 2012

Prof. Götz W. Werner, Stuttgart  
Member of the Supervisory Board since 2003

Ulrich Walter, Diepholz  
Member of the Supervisory Board since 2011  
Chairman since March 2012

Irene Reifenhäuser, Karlsruhe  
Member of the Supervisory Board since 2008

Axel Janitzki, Bochum  
Member of the Supervisory Board since 1981  
Deputy Chairman

Konstanze Frischen, Frankfurt on the Main  
Member of the Supervisory Board since 2011

Rolf Kerler, Arlesheim (CH)  
Member of the Supervisory Board since 1996

Christof Lützel, Bochum  
Member of the Supervisory Board since 2005  
GLS Staff Representative

Dr. Beatrix Tappeser, Cologne  
Member of the Supervisory Board since 2001

Petra Möller, Berlin  
Member of the Supervisory Board since 2010  
GLS Staff Representative
I have been involved in banking since 1972. This means that I am celebrating my 40th anniversary this year! I started my work at the syndication desk of a major bank, engaged in capital market financing. After having encountered anthroposophy, I became executive director at GLS Bank in 1978. At the same time, I was preparing the establishment of Triodos Bank in the Netherlands, where I was managing director from 1983 to 1997. From 1997 to 2002, I was member of the GLS Bank Management Board – my work as a member of the GLS Supervisory Board began in 2004.

My activity has always been accompanied by the question of what money is originally meant to be by its nature. Rudolf Steiner describes money as the effective spirit of the economy; money is realised spirit. My question is: How should the monetary system be designed to serve people’s spirit, i.e. abilities, instead of controlling people as an evil spirit?

Upon concluding the board meeting of 16 March 2012 I retired from the bank’s Supervisory Board. The reason for this is that I had been asked to stand for election as a member of the Administrative Board of Weleda AG. Weleda AG is a significant customer of GLS Bank. At present, my membership of the Administrative Board cannot be compatible with my membership of the GLS Supervisory Board. Therefore, I decided to retire from the Supervisory Board before the election starts. This was not an easy decision for me, since I have become very attached to GLS Bank. At this point, I would like to express my thanks to the members for their trust and to the employees for their active commitment and wish my colleagues on the Supervisory and Management Boards all the best for the further development of this unique bank.
GLS Treuhand Management Board and Supervisory Board

Justus Wittich, Frankfurt on the Main
Member of the Supervisory Board since 1983

Prof. Dr. Dagmar Gustorff, Witten
Member of the Supervisory Board since 2002

Frieder Wolf, Cologne
Member of the Supervisory Board since 1997

Johanna Keller, Mannheim
Member of the Supervisory Board since 2008

Ingo Krampen, Bochum
Member of the Supervisory Board since 2000

Ignaz Anderson, Den Haag (NL)
Member of the Supervisory Board since 2008

Renate Hölzer-Hasselberg, Ammersbek
Member of the Supervisory Board since 2001

Birgit Radow, Hamburg
Member of the Supervisory Board from 2009 to June 2011

Lukas Beckmann, Berlin
Member of the Management Board since 2011

Annette Massmann, Wuppertal
Member of the Management Board since 2008

Michael Lieberoth-Leden, Wuppertal
Member of the Management Board since 2010

(from left to right)
Sustainability at GLS Bank

GLS Bank’s understanding of sustainability comprises the three classic pillars of sustainability and allocates clear priorities to them. In order to implement a sustainable strategy, we set ourselves challenging targets on a day-to-day basis.

GLS Bank’s understanding of sustainability:

1. The main focus of attention is people and their fundamental needs such as food, education, health, accommodation and culture. Our economic activities are aimed at satisfying these needs. (humane)

2. We want to preserve, maintain and improve the natural resources for future generations. (forward-looking)

3. Economic profit is regarded as a consequence of our activities generated by efficient work. (economic)

A bank operates through sustainable business management but most notably through its lending business and its own capital investments. Using our customers’ investments we give people the opportunity to realise their goals and visions, thus creating a positive effect on society.

Our entire banking operations are based on social and economic criteria that have a forming influence on our investment and financing business. All loans as well as our securities and investment business are subject to certain exclusion and inclusion criteria.

The most important aspects of the individual dimensions of sustainability are presented in the following sections. Please find our extensive, certified GRI Sustainability Report (application level A+) on our website: www.gls.de/gri-nachhaltigkeitsbericht.

Humane (social)

“Money is there for the people”
Following this guiding principle, people are our most valuable asset. This means that we take the holistic needs of our employees, customers, members and partners as the basis for all our business activities. The chapter “People at GLS Bank” is therefore especially highlighted in this report. Learn more about people who have a forming influence on GLS Bank and provide the driving force behind it on pages 8-19 of this Annual Report.

We are dedicated to creating a workplace that is tailored to our employees’ needs. GLS Bank provides its staff with beverages and fairly traded fruit and vegetables from organic cultivation free of charge. In the morning
the employees get the opportunity to have breakfast together; at lunchtime, they can have an organic meal in the GLS canteen.

Many of our employees spend the majority of their working hours at the computer. For this reason, some of the workstations at GLS Bank are height-adjustable to enable the employees to alternatively work while standing. We offer our employees annual eye examinations and subsidise screen glasses with EUR 100. For recreation, our staff have various sporting activities, several terraces, a relaxation room as well as a garden at their disposal.

Forward-looking (ecological)

The forward-looking dimension comprises a multitude of efforts in which we are engaged, sometimes even in detail, for example genetically unmodified food or ecological agriculture. Being service providers, we attach particular importance to our own emissions, as the direct impact of our activity.

Global warming as a consequence of the excessive emission of greenhouse gases is a global problem. Greenhouse gas emissions are also inevitably associated with GLS Bank’s activities. Based on our obligation to preserve and protect the natural resources, GLS Bank has been certified as a climate-friendly enterprise according to the Stop Climate Change Standard (SCC) on a voluntary basis since 2008.

For this purpose we record and report GLS Bank’s greenhouse gas emissions within the scope of a systematic annual process. At the same time we determine measures to reduce our emissions in the future. The remaining emissions are compensated for by investments in climate protection projects. The entire process is concluded with an independent certification.
This table compares our emissions generated in 2011 and 2010. The figures for 2011 are preliminary and will be checked for compliance with the SCC Standard by an independent certification authority. We will publish the certified figures on our website as soon as they are available.

<table>
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<th>Source</th>
<th>2010 Tons of CO₂</th>
<th>2010 Tons of CO₂ per employee</th>
<th>2011 Tons of CO₂</th>
<th>2011 Tons of CO₂ per employee</th>
</tr>
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<td>Heating energy</td>
<td>238.8</td>
<td>0.93</td>
<td>267.5</td>
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<tr>
<td>Waste</td>
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</tr>
<tr>
<td>Electricity</td>
<td>32.8</td>
<td>0.13</td>
<td>38.4</td>
<td>0.11</td>
</tr>
<tr>
<td>Business trips</td>
<td>137.2</td>
<td>0.53</td>
<td>88.0</td>
<td>0.25</td>
</tr>
<tr>
<td>Travel to and from work</td>
<td>281.5</td>
<td>1.09</td>
<td>359.7</td>
<td>1.03</td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td></td>
<td>32.7</td>
<td>0.09</td>
</tr>
<tr>
<td>Subtotal of indirect emissions</td>
<td>451.4</td>
<td>1.75</td>
<td>518.7</td>
<td>1.49</td>
</tr>
<tr>
<td>Total of direct and indirect emissions</td>
<td>805.4</td>
<td>3.12</td>
<td>864.1</td>
<td>2.48</td>
</tr>
</tbody>
</table>

Note: Differences in the total figures may occur due to rounding.

The item “Buildings” has been added due to the extension of the SCC Standard in 2011. In this item the emissions associated with the production, the replacement and the disposal of the building materials of a building are distributed over a period of 50 years.

The mobility area [travel to and from work as well as business trips] accounts for a considerable portion of our emissions; about half of our emissions can be allocated to this area.

Business trips are regulated in a working instruction. This stipulates that trains and means of short-distance public transportation are the first choice of transportation. Employees who are often on business trips receive rail cards instead of company cars. As a matter of principle, employees are not allowed to use their private cars for business trips. GLS Bank has decided to use the “bahn.corporate Umwelt plus” product of the German Railways. This product allows for generating electricity from renewable energy sources (hydroelectric power stations) and using it to render traffic, while investing the additional income of the German Railways in the expansion of renewable energy sources.
GLS Bank records its employees’ travel to and from work by conducting surveys. In 2011, GLS employees covered a total distance of 3.3 million kilometres. Roughly two-thirds thereof (2.1 million km) were covered in public transport. The remaining one-third accounts for distances travelled by car (1.0 million km) or by bicycle/on foot (0.1 million km). GLS Bank includes the associated greenhouse gas emissions in its greenhouse gas footprint. These emissions increased along with the number of employees.

The current project used to compensate for our emissions in 2011 is a climate protection project in Uganda. For further details, please refer to the adjacent section.

**Remodelling the building in Christstraße 11**

GLS Bank’s growth necessitates additional office space for our employees. For this purpose, the 1970s building located adjacent to the headquarters in Bochum is being renovated. We are aiming to receive the voluntary “Gold Standard” certification of the Deutsche Gesellschaft für Nachhaltiges Bauen e.V. [German Society for Sustainable Construction] for this building. This makes great demands on an existing building, since usually only new buildings receive the certification. The certificate is linked to a rating system, covering all six fields of sustainable construction in as many as 60 criteria and taking a holistic account of ecology, economy, sociocultural and functional aspects, technology, processes and location over the building’s entire period of use.

**Climate protection project in Kampala, Uganda**

At present more than 95% of Uganda’s population use wood and charcoal for cooking and heating. The cookers used up to now have been inefficient in terms of energy consumption, thus entailing various ecological problems such as CO₂ emissions and soil erosion caused by deforestation.

The strong smoke formation of conventional cookers causes respiratory diseases, especially when used in closed rooms. According to an estimation by WHO, it claims more lives each year than malaria.

The insulated combustion chamber of the new Ugasote cookers provides for efficient combustion and stores heat more effectively. Field tests have demonstrated that it reduces fuel consumption by more than 50%.

The earnings from the climate protection projects contribute to reducing the price of the cookers so that they become affordable to the entire population and gain widespread currency.
Economic

According to GLS Bank’s understanding of sustainability, the economic dimension has a formative influence on our approach to achieving our goals with the least possible means. You can find the report on the figures of GLS Bank’s Annual Financial Statement on page 37ff of this Annual Report.

At this point we would like to elaborate on the economic specifics of the GLS Bank which arise from the special approach to sustainability of GLS Bank employees.

“GLS Bank employees regard themselves as a community of cooperative people serving the goals GLS Bank has set itself. GLS Bank’s work is based on the professional, social and entrepreneurial competencies of all employees.”

Extract from the preamble of the “Income Regulations” [As of 1 April 2011]

Our employees receive a salary consisting of three components which is always paid at the beginning of the month.

Basic income

The basic income forms the basis for the personal livelihood of our employees. The basic income is equal for all full-time employees and amounts to EUR 2,197 per month. In addition, GLS Bank offers allowances of up to EUR 480 per year for saving schemes.

Social component

The social component takes account of the different social situations of the individual employees as well as their resulting individual needs and comprises the following allowances:

- Child allowance
  A monthly allowance of EUR 222 is paid as long as the eligibility for child benefit exists. Part-time employees receive a proportionate amount of this allowance.

- Accommodation allowance
  Depending on the branch employment location the GLS Bank grants an accommodation allowance ranging from EUR 100 to EUR 260 per month.

- Travelling allowance
  Employees who travel to work by means of public transportation are reimbursed for the travel costs on proof of actual expenditure.

Functional component

The functional component honours the various functions that employees perform at GLS Bank. There are altogether eight functional groups, into which all employees are classified in consultation with the superiors and the Income Circle. This is based on their individual professional competencies, areas of responsibility and social competence.

In addition, individual professional experience is taken account of with an allowance of EUR 45 per year of employment reached – up to a maximum of eight years of employment. This yields a maximum allowance of EUR 360.
The salary of trainees amounts to a minimum of EUR 2,260 and a maximum of EUR 2,780. It depends on the area of responsibility and the qualification. Trainees receive their salary according to the collective labour agreement of the cooperative banks [Volks- und Raiffeisenbanken]. If they have to pay rental charges they receive an accommodation allowance of EUR 200 gross.

Depending on their personal life circumstances employees in the lower functional groups achieve higher income than at other banks. This is explained by the aforementioned allowances for children, place of residence and years of employment, irrespective of the employees’ function. Depending on the actual activity in the company, the aforementioned functional component in the lower groups may range between EUR 57 and EUR 772. The initial salary after completed banking studies is eleven per cent higher than the standard bank wage rate in wage group 4.

In addition, the employees have established their own solidarity fund. It serves to help employees who are in financial distress through no fault of their own. Deposits in the form of donations and interest-free loans (with a notice period of six months) are collected in an account belonging to the fund. The employees are usually supported in the form of interest-free loans with repayment periods to be freely arranged. However, allowances that do not have to be paid back may also be granted.

**In-house social security benefits**

- **Contribution to direct insurance or pension fund**
  After one year of employment at the bank, GLS Bank provides a contribution to the pension scheme amounting to a maximum of three per cent of the gross salary, which may be allocated to either a direct insurance or a pension fund. The maximum contribution is EUR 876; the contribution paid by the employees has to be at least as high as the benefits provided by the bank.

- **The GLS pension scheme**
  The employees are provided with the additional pension scheme after one calendar year of employment at the bank. GLS Bank provides benefits to the amount of five per cent of the annual gross salary paid in the previous year.

- **Collective accident insurance**
  The collective accident insurance for all employees also covers private activities [accident risks related to occupational accidents or accidents on the way to and from work are insured via the professional association].
Our funding focuses on basic human needs, such as education, food, health, accommodation and energy.

Since the foundation of GLS Bank 38 years ago we have actively contributed to shaping the socio-ecological development of these areas and have supported many thousands of projects and initiatives. During this period, we have acquired excellent sector knowledge and developed innovative financing instruments.

We are funding projects and initiatives throughout Germany. In 2011, our seven branch offices granted loans to 7,811 borrowers at 4,494 locations. The map of Germany shows the approximate distribution of borrowers by postal code areas.

1 New loans granted in 2011 adjusted for note loans and personal loans.
Education

Education financing is one of the oldest main pillars of GLS Bank. GLS Treuhand, and later also GLS Bank, have been partners to independent educational institutions for 50 years.

In 2011, we funded 201 educational and cultural projects and initiatives, among them 76 schools, 38 kindergartens, 20 cultural and artistic projects, ten projects for civic commitment and politics as well as six anthroposophical cultural organisations, granting new loans amounting to more than EUR 58 million.

Accommodation

An ever increasing number of people are looking for new forms of accommodation. They wish to own their own homes and have a place of social interaction, individual freedom and a community, independence and support. These wishes gave rise to a great variety of housing projects, allowing for independent living and professional property management.

Building or buying a home has an influence on more than just one's own four walls, for example on the traffic situation, climate, nature and the neighbourhood. In addition to ecological and energy-efficient buildings GLS Bank attaches great importance to joint projects such as housing complexes that also enable young families with children to return to inner-city areas.

In 2011, we funded 339 housing projects, among them 64 housing projects and 61 housing complexes, granting loans amounting to more than EUR 60 million.

Healthcare/Care facilities

GLS Bank funds new, holistic healthcare and care facilities, e.g. birthing centres, hospices, rehabilitation centres, nursing homes, care facilities for disabled people and therapeutic facilities. In doing so, it maintains a close relationship with GLS Treuhand’s Future Foundation for Health, supporting innovative ideas in the healthcare sector. We attach special importance to the holistic understanding of people as physical, intellectual and emotional beings.

The GLS loan example for education:

New Rudolf Steiner kindergarten in Aschaffenburg

Goal: New building for the St. Michael Rudolf Steiner kindergarten

Funding in 2011: A loan amounting to EUR 192,000

52 children are cared for in the St. Michael Rudolf Steiner kindergarten; the crèche area offers space for 12 children from the age of one. It all began 25 years ago with a group of seven children and one kindergarten teacher. The constant growth of the kindergarten group necessitated several relocations to new facilities, but until recently, the Rudolf Steiner kindergarten was still searching for a building that really meets its needs. “Since the kindergarten’s establishment, we have been using interim solutions, the last one being an old military barrack,” explains Isabel Erdbrink, member of the association’s Management Board. Thanks to funding from GLS Bank, the construction of the new building was started in late 2011. By joining forces in a loan and endowment association, several parents have already taken up small loans at GLS Bank to provide a part of the capital resources. The bank used this money to finance donations in advance. The building is expected to be completed in September 2012 and will provide space for 62 children. At the same time, the floor space has been expanded from approx. 350 m² to 560 m² to provide the children with a considerably larger playground.

www.waldorfkinderhaus-aschaffenburg.de
The GLS loan example for agriculture:

**Naturland Farm Henkel**

**Goal:** Acquisition of land for an optimised ecological farming cycle  
**Funding in 2011:** A loan amounting to EUR 70,000

The Naturland Farm Henkel has been practising organic farming in Fuldatal (North Hesse) since 1992. Grain, potatoes, vegetables and feedstuff are being cultivated on a surface area of 110 hectares. In addition, the farm maintains 660 pig-fattening units and has 45 mother cows. The products are partly sold in the farm’s own shop; the animals are sold to regional organic butcher’s shops.

A GLS loan amounting to EUR 70,000 made it possible to acquire about eight hectares of land. An additional surface area of 34 hectares, which has so far been used for conventional farming, was acquired by the GLS Organic Soil Fund and leased to the farm for the next 30 years. In terms of a long-term partnership, the GLS Organic Soil Fund plans to acquire further land for the Naturland Farm Henkel.

The additional land enables the Henkel organic farm to cultivate more feed grain for its own livestock, thus becoming more independent from suppliers, in addition to ensuring a closed nutritional cycle. The additional space also provided the business with new economic perspectives, which convinced the farmer’s son to follow his father’s footsteps as from 2013. GLS Bank plans to provide further funding for a new chicken coop in 2012.

101 facilities engaged in the field of healthcare/care were funded in 2011, among them 50 facilities for disabled and disadvantaged people, ten facilities for the elderly, 12 therapeutic centres, five hospitals and hospices as well as six individual and joint medical practices, granting loans amounting to more than EUR 37 million.

**Food/Agriculture**

Healthy food constitutes an essential human need and has been a major focus for us since the foundation of GLS Bank. Since the establishment of the first farms in the 1960s, GLS Bank has supported and funded a multitude of ecological farms and associations. Appropriate ecological processing and organic retail trade form two additional important pillars of the organic sector.

1,813 projects and initiatives engaged in the field of ecological food were funded in 2011, among them 67 Demeter farms, 26 organic farms, 83 processing and retail businesses, ten fair-trade and one-world shops and 232 other socio-ecological enterprises, with loans amounting to more than EUR 90 million.

**Renewable energy**

Shortly after the Chernobyl disaster, GLS Bank started to support the expansion of renewable energy sources by granting loans and accompanied the development of many decentralised wind and photovoltaic power plants as a trailblazer. The first two wind power plants in Germany were financed with loans provided by GLS Bank as early as in 1987. By now, loans for photovoltaic plants, wind power plants and other renewable energy sources make up the largest portion of new loans. In line with this development, the renewable energy sector is the most frequently designated purpose of use for customer deposits. Every loan we grant constitutes another step towards our goal of decentralised renewable energy supply.

We funded 317 renewable energy projects and power plants in 2011, among them seven wind parks in North Rhine-Westphalia, Lower Saxony, Baden-Württemberg, Hamburg and Saarland as well as 296 photovoltaic power plants, with loans amounting to more than EUR 175 million.
Microloans

Microloans are used to finance projects and ideas that have limited capital at their disposal but exhibit entrepreneurial commitment and personal responsibility. This may involve the advance financing of the first few large-scale orders, important growth stages or business start-ups. Each loan granted – on average amounting to EUR 6,000 – creates or preserves about 1.5 jobs.

GLS Bank granted 4,876 microloans amounting to EUR 32 million in 2011. These loans are monitored by 46 microfinancing institutions in Germany. Expressed as a percentage, roughly 20% of all GLS loans are granted to people who would like to implement their individual business ideas, thereby obtaining a perspective without being dependent upon transfer income. From the first consultation to full repayment, microfinancing institutions are in charge of the loan monitoring. GLS Bank takes over the administrative tasks and supports the establishment of microfinancing institutions.

At the beginning of 2010, GLS Bank was commissioned by the Federal Ministry of Labour and Social Affairs to expand the microloan business throughout Germany. The Federal Ministry of Labour and Social Affairs and the European Social Fund provided EUR 100 million to hedge against credit risks and establish the microfinancing sector.

The GLS loan example for microfinancing:
An African bar in Bavaria

“The microloan really gave my project a power boost.” Arnaud Yone has found in Traunstein what he had been looking for his whole life: a place where he feels at home. Here, he has his family, his friends and the opportunity to make his dream come true: a multicultural meeting point, where people come together irrespective of their skin colour, philosophy or religion. And that’s what he did – by opening his own African bar at the Chiemsee.

Arnaud’s project was given real impetus by the “My Microloan” programme initiated by GLS Bank, the Federal Ministry of Labour and Social Affairs (BMAS), the Federal Ministry of Economics and Technology (BMWi), the European Social Fund (ESF) and the European Union. In his opinion, it would have been very difficult for him to obtain the money for a professional sound system without this funding. “I was finally able to sleep well again. At the beginning, I never thought that it would work out so quickly.” Arnaud Yone is pleased to see how interested people are in his culture, which is hardly surprising in view of the culinary delights served in his bar and the sheer joy radiated by the Yones. “My motto: Don’t dream your life, live your dreams. This is what I can recommend to everyone after this experience.”

Further examples at www.mein-mikrokredit.de
GLS banking operations

The 2011 business year

In 2011, the overall economic situation in Germany was extremely controversial. On the one hand, businesses saw positive development; on the other, the situation in the financial markets became increasingly tense, entailing a considerable loss of confidence among citizens. The developments within the European Economic Area, in particular the national debt crisis and its consequences, cannot yet be estimated. The uncertainty and dissatisfaction of the population manifested itself in increasing protest, such as the Occupy movement.

The Fukushima disaster forced the world to reconsider the issue of power generation and even prompted Germany to make a final decision in favour of nuclear phase-out. The energy turnaround led to increased demand at GLS Bank for loans for photovoltaic and wind power plants as well as a considerable increase in deposits, e.g. in the Energy Turnaround Savings Bond.

More and more people, enterprises and also policymakers are reconsidering their previous views. This is causing a lot of people to analyse and change their behaviour, whether regarding food, consumer goods or investments. Surveys have shown that seven to 12 million German citizens would like to overcome contradictions. This change in attitude is also reflected in the increasing number of GLS customers. In 2011, we gained an average of roughly 2,000 new customers per month and welcomed our 100,000th customer in the summer. Additionally, the development in the fields of renewable energy, organic food, education, social affairs and healthcare is entailing strong demand for loans, which, compared to customer deposits, exhibited a higher growth rate in 2011. The funding of renewable energy sources still constitutes a particularly dynamic part of our overall business.

At the same time, the regulatory requirements on the amount of equity capital increased in all banks. Both of these factors validate our approach of further developing our bank as an example of humane and sustainable banking work together with our members and customers, which we determined at the General Meeting in June 2011. Our members’ decision to introduce a dividend on the cooperative share capital has created the prerequisite for capital formation in line with the dynamic development. The number of shares newly subscribed since then confirms this course.

As part of an in-house project in 2011, we refined the management and cooperative culture together with the employees and the executive staff. For this purpose, we conducted a large-scale management excellence process, its goal being to develop a common management pattern for all our employees and to regularly reflect on it in the upcoming years. Previously, we had created the basis for the further development of GLS Bank within the scope of a brand excellence process conducted in 2010.
Funding at GLS Bank – forward-looking and transparent

Accommodation, education, health, food, an intact environment and employment are fundamental human needs. This is the reason why funding individual forward-looking projects that make sense is the core component of our work. We granted a total of 9,612 new loans¹, among them 4,876 microloans, to 7,811 different customers in our sectors in 2011. Many of these projects would have never been implemented without GLS Bank and its special financing instruments.

We use the sound know-how of our consultants in the fields of public welfare, trade, ecology and housing for the provision of useful advice to our customers in their respective sectors. In the lending division, commitments need to be approved by an account manager and a back office manager. We allocate one of our respective socio-ecological sectors, a risk level, interest obligations and a magnitude to each loan.

The social and ecological sustainability of a project is a decisive factor for granting funds. Through this special orientation of lending we provide our customers with the framework conditions that enable them to make society and our lives sustainable. Please find a detailed overview of funding projects in the individual GLS sectors on page 27ff.

Liquidity reserves

We understand the deposits of our customers as assignments that are eventually converted into loans. In order to be able to meet our payout obligations towards our customers at all times we have to invest approx. 30% of customer deposits as short-term liquid investments. For this purpose, we invested approx. EUR 221 million (previous year: EUR 74 million) with the Central Bank and a further EUR 386 million (previous year: EUR 350 million) in fixed-interest securities. Deposits that are earmarked for customer loans but cannot yet be allocated for work process reasons also fall under this item. As a matter of

¹ New loans granted in 2011 adjusted for note loans and personal loans
principle, GLS Bank does not trade in securities and only purchases securities for liquidity purposes and as investments. Any speculative transactions not serving the real economy are completely excluded at GLS Bank.

**The deposit business of GLS Bank – sustainable and safe**

The amount of deposits is a crucial indicator of the extent to which GLS Bank is capable of obtaining sufficient funds to grant forward-looking loans. In 2011, the financial crisis made an increasing number of people take a critical look at the way their savings are handled and seek trustworthy alternatives like GLS Bank. This resulted in considerable growth of the deposits, which increased to EUR 1,952 million, constituting an increase of 23%. Call deposits increased by EUR 156 million, term deposits and savings bonds by EUR 133 million and savings deposits by EUR 77 million. GLS Bank has a total of 83,000 deposit customers. This figure was 64,773 in the previous year. This constitutes an increase of 28%.

GLS Bank offers all investment options that are required for a well-structured and sustainable investment. We issue sustainability funds and offer our clients safe deposit services and asset management. We also offer comprehensive current account services and up-to-date banking services, from online and phone banking, the issuing of credit cards and GLS BankCards to insurance brokerage. Furthermore, GLS Bank is actively involved in investment operations.

**Deposit insurance**

GLS Bank is a member of the protection scheme of the Federal Association of Cooperative Credit Institutions. The contribution paid to this fund amounted to EUR 941,000 in 2011. The protection scheme has the task of hedging the deposits of our customers in full.

**The equity capital of GLS Bank: Money is there for the people**

In 2011 our equity capital amounted to EUR 117.2 million, which mainly comprised two items:

- **Capital share**
  As a cooperative, GLS Bank is a member bank. EUR 32.7 million of the equity capital is made up by the capital share of the members, which saw an increase of EUR 10.3 million, or 46.5%, in 2011. The cooperative shares are voting capital.

- **Silent participations**
  In 2011, a total of EUR 82.1 million in non-voting shares were subscribed and paid up.

**The profit situation of GLS Bank**

Our activity at GLS Bank is aimed at the social purpose of business operation. In addition to covering the salaries of the staff and the material expenses, we are striving for an adequate profit, which allows the bank to be developed and reserves to be built up for incalculable present and future risks.

The all-in-all extremely positive result of GLS Bank in the 2011 business year was marked by growth and the increase of earnings from participations and capital shares. The net interest income increased by approx. 16% to roughly EUR 42 million.

This excellent result enabled us to considerably increase our general risk provisioning. With risk costs offset, 2011 saw a net income for ordinary business activities of roughly EUR 4.4 million. The net profit for the 2011 business year is EUR 338,200.
## Profit situation

<table>
<thead>
<tr>
<th></th>
<th>2010 EUR '000</th>
<th>2011 EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported net profit for the year</td>
<td>250</td>
<td>338</td>
</tr>
<tr>
<td>Interest paid on silent participations</td>
<td>3,078</td>
<td>3,972</td>
</tr>
<tr>
<td>Allocation to prudential reserves</td>
<td>6,102</td>
<td>7,805</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>3,518</td>
<td>4,058</td>
</tr>
<tr>
<td>Total</td>
<td>12,948</td>
<td>16,173</td>
</tr>
<tr>
<td>Equity capital – thereof:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital shares</td>
<td>86,741</td>
<td>117,226</td>
</tr>
<tr>
<td>Silent participations</td>
<td>22,330</td>
<td>32,708</td>
</tr>
<tr>
<td>Reserves and retained earnings</td>
<td>62,317</td>
<td>82,087</td>
</tr>
<tr>
<td>Return on equity</td>
<td>14.9%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>
Risk management

Dealing with risks is a fundamental component of our banking operations. Risk management for the early identification of risks is becoming increasingly important against a background of the growing complexity of banking operations. GLS Bank regards risks as a part of a holistic concept to secure a long-term financial basis. This is why we are continuously conducting risk-bearing capacity calculations. The risk provisions, which are formed by GLS Bank to hedge against possible losses or in case there are serious doubts about a borrower’s solvency, increased in 2011 by EUR 7.8 million to EUR 27.5 million.

Prospects for 2012

In line with the United Nations International Year of Cooperatives, the 2012 business year at GLS Bank is all about membership. We would like to strengthen the community of members to further extend the basis for our banking operations.

We are confident that the lending business will continue to exhibit relatively strong growth compared to customer deposits, in a similar way to last year. The funding of renewable energy sources will remain a particularly dynamic part of our overall business. The development of the deposit business is also regarded as positive. The enhanced communication with our customers to the effect of making more sustainable deposits has been initiated and we expect that long-term interest obligations will increasingly be accepted by our customers as well. Long-term deposits enable us to grant more meaningful loans. In terms of daily loans, the bank has to build up a high amount of liquidity reserves, which are then no longer available for loans.

Our investment plan for 2012 and beyond has been designed to focus on two main qualitative and quantitative areas of improvement. We will further improve our consulting quality as well as all required training and vocational adjustments. Our goal remains to serve our customers promptly and efficiently.

Our ongoing efforts in compliance with stringent social and ecological requirements to complete the adjacent building in Bochum are now in the final phase, so we will be able to move into the building before the end of 2012.
Equalisation and Safety Fund

Customers of GLS Bank may participate in the Equalisation and Safety Fund on a voluntary basis. The task of this fund is to jointly and solidly provide aid to borrowers of GLS Bank in the event of repayment difficulties.

Contributors assume additional personal responsibility in the Equalisation and Safety Fund. By creating this instrument of mutual support, borrowers of GLS Bank have also created an entirely new level of credit security and concerted balance between small and large credits as well as prosperous institutions and small initiatives.

The borrowers’ participation in the Equalisation and Safety Fund is voluntary. The accession is linked to an annual contribution of 0.25% of the respective credit balance as of year end. The annual contribution is calculated and collected by GLS Bank, which also participates in the fund with an annual amount of 0.25% of the total credit balance.

The fund is an independent trust asset; it is managed by a group of trustees, which also comprises borrowers. The group of trustees is in charge of granting the funds. Other than with credit insurances, there is no legal entitlement to any benefits from the fund.

In 2011, the Equalisation and Safety Fund was able to provide assistance in two cases. Both of them involved the assumption of costs for consultancy services in critical situations. As of 31 December 2011, the Equalisation and Safety Fund’s assets amounted to EUR 5.6 million.

The Equalisation and Safety Fund is a model instrument that helps support and further “a different way of dealing with money” and responsible, self-reliant action. It is based on the borrowers’ voluntary contributions as well as the trustees’ voluntary involvement. We thank them very much for their commitment and efforts.
GLS loan examples

Nymphenburger Schulen, Munich

The pupils at the Nymphenburger Schulen, Munich will receive a new school building, complemented by a new sports hall under the schoolyard. The Nymphenburger Schulen have been in existence for 50 years and offer a balanced all-day concept with intensive individual advancement. The special thing about the Nymphenburger Schulen is that the teaching methods are continuously adapted to the latest educational insights and the pupils are also taken care of by social education workers within the scope of all-day care provision. GLS Bank provided EUR 15 million for the expansion works.

www.nymphenburger-schulen.de

Delphi Organic, Münster

The company Delphi Organic from Münster imports nuts, almonds and other kernels, pulses, grains, rice and sweeteners, dry fat, oil seeds, oil and fat from all over the world to Germany. The company and its employees can look back on more than 40 years of expertise in the organic food sector. They stand for high-quality, certified organic raw materials at a fair price and maintain close relationships with various partners throughout the world. The consistent implementation of the EC Organic Directive and regular inspections ensure this quality level. GLS Bank provided a loan to Delphi Organic for the acquisition of resources.

www.delphiorganic.com
Gemeinnützige Landbauforschungsgesellschaft Hasenmoor mbH

At the Ehlers’ farm, the idea and practical application of organic-dynamic farming is combined with a social function. Under loving and professional direction, adult disabled people, men and women, can find a place to live and work that suits their abilities and where they can take on responsibility. They are integrated into a small, friendly environment and are given the opportunity to contribute to shaping a social organism. The goal, in terms of normalisation, is not being dependent on the goodwill of society but being integrated into social life by involvement and contribution. The social work and further development of the organic-dynamic farm is funded by the charitable association Landbauforschungsgesellschaft Hasenmoor mbH. GLS Bank provided funding in the amount of EUR 1 million to this project in the form of a loan.

www.hofehlers.de

Vier-Häuser housing project, Tübingen

The Vier-Häuser [Four Houses] housing project is an association of 94 people, among them 37 children, living in the Südstadt district of Tübingen in self-management and intending to create permanent, socially compatible living space. They all share the desire for autonomous, cooperative and mutually beneficial accommodation. Now they have the opportunity to reconcile their private life and the daily requirements in their jobs and families with living in a community. The project group acquired the four houses in Tübingen in February 2011. Direct loans made it possible for the housing association to finance the property at low interest rates. These loans were provided by private individuals – directly without the bank’s mediation. They are designated to the bank as capital resources, which made it possible to arrange more favourable bank loans. GLS Bank provided a loan amounting to EUR 2.4 million for the purchase price and renovation works.

http://4hauserprojekt.wordpress.com
Explanation of the Balance Sheet (assets)

2. **Deposits with banks**
   “Deposits with banks” are mainly funds for liquidity reserves at WGZ Bank. WGZ Bank is the cooperative central bank of the Volks- und Raiffeisenbanken [Cooperative Credit Institutions] in the Rhineland and in Westphalia. In order to be able to meet our payout obligations at all times, we have to invest approx. 30% of customer deposits as short-term liquid investments (cf. page 31 Liquidity reserves).

4. **Fixed-interest securities**
   This item represents the funds that have not yet been allocated to customer financing projects. We have invested about one-third of these funds in debentures of WGZ Bank.

5. **Shares**
   We effect investments in shares and funds only within the limits of our stringent sustainability criteria. As a matter of principle, GLS Bank does not trade in securities and only purchases securities for liquidity purposes and as investments.

6. **Investments and capital shares in cooperatives**
   This item comprises participations in companies with whom we have entered into long-term business relationships. This year, the shareholdings in WGZ Bank again make up the largest portion of this item. Furthermore, shareholdings to the amount of EUR 618,000 in the GAD [Data Processing Centre for Cooperative Banks], the Bausparkasse [Building Society] Schwäbisch Hall and partner banks in the sustainability sector are included.

7. **Shares in affiliated companies**
   This item includes the shareholdings in GLS Beteiligungs AG and GLS Energie AG, in which GLS Bank holds 100% of all shares. In 2011, the shareholdings in the Social Economic Guarantee Bank were increased to 100% of the subscribed capital. The subsidiary is intended to be merged with GLS Bank in 2012.
Balance Sheet of GLS Gemeinschaftsbank eG
As of: 30 January 2012

The Balance Sheet consists of assets and liabilities.

**Assets**
The asset side demonstrates the *allocation of funds* to customer loans, investments, buildings and business equipment.

<table>
<thead>
<tr>
<th>Assets</th>
<th>2010 EUR '000</th>
<th>2011 EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cash reserve</td>
<td>24,945</td>
<td>30,561</td>
</tr>
<tr>
<td>2. Deposits with banks</td>
<td>531,343</td>
<td>654,824</td>
</tr>
<tr>
<td>3. Loans to customers</td>
<td>861,362</td>
<td>1,106,022</td>
</tr>
<tr>
<td>4. Fixed-interest securities</td>
<td>374,973</td>
<td>410,331</td>
</tr>
<tr>
<td>5. Shares</td>
<td>9,918</td>
<td>9,192</td>
</tr>
<tr>
<td>6. Investments and capital shares in cooperatives</td>
<td>9,251</td>
<td>10,146</td>
</tr>
<tr>
<td>7. Shares in affiliated companies</td>
<td>5,363</td>
<td>7,582</td>
</tr>
<tr>
<td>8. Trustee assets</td>
<td>15,728</td>
<td>16,463</td>
</tr>
<tr>
<td>9. Tangible fixed assets</td>
<td>12,483</td>
<td>15,608</td>
</tr>
<tr>
<td>10. Other assets</td>
<td>1,019</td>
<td>1,309</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,846,385</td>
<td>2,262,038</td>
</tr>
</tbody>
</table>

**8. Trustee assets**
Trustee assets include the trustee-held assets of the Bochum Symphony Foundation.

**9. Tangible fixed assets**
The "Tangible fixed assets" item comprises items such as our bank premises, office furnishings, EDP equipment, etc. With a volume of EUR 5.8 million, the office building in Bochum (Christstraße 9) used as the headquarters accounts for a major portion of the tangible fixed assets. The office building at Christstraße 11 has a book value of EUR 1.6 million.
### Liabilities

The liability side can be broken down into two main parts: customer deposits and equity capital. It provides information about the bank’s source of funds.

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2010 EUR '000</th>
<th>2011 EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Liabilities to banks</td>
<td>145,452</td>
<td>161,415</td>
</tr>
<tr>
<td>2. Customer deposits</td>
<td>1,586,242</td>
<td>1,953,107</td>
</tr>
<tr>
<td>3. Trustee liabilities</td>
<td>15,728</td>
<td>16,463</td>
</tr>
<tr>
<td>4. Other liabilities</td>
<td>11,139</td>
<td>13,014</td>
</tr>
<tr>
<td>5. Subordinate liabilities and profit participation rights</td>
<td>1,083</td>
<td>813</td>
</tr>
<tr>
<td>6. Equity capital</td>
<td>86,741</td>
<td>117,226</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,846,385</strong></td>
<td><strong>2,262,038</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010 EUR '000</th>
<th>2011 EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent liabilities</td>
<td>29,568</td>
<td>21,360</td>
</tr>
<tr>
<td>Irrevocable credit obligations</td>
<td>135,679</td>
<td>148,166</td>
</tr>
</tbody>
</table>

**Note:** The figures for 2011 are preliminary figures that might deviate from the certified Annual Financial Statement prepared in accordance with German commercial law; the Annual Financial Statement is either attached at the back of this document or can be requested from us.
Explanation of the Balance Sheet (liabilities)

1. **Liabilities to banks**
   This item shows our liabilities to WGZ Bank amounting to EUR 161 million. These are mainly refinancing funds of the KfW [Reconstruction Loan Corporation] for promotional loans.

2. **Customer deposits**
   The “Customer deposits” item comprises call deposits (EUR 1,061 million), the term deposits and savings bonds (EUR 518 million) as well as the savings deposits (EUR 374 million).

3. **Trustee liabilities**
   Trustee liabilities include, for example, the trustee-held liabilities of the Bochum Symphony Foundation. The “Trustee assets” item on the asset side represents the counterpart to the trustee liabilities.

4. **Other liabilities**
   The “Other liabilities” item includes the interest payable for silent participations, among others.

6. **Equity capital**
   The equity capital consists of the shares of our members, silent participations as well as other reserves. The capital shares of our members account for EUR 32.7 million of this item; the shares of silent partners amount to EUR 82.1 million.
Explanation of the Profit and Loss Statement

The Profit and Loss Statement (P&L) of GLS Bank presents the income and the expenses of the respective financial year and thus shows the type, amount and sources of the entrepreneurial success from the financial perspective. The profit of GLS Bank is used for the further development of the bank and its risk-bearing capacity.

Income

1. Interest income incl. investment income
The “Interest income” item includes all income we receive for customer loans and deposits. This income increased in accordance with our growth.

2. Interest expenses
This item comprises all expenses we provide for the deposits of our customers in the form of interests.

4. Commission income
We receive commission income from services, account administration charges and brokerage transactions.

5. Commission expenses
“Commission expenses” include account administration charges that GLS Bank has to pay to WGZ Bank and, for example, charges for GLS Bank’s international bank transfers.

7. Other operating income
The “Other operating income” item includes, among others, all income from buildings hired out by GLS Bank.

Expenses

1. Wages and salaries as well as administrative expenses
The strong increase in the human resource expenses is due to the 80 new employees recruited in 2011. In addition, this item comprises all material expenses, e.g. material, EDP, costs for premises, etc.

4. Result from receivables valuation
This item comprises our risk provisioning expenses. Risk provisioning is done according to the specifications of the German Commercial Code, and applying the strict lower-of-cost-or-market principle. Uncollectible receivables from customers are written off. We make value adjustments or provisions for doubtful accounts.
## Profit and Loss Statement of GLS Gemeinschaftsbank eG

As of: 30 January 2012

<table>
<thead>
<tr>
<th></th>
<th>2010 EUR '000</th>
<th>2011 EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Interest income incl. investment income</td>
<td>65,727</td>
<td>76,490</td>
</tr>
<tr>
<td>2. Interest expenses</td>
<td>-29,402</td>
<td>-34,475</td>
</tr>
<tr>
<td>3. Net interest income</td>
<td>36,325</td>
<td>42,015</td>
</tr>
<tr>
<td>4. Commission income</td>
<td>4,183</td>
<td>6,273</td>
</tr>
<tr>
<td>5. Commission expenses</td>
<td>-1,224</td>
<td>-1,695</td>
</tr>
<tr>
<td>6. Net commission income</td>
<td>2,959</td>
<td>4,578</td>
</tr>
<tr>
<td>7. Other operating income</td>
<td>1,549</td>
<td>2,114</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Wages and salaries as well as administrative expenses</td>
<td>-25,402</td>
<td>-32,214</td>
</tr>
<tr>
<td>2. Depreciations and value adjustments on intangible assets and tangible fixed assets</td>
<td>-814</td>
<td>-957</td>
</tr>
<tr>
<td>3. Other operating expenses</td>
<td>-385</td>
<td>-771</td>
</tr>
<tr>
<td>4. Result from receivables valuation or risk provisioning for receivables and risk provisioning for investments</td>
<td>-10,422</td>
<td>-10,336</td>
</tr>
<tr>
<td>5. Taxes</td>
<td>-3,560</td>
<td>-4,091</td>
</tr>
<tr>
<td><strong>Net profit for the year</strong></td>
<td>250</td>
<td>338</td>
</tr>
</tbody>
</table>

**Note:** The figures for 2011 are preliminary and might deviate from the certified Annual Financial Statement prepared in accordance with German commercial law; the Annual Financial Statement is either attached to this document or can be requested from us.
So far, many members have joined GLS Bank predominantly for idealistic reasons. In response to the introduction of a dividend on the GLS member shares, many members explicitly requested that GLS Bank continue to use their shares for charitable tasks geared to public welfare, in addition to the mere equity capital function. GLS Bank and GLS Treuhand would like to take account of this request in a special way and therefore jointly established the GLS Bank Stiftung in December 2011.

According to its Statutes, the GLS Bank Stiftung’s main task is to create awareness of money as an instrument for shaping society. The foundation’s assets are raised by transferring shares of the GLS members. The foundation has an initial capital of about EUR 2 million, consisting of shares transferred by GLS Treuhand and a great number of GLS members as well as a contribution by GLS Bank itself.

As our goal is to act in a humane and forward-looking way, we would like to intensify public welfare activities and thus the sustainability of GLS Bank by using the newly created possibilities.

The GLS Bank Stiftung is a fiduciary foundation, its trustee being GLS Treuhand e.V. Please find further information as well as the Statutes of the GLS Bank Stiftung on our website at www.gls.de/glsbankstiftung.

Tasks of the GLS Bank Stiftung

The foundation would like to create awareness and engage in social politics. The only meaningful goal of economic activities is the orientation towards people and their intellectual, social and material needs. Based on this principle, the foundation has two main tasks:

- Creating legal framework conditions on a national and international scale with the goal of committing business finance to the exclusive service of the real economy;
- Creating learning material for the reorientation of economic education at schools and universities.

Furthermore, the GLS Bank Stiftung will support the work of exemplary initiatives and develop its own activities as part of the foundation’s further objectives.
50 years of donation, endowment and creative work

Do you already know the “Generation G”? If you think “G” stands for “greed”, think again. It stands for “Generation of Generosity”. This is the generation that is fed up with the “greed of markets” and would like to share and work together. The market research report “Trendwatching Report”1 states “Giving is the new taking” as the new motto of this generation.

If this is a new trend, we are happy about it. Being engaged in the community is especially important in these times of crisis, where mutual-benefit communities are in great demand. People at GLS Treuhand have been contributing to developing central social tasks for more than 50 years – whether in education or medicine, organic farming or development cooperation.

We entered the 2011 anniversary year with great enthusiasm, at the same time making our projects and activities the subject of open consideration. Almost every month, we celebrated and talked with project partners on site – for example about success stories, challenges and the future of organic-dynamic agriculture at the Dottenfelderhof in Bad Vilbel, free-of-charge theatre education at the Theaterakademie Stuttgart and the future of education in Hanover with the Hannoversche Kassen. One event with the Kölner Freiwilligen Agentur focussed on voluntary civic engagement.

The highlight of 2011 was the celebration at Bochum Schauspielhaus in June. The social and economic benefits of endowment throughout 50 years of GLS Treuhand were vividly illustrated in impressive project presentations, for example in agriculture. The projects in this sector range from the initial purchase of land for long-term organic-dynamic cultivation to the funding of educational farms and the current funding of ecological seed cultivation by the Future Foundation for Agriculture.

Not only the main thematic points are subject to change; the way of donating money is also constantly changing. Over the course of the years, appropriate instruments have been developed for the different forms of donation and endowment: there are a multitude of possibilities ranging from conventional donation via “small-scale solutions”, such as easy-to-establish endowment funds, to involvement in already existing foundations for specific mandates.

Umbrella Foundation for Individual Endowment

For more than 10 years, the Umbrella Foundation for Individual Endowment has offered the possibility of getting to know and practising the work of a foundation in an easy way. People – even those with limited capital – are provided the opportunity to establish “small foundations” using the endowment funds settled here. The appropriate framework is developed jointly through individual consultations. The administration and investment is managed by GLS Treuhand, thus enabling the benefactors to fully apply themselves to the aims of their funds.

For example, one benefactor is using her endowment fund to promote cultural projects that collect money for homeless people, with the aim of providing direct aid to affected people and raise greater awareness of this issue. She named her endowment fund after one of the funded projects: Winter Trip.

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1 http://Trendwatching.com/trends/generationG/
The Future Foundation for Education is committed to a new chapter of alternative education. After the regional government of North Rhine Westphalia adopted the foundation’s successful project “An instrument for every kid”, the current project, entitled “Language Ambassadors”, is demonstrating how to make learning a special experience. We meet them in a colourful classroom at a primary school in Berlin. “Nooooooodle,” says six-years-old Hüseyin, stretching the word like spaghetti. Sophia, 13, is patiently sitting next to him. “Where is the letter D in that word? At the beginning, at the end or in the middle?” she asks. “In the middle,” Hüseyin replies. “Exactly,” Sophia says. She and many other young people of the Evangelische Schule Berlin Zentrum regularly visit primary schools to help children learn. The Future Foundation for Education is funding this project and is currently initiating it in North Rhine-Westphalia as well.

In 2011, a total of eight projects received funding totalling EUR 102,500.

November 2011 marked the 30th year of development cooperation under the umbrella of GLS Treuhand as well as the tenth year of the Future Foundation for Development Aid. Its guiding principle is “Building bridges between commitment and action”. It contributes to building bridges between people, their living conditions, cultures and religions; bridges to create room for development. Seeing the lives of thousands of people improve over the course of time is its constant motivation.

Just last year, 79 projects in Latin America, Africa and Asia were funded to the tune of about EUR 2 million. The Future Foundation for Development Aid supports organic farming, an emancipatory educational approach, holistic health promotion and the expansion of small businesses, renewable energy sources and transparent microloans. These key areas are usually intertwined in the individual projects. It is primarily women who get involved as project partners.
Future Foundation for Health

The Future Foundation for Health supports projects for integrated medicine. In 2011, it received funding amounting to about EUR 40,000 and granted benefits of about EUR 72,500.

Amongst other things, the preparatory work for the first integrative congress on breast cancer was funded. In February 2012, about 400 participants came to attend the doctors’ congress and the patients’ day in Berlin. They discussed a new communication culture: How can conventional medicine, traditional Chinese medicine, anthroposophical medicine and physical medicine complement each other in treating cancer? It is about jointly finding the best way and the connecting elements for the patient’s benefit. A great number of topics were addressed on both congress days: questions on mistletoe therapy, psycho-oncology, hyperthermia, spirituality, attentiveness, nutrition and exercising – as well as impressive individual examples of how to overcome the illness.

Future Foundation for Agriculture

“I want factory farming to stop!”, “I’m against gene technology!”, “Subsidies destroy markets in Southern countries!” – these are only some of the voices at the large-scale January demonstration in Berlin. Together with about 40 organisations, the Future Foundation for Agriculture had previously initiated the campaign “My Agriculture”. It demands that the EU agricultural policy reform in 2013 be ecological, fair and sustainable. Besides the demonstration titled “We are fed up” in January 2011, a multitude of additional campaigns have been organised, alongside providing a comprehensive and informative website. The Berlin Office of the Future Foundation for Agriculture actively supported the campaign with EUR 10,000.

Moreover, the Berlin Office continued to speak out in support of genetically unmodified agriculture with the campaign “Save Our Seeds” (SOS). Owing to its benefactors, the Future Foundation for Agriculture was able to grant roughly EUR 1.2 million to more than 50 organic farming projects focussing on ecological plant cultivation research.
**Foundation for New Energy**

In the wake of the Fukushima nuclear disaster, German nuclear politics took a drastic turn and decided in favour of nuclear phase-out. The Foundation for New Energy actively supported this development. From Freiburg to Hamburg, initiatives protesting against nuclear energy and standing up for the expansion of renewable energy sources were funded.

Getting closer to the energy turnaround required action from different directions. Demonstrations on the streets and at parliaments were important to achieve nuclear phase-out. Therefore, funding was granted to an independent nuclear phase-out campaign prior to the elections in Baden-Wuerttemberg. In the search for alternatives, it is about exhausting the full potential of renewable energy sources. All types of renewable energy sources must be utilised. We are therefore also supporting small-scale efforts: in an issue co-funded by us, the information sheet fesa-Thema demonstrated what small hydroelectric power stations can contribute to power generation.

A total of EUR 28,700 was granted to 14 projects.

**Future Foundation for Social Life**

Joshua Conens, in his mid-twenties, produces films. Is he a film-maker? No, he isn’t! He is producing films now, because now he is facing the question regarding the choice of his career, which he has recognised as being vitally important, in a creative and exploratory way: “The challenge for young people is to find their place in the world. From today’s perspective, this is exactly my profession. Finding a career is about finding a purpose!”

A conference in Witten-Annen in 2005 became the place of awakening for Joshua, back then in the 11th grade of a Rudolf Steiner school: “I take myself and my concerns seriously and I’m looking for a way to go out into the world and find my place in it.” This led him to make such films as “Berufsweg” [career paths], dealing with the occupation-related decisions of three young people.

The Future Foundation for Social Life funded eight people with a total of EUR 29,400.
Figures and benefits of GLS Treuhand

By establishing the GLS Bank Stiftung in 2011, the 15th fiduciary foundation was established under the umbrella of GLS Treuhand. Furthermore, the number of endowment funds in the Umbrella Foundation for Individual Endowments increased by five to currently 72.

Compared to the previous year, the amount of donations and funding decreased. Whereas the amount of micro-donations remained constant, there was a drop in major donations and endowment contributions. The latter are subject to the usually significant year-on-year variations.

In spite of the decreasing amount of donations, endowment contributions and interests, we funded more than 350 organisations with more than 450 projects in 2011. This is also attributed to good asset management. In view of the low interest rate, which is declining ever further, the previous year’s income was not quite reached. Nevertheless, a very satisfactory average return of about 3.6% was achieved.

Within the scope of numerous new consultations, the employees of GLS Treuhand were able to support further asset transfers, laying the foundation for future creative work in the charitable sector.

Due to the transfer of our GLS Bank cooperative shares to the newly established GLS Bank Stiftung, the free reserves of the association dropped accordingly by EUR 900,000.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>5.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Endowment contributions (external donations)</td>
<td>3.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Investment income (net)</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Funding</td>
<td>6.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Assets held in trust</td>
<td>61.2</td>
<td>64.4</td>
</tr>
<tr>
<td>Free reserves</td>
<td>11.8</td>
<td>11.1</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>73.0</td>
<td>75.5</td>
</tr>
</tbody>
</table>

Thank you!

Many thanks to everybody who has accompanied and supported us throughout the 50 years of GLS Treuhand and particularly in our anniversary year.
We have been providing sustainably operating enterprises with capital in the form of closed-end funds or participation rights for more than 20 years. Sufficient equity capital is the prerequisite for further financing projects. By employing the capital provided, many young and dynamically growing enterprises were able to experience substantial growth; others were able to expand their business segments.

Our investment products meaningfully complement GLS Bank’s deposit business. The provision of capital, for example, for the acquisition of a power network, the expansion of a company or the construction of a solar power plant, is transparent and comprehensible to our investors.

**GLS Beteiligungs AG (BAG)**

GLS Beteiligungs AG is a 100% subsidiary of GLS Bank with headquarters in Bochum. It takes care of the entire private equity business. In addition to the provision of venture capital to businesses, it develops and manages closed-end funds for interested GLS Bank customers. GLS Beteiligungs AG has so far placed about 20 funds in the regenerative energy, social life, healthcare and ecological

<table>
<thead>
<tr>
<th>Investments of GLS Beteiligungs AG and GLS Energie AG</th>
<th>2010 EUR '000</th>
<th>2011 EUR '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy</td>
<td>102,758</td>
<td>114,368</td>
</tr>
<tr>
<td>Healthcare/Social sector</td>
<td>21,239</td>
<td>18,929</td>
</tr>
<tr>
<td>Organic food</td>
<td>15,251</td>
<td>13,874</td>
</tr>
<tr>
<td>Soil funds</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Investment funds (incl. FairWorldFund)</td>
<td>55,238</td>
<td>66,940</td>
</tr>
<tr>
<td><strong>Total volume</strong></td>
<td>204,486</td>
<td>224,111</td>
</tr>
</tbody>
</table>
agriculture sectors. As a trailblazer in the wind power financing sector, GLS Bank issued the first wind power fund as early as in 1991.

**GLS Energie AG (EAG)**

GLS Energie AG invests the funds of GLS Bank’s customers deposited as venture capital in wind parks and photovoltaic plants or similar sustainable renewable energy sources.

**Investments strengthen innovations**

With our private equity products, investors specifically invest in sustainable enterprises and thus take part in innovative projects that, besides the return-on-investment objective, also have a positive social effect. Compared to other forms of investment, participations offer higher return potential combined with greater entrepreneurial risk as well as a lower degree of flexibility. We consistently monitor the sustainability, security and good economic return prospects of our investment products. Thus, just like with all products of GLS Bank, triple profit is generated: humane, forward-looking, economic. This is why we are pleased to have been able to further expand our activities in investments and closed-end funds as well as investment funds to a considerable extent in 2011 – from EUR 204 million in the previous year to more than EUR 224 million in 2011.

**Participation certificates/Participation rights**

Investors who commit themselves to the participation rights participate sustainably and directly in the entrepreneurial success of an enterprise, such as a solar park or an organic product manufacturer. A participation certificate is a vested participation right, in which the investor receives regular payouts on the one hand and assumes an exchange risk on the other. Such an investment supports innovative enterprises in the further development of their businesses and the investors contribute to the expansion of important industry sectors.

**Funds**

Investors who commit to our closed-end funds directly participate in an enterprise, such as a wind or solar park. The money is invested in the long term; returns are distributed on a regular basis. The largest portion of this investment form is made up by the renewable energy sector.
Commitments in 2011

Participation certificate 2011 juwi renewable IPP
An interesting offer last year was the participation certificate which we developed in cooperation with juwi renewable IPP GmbH & Co. KG, Wörrstadt. Due to the great success in 2010, we reissued the offer in 2011. juwi renewable is an enterprise supporting municipalities, companies and private individuals in the implementation of sustainable energy generation projects. As an independent electricity supplier, it initiates joint ventures with local energy suppliers and municipal utilities – such as the successful partnership with the Municipal Utilities of Mainz. The placement of the offer with a total volume of EUR 20 million to private and institutional investors has so far turned out very well.

The GLS climate participation right Bavaria
The three photovoltaic parks in Bavaria erected in 2010 were fully placed to GLS Bank customers in 2011 as a participation right with a term of 20 years. The three solar parks funded by the climate participation right Bavaria generated about 11.2 million kWh of electricity in 2011, thus producing environmentally friendly current for 3,320 households and saving about 6,400 tons of carbon dioxide — compared to power generation using fossil and other energy sources. According to the statement of the Federal Environmental Office, the saving of 6,400 tons corresponds to the annual carbon dioxide consumption of 195 households, applied to an average household consisting of three persons, and/or compensates for the emission of 3,288 cars within one year at an average fuel consumption of 7 l/100 km and an annual mileage of 10,000 km.

Further development of existing projects
The strategy to expand already existing locations appropriately has been implemented by expanding the already existing photovoltaic park Erfurt-Güterverkehrszentrum by 1.4 MW. Not only the approval processes were kept lean; due to the early provision of information, local residents are also recognising the importance and sense of the expansions.

For the wind parks managed by BAG, initial analyses concerning their repowering using improved technology and greater performance were already conducted in 2011. The first measures have already been initiated at the Schleiden wind park. In the process of repowering, the existing wind power plants are completely replaced, resulting in a considerable increase in energy generation, often with a reduced number of plants.

Direct marketing of renewable electricity
The amendment of the Renewable Energies Act on 1 January 2012 made it possible to sell electricity generated by wind and solar parks by what is referred to as direct marketing. The legislative intent is to introduce operators to new marketing channels. The required agreements for wind park projects operated or managed by GLS Bank were already signed in 2011, generating additional revenues of up to EUR 750,000 in the wind sector and about EUR 400,000 in the solar sector with effect from 2012.

Outlook
Today, there are many indications that a more efficient use of energy, materials and resources will form the centre of innovations in the upcoming years. For this reason, we will also direct our attention to renewable energy sources, energy efficiency and natural foodstuffs and continue to develop concrete and comprehensible investment products.
Please contact us if you have any questions.

**GLS Bank**
PO Box 10 08 29, 44708 Bochum, Germany

+49 (0)234 5797-222
+49 (0)234 5797-100 Information & Service
+49 (0)234 5797-200 Offer & Investment Consulting
+49 (0)234 5797-300 Credit Service & Consulting

kundendialog@gls.de

www.gls.de
www.gls.de/service-portal
www.gls.de/blog
www.gls.de/facebook
www.gls.de/twitter

**Berlin**: Schumannstr. 10, 10117 Berlin, Germany
Telephone/Fax: +49 (0)30 52668858-80/-88

**Bochum**: Christstr. 9, 44709 Bochum, Germany
Telephone/Fax: +49 (0)234 57 97-0/-222

**Frankfurt**: Mainzer Landstr. 50, 60325 Frankfurt/M, Germany
Telephone/Fax: +49 (0)69 25610-0/-169

**Freiburg**: Merzhauser Str. 177, 79100 Freiburg, Germany
Telephone/Fax: +49 (0)761 76631-0/-33

**Hamburg**: Mittelweg 147, 20148 Hamburg, Germany
Telephone/Fax: +49 (0)40 414762-0/-44

**Munich**: Herzog-Heinrich-Str. 18, 80336 Munich, Germany
Telephone/Fax: +49 (0)89 544162-0/-33

**Stuttgart**: Eugensplatz 5, 70184 Stuttgart, Germany
Telephone/Fax: +49 (0)711 23895-0/-55
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