2008

deutsche apotheker- und ärztebank

# Annual Financial Report 2008

| Balance Sheet Figures (€ million) | 2007 | 2008 | Changes in %* |
|---|---|---|---|
| Balance Sheet Total | 37,070 | **41,221** | + 11.2 |
| Customer Loans | 22,035 | **24,554** | + 11.4 |
| Customer Deposits | 14,567 | **15,801** | + 8.5 |
| Securitised Liabilities | 10,455 | **10,960** | + 4.8 |
| Liable Equity Capital | 2,583 | **2,483** | - 3.9 |
| **Earnings Development (€ million)** | | | |
| Net Interest Income | 506.6 | **570.5** | + 12.6 |
| Net Commission Income | 171.3 | **136.2** | - 20.5 |
| General Administrative Expenses | 378.3 | **396.3** | + 4.8 |
| Operating Profit before Risk Provisioning | 314.0 | **315.9** | + 0.6 |
| Risk Provisioning[1)] | 186.8 | **244.0** | + 30.6 |
| thereof balance of loan loss provisions | 46.9 | 36.8 | |
| thereof depreciation and value adjustments on financial instruments | 188.5 | 338.2 | |
| thereof others | - 48.6 | -131.0 | |
| Accounting profit | 113.4 | **59.6** | - 47.4 |
| **Selected Ratios** | | | |
| Return on Equity | 8.6 % | **4.7 %** | - 3.9 |
| Cost/Income Ratio | 55.4 % | **56.4 %** | + 1.0 |
| Equity Ratio[2)] | 13.5 % | **12.8 %** | - 0.7 |
| Core Capital Ratio[2)] | 8.6 % | **8.7 %** | + 0.1 |
| **Ratings[3)]** | | | |
| Standard & Poor's | A+/A-1<br>Outlook stable | **A+/A-1<br>Outlook stable** | |
| Moody's | A2/P-1<br>Outlook stable | **A2/P-1<br>Outlook stable** | |
| FitchRatings (Verbundrating) | A+/F-1<br>Outlook stable | **A+/F-1<br>Outlook stable** | |
| **Other data** | | | |
| Number of Employees | 2,124 | **2,263** | + 6.5 |
| Number of Members | 100,212 | **100,378** | + 0.2 |
| Number of Customers | 306,600 | **319,100** | + 4.1 |

* Deviations due to rounding differences

1) Balance of risk provisioning for lending, financial instruments and investments as well as provisioning reserves pursuant to § 340 HGB

2) According to the Solvency Regulation (Solvabilitätsverordnung)

3) As at: 25 March 2009

# Deutsche Apotheker- und Ärztebank

## Annual Financial Report 2008

# Dear Members, Customers and Business Friends,

We look back to a year with much worse macroeconomic results than had previously been forecast by economic researchers. While the first quarter was still characterised by surprisingly strong economic growth, Germany was increasingly affected, in the further course of 2008, by the slowdown of the global economy and the aggravation of the crisis in the international financial markets. The phase of weakness started later than in other industrial countries, but all the more abruptly, and had Germany slide into recession towards the end of the year.

The world economic slowdown, which affected virtually every economic region, and the temporary significant appreciation of the Euro against the US dollar had an increasingly negative impact on the export-oriented German economy. On the other hand, the domestic economy tended to stabilise; private consumption was favourably influenced by the high level of employment, but caution and uncertainty are reflected in the relatively high savings ratio. The price climate at the consumer level and at earlier stages was characterised by the extreme increase in energy costs, especially towards the middle of the year. Although prices for mineral oil and mineral oil products as well as for raw materials in general have since substantially declined as a result of the global downturn, the inflation rate still reached the highest level in 14 years.

The financial market crisis, which has been going on since July 2007, reached a new dimension with the surprising insolvency of Lehman Brothers in September 2008. While more or less complicated capital market products, complex financial innovations and securitisations of sub-prime loans were concerned at the beginning of the crisis, a completely new dramatic peak was reached with the collapse of financial institutions that had been highly solvent and well-regarded worldwide just a short while ago. The interbanking market, which had already been reduced to a minimum anyway, came to a complete standstill. The crisis of confidence turned into a crisis of the system, and without government interventions, it was threatening to bring about the collapse of the whole financial system.

Government rescue plans as well as far-reaching liquidity aid and interest rate cuts have meanwhile prevented the financial systems of the important industrial countries from collapsing. In Germany, the legislator has passed the Financial Market Stabilisation Act (Finanzmarktstabilisierungsgesetz) in close to no time, which is meant to secure the stability of banks, insurance companies, pension funds and other financial institutions with funds of up to Euro 480 billion. In this way, the government wants to guarantee that the financial system can maintain its highly relevant macroeconomic function as an intermediary between investors and borrowers. Despite the importance of this government support measure, the necessary restructuring of the financial system must not be forgotten, so that after successful intervention, the government can step back from the economy and instead focus on its core functions.

In spite of the extremely unfavourable general economic conditions – apart from the financial market turmoil, above all the substantial increase in refinancing costs and the persistent pressure on margins must be mentioned here –, Deutsche Apotheker- und Ärztebank was able to match the good operating results achieved in the previous years: At Euro 315.9 million, the operating result before risk provisioning reached the level of 2007.

However, being part of the financial system, our Bank cannot evade the distortions of the market – and much less if this market is undergoing unparalleled change. Thus, also our Bank felt the impact of the developments in the international financial markets; in particular, leveraged funds (LAAM funds) were affected. In order to avoid losses, some AAA rated ABS securities were transferred to the Bank's books while taking account of risk bearing ability, liquidity and equity burden, and the remaining funds were restructured so that they would be affected only in the case of actual defaults. Despite successful restructuring, we are faced with temporary value adjustments, but thanks to the earnings power of our operating business and the establishment of precautionary reserves, these can be compensated for, as can write-downs on investments in former blue-chip companies within the framework of the Bank's inevitable liquidity and money market operations. Extensive provisions have been made for all discernible risks according to appropriate standards.

The balance sheet profit in the amount of Euro 59.6 million enables the Bank to pay out a relatively high, unchanged dividend of 6 percent to its approximately 100,000 members even in the – for various reasons – extremely difficult 2008 financial year, and to add Euro 12 million to general reserves.

apoBank was granted the license to issue mortgage Pfandbriefe in December 2007, and the first mortgage Pfandbrief in the amount of Euro 500 million was placed in June of the year under review. Before that, in April 2008, the Bank's cover pool for the issuance of mortgage Pfandbriefe received the best rating score AAA from rating agency Standard & Poor's.

Apart from the expansion activities for our telephone service and the renewed updating of our banking software, we paid particular attention to quality management in order to further improve customer satisfaction as well as service and advisory quality. In this context, a special division was established within the department of the spokesman of the Board of Directors, which is designed, among other things, to uncover quality deficits and to ensure the sustainability of quality improvements.

The preparations for the first-time adoption of IFRS in group accounting were pushed forward in the year under review.

In order to secure the Bank's successful position as a premium provider of financial services in the long term, a special growth strategy was developed and further specified in the year under review. Its implementation will require a considerable amount of additional strategic investments – for example in customer proximity, locations, IT, qualified staff, and much more. To determine the optimal cost structure under these aspects, we launched a project under the name of "apoFit", which was subdivided into several partial projects. The individual measures have meanwhile been analysed in detail and assessed. On this basis, an implementation plan with concrete measures will be adopted shortly.

Apart from quantitative factors, such as those that apoFit focuses on, our Bank sets great store by leadership culture and value-oriented practices. In addition, we strive to make the Bank attractive to our existing and prospective employees by adopting a family-friendly personnel policy and personnel development measures. The success of these efforts is reflected in no less than three awards we received in 2008: The Bank was named one of “Germany’s Best Employers 2008” and was awarded as a “TOP Employer”, and we also received the European “work and family audit” certificate from the hands of Family Minister Ursula von der Leyen.

Just like the banking industry at the moment, the health care sector has for several years been characterised by a fundamental process of change, with the latter even being accelerated by social legislation. In particular the Panel Physicians Amendment Act (Vertragsarztrechtsänderungsgesetz, VÄndG) as of 1 January 2007, but also the Statutory Health Insurance Competition Strengthening Act (GKV-Wettbewerbsstärkungsgesetz, GKV-WSG) as of 1 April 2007 and the Further Development of Organisational Structures in the Health Care Sector Act (Gesetz zur Weiterentwicklung der Organisationsstrukturen im Gesundheitswesen, GKV-Org-WG) as of 1 January 2009 are contributing to the substantial change of structures in the medical sector. Traditional forms of care – above all the individual practice – are increasingly being replaced by new care structures and forms of cooperation. At the same time, the formerly strict boundaries between outpatient and inpatient care are increasingly losing their meaning. The medical supply chain is obviously being redefined.

For us it is beyond doubt that we will have to establish a presence in these new business fields, and will even have to accelerate our market entry. Therefore, on the one hand, we will continue to provide optimal service to our traditional customers, the health professionals in private practice, giving them the certainty that apoBank will remain their bank of choice also in the future. On the other hand, we have to prove that we are open to new ideas and thus make a competent partner for those customers who make use of the advantages of the new care structures, including those who start their career in inpatient care because of the undeniable economic risks.

We consider the market potential in the health care sector as an opportunity for the further development of our Bank. Our Bank benefits not only from its 106 years of profession-specific experience, but also from the advantages of its up-to-date, highly specialised expertise in the health care market. We still regard it as a future growth market, although the share of total health care spending which is paid by social security will decline.

Thus, we will continue to pursue our niche strategy, for our position as the bank of the health care system is the foundation of our current and future success. Our Bank will respond to the structural change of the market environment; we will do so with the awareness that we are particularly committed to the academic medical professions as the keystone of our Bank.

For we know where we come from, and it is our goal, also in times of change, to support our customers as a strong and competent partner.

Yours sincerely
Deutsche Apotheker- und Ärztebank


Günter Preuß


Gerhard K. Girner


Günther Herion


Stefan Mühr


Werner Albert Schuster


Claus Verfürth

# Agenda

of the Annual General Meeting
of Deutsche Apotheker- und Ärztebank
on Friday, 19 June 2009, 14.00 hours,
Swissôtel Düsseldorf/Neuss, Rheinallee 1, 41460 Neuss

Words of Welcome

1. Report of the Board of Directors for the 2008 Financial Year
2. Report of the Supervisory Board
3. Report on the Legal Audit, Statement by the Supervisory Board, Resolutions
4. a) Resolution on the 2008 financial statements
   b) Resolution regarding the appropriation of distributable profit in 2008
5. a) Ratification of the Actions of the Board of Directors in the 2008 Financial Year
   b) Ratification of the Actions of the Supervisory Board in the 2008 Financial Year
6. Election of the Supervisory Board
7. Any other business

The session may be briefly interrupted at the beginning of Item 6 of the Agenda to give the individual professional groups an opportunity for consultation.

**Günter Preuß**
Düsseldorf
Spokesman

**Gerhard K. Girner**
Düsseldorf

**Günther Herion**
Düsseldorf

**Stefan Mühr** (from 1 January 2009)
Düsseldorf

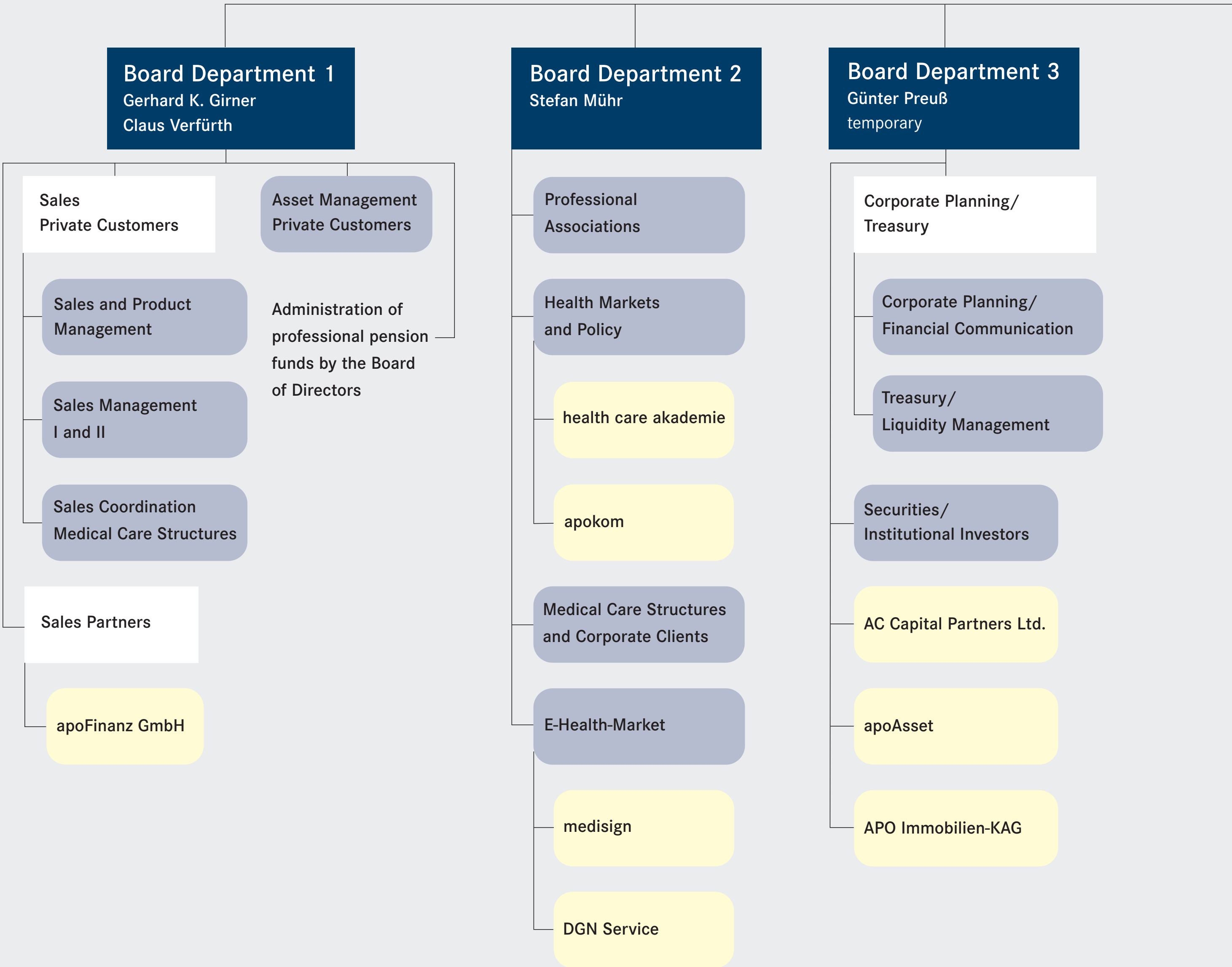
**Werner Albert Schuster**
Düsseldorf

**Claus Verfürth** (from 1 January 2009)
Düsseldorf

**Claus Harald Wilsing** (until 31 December 2008)
Düsseldorf

# Organisational Chart

# Deutsche Apotheker- und Ärztebank



## Board Department 4
Werner Albert Schuster

- Banking Operations
  - IT and Organisation
  - Service and Transaction Bank
    - apoData Service GmbH
  - Trading Operations
  - Facility Management
- Personnel
- Corporate Security

## Board Department 5
Günther Herion

- Controlling
  - Bank Controlling
- Finance
- Audit
- Legal Department
- Central Credit Control Private Customers – Branch Business/RCM
  - Regional Credit Control North; West; East/Berlin; East/Dresden; Central; South
- Central Credit Control Private Customers – Branch Business Basic Issues
- Central Credit Control Corporate Clients/ Medical Care Structures/ Financial Instruments
- Compliance

## Board Department 6
Günter Preuß
Spokesman of the Board of Directors

- Office of the Board of Directors
- Strategy Consulting/ Management of Shareholdings

departments

divisions

subsidiaries

**Dr. med. dent. Wilhelm Osing,** Düsseldorf, Chairman
**Wolfgang Häck,** Neuss*, Vice-Chairman
**Karin Bahr,** Kiel*
**Ralf Baumann,** Düsseldorf*
**Hans-Jochen Becker,** Mülheim/Ruhr*
**Dr. med. dent. Wolfgang Eßer,** Mönchengladbach
**Sven Franke,** Braunschweig*
**Eberhard Gramsch,** Göttingen
**Norbert Hinke,** Düsseldorf*
**Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe,** Düren
**Uschi Jaeckel,** Mülheim/Ruhr*
**Hermann Stefan Keller, Pharmacist,** Mainz
**Dr. med. Andreas Köhler,** Berlin
**Dr. med. Ulrich Oesingmann,** Dortmund
**Dr. med. dent. Helmut Pfeffer,** Wohltorf
**Gerhard Reichert, Pharmacist,** Hengersberg
**Christian Scherer,** Forst*
**Friedemann Schmidt, Pharmacist,** Leipzig
**Roland Wark,** Heusweiler*
**Loni Wellert,** Koblenz*

* elected by employees

| | |
|---|---|
| Honorary Legal Counsel of the Supervisory Board | **Dipl.-Kfm. Richard Deutsch, Lawyer**<br>Meerbusch |
| Honorary Chairman of the Board of Directors | **Dipl.-Volkswirt Walter Schlenkenbrock**<br>Ratingen |
| Holder of the Karl-Winter-Medal and Honorary Member of the Bank | **Klaus Stürzbecher, Pharmacist**<br>Berlin |
| Honorary Members of the Bank | **Berthold Bisping**<br>Neuss |
| | **Dr. med. dent. Rudolf Cramer**<br>Wiesbaden |
| | **Elfriede Girl**<br>Munich |
| | **Jürgen Helf**<br>Meerbusch |
| | **Dr. med. dent. Rudolf Oschika**<br>Moers |
| | **Dr. jur. Albert Peterseim, Pharmacist**<br>Essen |
| | **Dipl.-Betriebswirt Werner Wimmer**<br>Meerbusch |

Dipl.-Betriebswirt Wolfgang Abeln, Pinnow
Stephan Allroggen, Dentist, Kassel
Dr. med. Helmut Anderten, Hildesheim
Dr. Eric Banthien, Hamburg
Dr. med. Johannes Baumann, Coswig
Karl-August Beck, Pharmacist, Fürth
Fritz Becker, Pharmacist, Remchingen
Dr. med. dent. Gert Beger, Bad Münster
Dr. med. Margita Bert, Rüsselsheim
Dipl.-Volkswirt Christoph Besters, Waldkirch
SR Dr. med. Wolfgang Beyreuther, Zwickau
Dr. rer. nat. Rainer Bienfait, Pharmacist, Berlin
Dr. med. Klaus Bittmann, Plön
Rudi Bittner, Landshut
Dipl.-Volkswirt Dieter Bollmann, Hamburg
Dr. rer. nat. Roswitha Borchert-Bremer, Lübeck
Dr. med. dent. Jürgen Braun-Himmerich, Köngernheim
Dr. med. dent. Günther E. Buchholz, Telgte
Dr. med. dent. Gerhard Bundschuh, Groß-Glienicke
Dr. med. dent. Jobst-Wilken Carl, Osnabrück
Dr. med. Edith Danda, Langenhagen
Reinhard Dehlinger, Munich
Dipl.-Stom. Holger Donath, Neu Heinde
Dr. med. Wolfgang-Axel Dryden, Kamen
Dr. med. Wolfgang Eckert, Schwerin
Dipl.-Kfm. Armin Ehl, Berlin
Dr. med. Brigitte Ende, Buseck
Dr. med. Dr. rer. nat. Klaus Enderer, Cologne
Dr. med. dent. Peter Engel, Cologne
Dr. rer. nat. Ralph Ennenbach, Bad Segeberg
Dr. med. Karsten Erichsen, Bremen
Heinz-Ulrich Erlemann, Pharmacist, Cologne
Rolf Eskuchen, Wilhelmshaven
Albert Essink, Dentist, Berlin
Dr. med. dent. Jürgen Fedderwitz, Wiesbaden
Dipl.-Med. Regina Feldmann, Meiningen
Ass. jur. Christian Finster, Bad Schönborn
Dr. med. Hans-Walter Fischer, Verden
SR Dr. med. Franz Gadomski, Saarbrücken
SR Dr. med. Günter Gerhardt, Wendelsheim
Dr. med. dent. Dietmar Gorski, Wilnsdorf
Dr. med. vet. Karl-Ernst Grau, Sendenhorst
Dr. phil. Jörn Graue, Pharmacist, Hamburg
SR Dr. med. dent. Manfred Grub, Losheim
Dipl.-Stom. Dieter Hanisch, Freyburg
Dr. med. Leonhard Hansen, Alsdorf
Dr. med. Gunter Hauptmann, Saarbrücken
Dr. med. Klaus Heckemann, Dresden
Rolf Hehemann, Düsseldorf
Dr. med. Hans-Joachim Helming, Belzig
Dr. med. Torsten Hemker, Hamburg
Dr. med. Wolfgang Herz, Rastatt
Dr. med. Achim Hoffmann-Goldmayer, Stetten a. k. M.
Dr. med. Rolf Holbe, Kreiensen
Dipl.-Kfm. Wilfried Hollmann, Essen
Dr. med. dent. Jörg-Peter Husemann, Berlin
Dr. med. Burkhard John, Schönebeck
Dipl.-Kfm. Daniel F. Just, Munich
Dr. med. Eberhard Kimmi, Kenzingen
RA Dr. jur. Ulrich Kirchhoff, Hanover
Dr. med. Thorsten Kleinschmidt, Braunschweig
Dipl.-Kfm. Hans Kopicki, Düsseldorf
Dr. rer. pol. Andreas Kretschmer, Düsseldorf
Dr. rer. soc. Thomas Kriedel, Dortmund
Dr. med. dent. Peter Kriett, Bad Segeberg
PHR Dr. rer. nat. Ulrich Krötsch, Munich
Dr. rer. pol. Andreas Lacher, Gauting
Dipl.-Kfm. Wolfgang Leischner, Lübeck

**Prof. Dr. rer. pol. Dirk Lepelmeier,** Düsseldorf
**Dr. med. Steffen Liebscher,** Lößnitz
**Volker Linss,** Villmar-Aumenau
**Dr. med. Burkhard Lütkemeyer,** Bad Essen
**Dr. med. dent. Ute Maier,** Tübingen
**Prof. Dr. med. vet. Theodor Mantel,** Eichstätt
**Dr. med. Georg Martin,** Konz
**Dipl.-Ing. Hartmut Miksch,** Düsseldorf
**Dr. med. dent. Dirk Mittermeier,** Bremen
**Dr. med. Carl-Heinz Müller,** Trier
**Dipl.-Kfm. Karsten Müller-Uthoff,** Hildesheim
**Dr. med. Axel Munte,** Grünwald
**Dipl.-Math. Gert Nagel,** Hainburg
**Christian Neubarth, Dentist,** Hildesheim
**Dr. Ralph Nikolaus,** Dresden
**Dipl.-Kfm. Siegfried Pahl,** Erkrath
**Dr. med. dent. Karl-Georg Pochhammer,** Berlin
**Dr. med. Angelika Prehn,** Berlin
**Dr. med. dent. Janusz Rat,** Munich
**Dr. med. Hans-Joachim Raydt,** Stade
**Dr. med. dent. Michael Reinhard,** Nörtershausen
**Dr. med. dent. Martin Reißig,** Munich
**Dipl.-Volkswirt Manfred Renner,** Planegg
**Dr. med. Karl-Friedrich Rommel,** Mechterstädt
**Dr. med. Jochen-Michael Schäfer,** Kiel
**Dr. med. dent. Karl-Horst Schirbort,** Burgdorf
**Dr. med. Gabriel Schmidt,** Munich
**Dipl.-Finanzwirt Peter Schmidt,** Kall
**Dipl.-Med. Ralf-Rainer Schmidt,** Leipzig
**Dipl.-Med. Thomas Schmidt,** Hohen-Neuendorf
**SR Dr. med. Ulrike Schwäblein-Sprafke,** Hohenstein
**Dr. med. Michael Siegert,** Trier
**Dr. med. dent. Richard Siepe,** Eslohe
**Dirk Smolka, Dentist,** Bonn
**Dr. med. Till Spiro,** Bremen
**Dipl.-Volkswirt Jochen Stahl,** Münster
**Dr. med. Dr. jur. Hans-Michael Steen,** Eckernförde
**SR Dr. med. dent. Helmut Stein,** Clausen
**Dipl.-Volkswirt Helmut Steinmetz,** Kiel
**Dr. med. Volker Steitz,** Binnen
**Dr. med. dent. Helke Stoll,** Eilenburg
**Dr. med. dent. Karl-Heinz Sundmacher,** Hockenheim
**Dr. med. Jürgen Tempel,** Wunstorf
**Dr. med. Ulrich Thamer,** Dortmund
**Dr. med. Christoph Titz,** Ganderkesee
**Dr. med. Sigrid Ultes-Kaiser,** Ramstein
**Ralf Wagner, Dentist,** Heimbach
**Ulrich Weigeldt,** Berlin
**Dr. med. dent. Holger Weißig,** Gaußig
**Dr. med. Elmar Wille,** Berlin
**Dr. med. Kuno Winn,** Hanover
**Dr. med. dent. Walter Wöhlk,** Kiel
**Heinz-Günter Wolf, Pharmacist,** Berlin
**Dr. rer. pol. Thomas Zalewski,** Stuttgart
**Dr. med. Gerd W. Zimmermann,** Hofheim/Taunus
**Dr. med. dent. Gert Zimmermann,** Leun

# Report of the Board of Directors

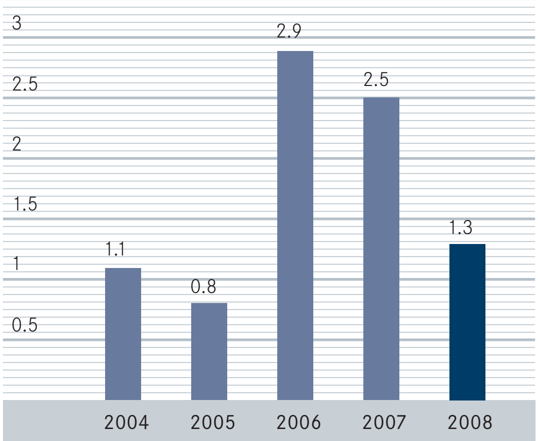
## Management Report 2008

# Economic Environment

## World economy under the spell of financial market crisis

In the course of the year 2008, the world economy gradually slipped into a recession. The American subprime crisis triggered the disruptions in the global financial markets, and it was the United States that introduced an economic stimulus package already at the beginning of the year, which slowed down the recession for some time. Thus, the US achieved even stronger full-year growth than Euroland, where gross domestic product (GDP) increased by only 0.9 percent. Despite a recovery in private consumption after years of deflationary fears, the economy stagnated in 2008.

Gross domestic product
(Real changes compared with the previous year in %)




The prospects for 2009 are correspondingly bleak. The economies of all industrial countries – except for Australia – are likely to shrink. The last time such a situation occurred was during the oil price shock in the 1970s. Although expectations in the emerging and developing countries are still comparatively very high, the world economy is expected to contract by 1.6 percent. For Euroland, economists predict an average decline in GDP of 2.6 percent.

## Slump in economic growth in Germany

The German economy had a strong start to the year 2008. In the first quarter, the economy grew even faster than expected. Instead, one of the biggest concerns that markets and the German Central Bank (Deutsche Bundesbank) were worried about was inflation. But this was going to change soon. Already in the second and third quarters, GDP declined compared to the corresponding prior-year quarter – i. e., recession


had formally started. At the end of the year, the decrease was even much more pronounced. Nevertheless, thanks to its good start to the year and its at-first continued high export rate, Germany was able to achieve growth of 1.3 percent for the full year. Private consumption recovered year-over-year. The labour market also showed a positive development, with the unemployment rate falling by more than one percentage point.

Similar to Euroland, Germany should begin to feel the full impact of recession in 2009. During the boom, Germany had benefited strongly from its export industry, which directly and indirectly created and secured many jobs. This is now reversing, and the decline in orders is even stronger than during the 2001/2002 recession. The domestic economy is also affected by investment restraint and declining order intake. Thanks to falling fuel prices and inflation rates, private consumption may still reach zero growth in the coming year. The continued high level of employment will contribute to this result. Overall, the consensus forecast assumes that the German economy will shrink by 3.2 percent in 2009.

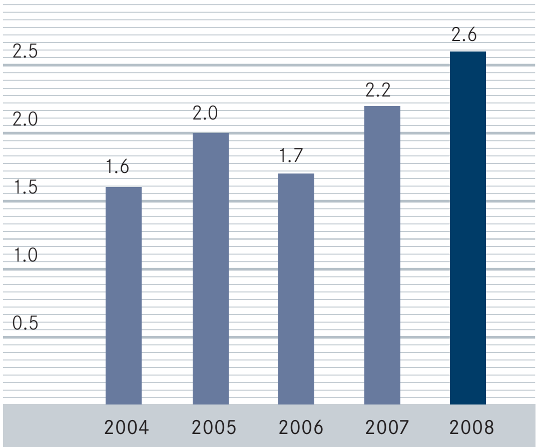
## US dollar benefits from the crisis

As expected, the Euro at first remained strong with exchange rates of almost 1.60 US dollars. Its decline started only from the moment when the European Central Bank (ECB) announced that it would cut interest rates. After its initial 0.25 percent key interest rate hike to 4.25 percent, Europe's monetary watchdog lowered its upper refinancing rate in

three steps to 2.5 percent. During the same period, the US Central Bank (Fed) reduced its key interest rate by 4.25 basis points to zero percent. At the same time, American investors started selling and converting their proceeds back to US dollars. As a result, the fall of the Euro exchange rate accelerated. At the end of the year, the European currency stood at 1.34 US dollars.

The bond market moved in two different directions in 2008: Because of their safety, government bonds were in high demand. As a result, the German bond index (REX) increased significantly. In return, the yields on 10-year government bonds fell below 3 percent, down from 4.3 percent at the beginning of the year. In summer, when hopes for the economy and fears of inflation were at their highest levels, yields reached temporary peaks of 4.6 percent. All other bonds showed a less satisfactory performance. Even corporate bonds of very solid groups as well as Pfandbriefe were worse off. Thus, the spreads of almost all other products of this asset class widened relative to federal government bonds.

Consumer prices
(increase compared with the previous year in %)




## Disastrous development in the stock markets

With an annual performance of approximately minus 40 percent, the development of the large international stock markets can be described as disastrous. The German stock index (DAX) closed at 4810 points, after having amounted to more than 8000 points at the beginning of the year. January already saw substantial stock market losses. After two months of mediocre performance, some observers voiced their expectation that the situation would ease. But already in June this proved to be a miscalculation. In October, the DAX declined significantly once again before dropping to its lowest level so far at 4127 points on 21 November.

The reasons for the setbacks can be easily identified. In the middle of the year, the high oil price was weighing on automotive and travel stocks, and the financial market crisis

sent financial stocks plummeting. In October, the fear of recession became a real threat. More and more banks announced that they were plagued by ever-increasing losses. Companies had difficulties in obtaining loans and therefore delayed investments. When it came to third-quarter reporting, many companies found themselves forced to revise down their sales and earnings forecasts for the 2008 financial year.

The negative trend will continue for some time at the beginning 2009. In particular, the publication of the companies' full-year results led to further declines. For the year as a whole, the DAX could still show a positive performance and climb to 5200 points.

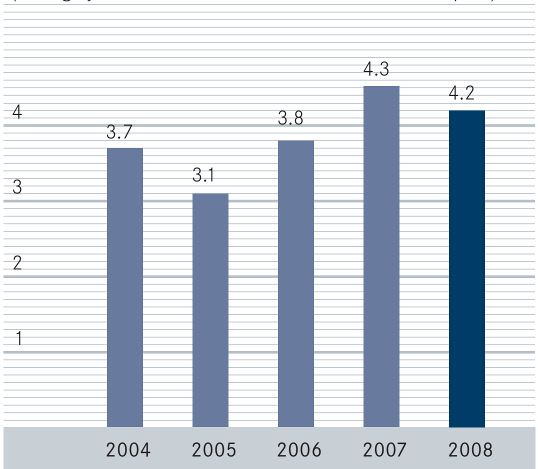
## Health care sector: Increasing competition

The national health sector is seen as a growth market. But irrespective of increased financing in connection with the introduction of the German health fund for outpatient and inpatient care on 1 January 2009, the publicly financed part of the health care system is growing at a below-average rate. This segment accounts for approximately 60 percent of total expenses. The privately financed part, on the other hand, is developing much more positively.

Apart from general demographic trends, this development is mainly driven by the medical-technical progress and growing health consciousness in the population, which in turn is associated with increasing willingness to pay for one's own well-being.

Against this background, we expect growing competition in the health care market, which will even be boosted by social welfare legislation: The Statutory Health Insurance Competition Strengthening Act (GKV-Wettbewerbsstärkungsgesetz, or GKV-WSG), but especially also the Panel Physicians Amendment Act (Vertragsarztrechtsänderungsgesetz, or VändG) as well as the Further Development of Organisational Structures in the Health Care Sector Act (Gesetz zur Weiterentwicklung der Organisationsstrukturen im

Current yields
(average yields of German fixed-interest securities % p. a.)



Gesundheitswesen, or GKV-ORG-WG) have corresponding elements. Together with the development on the privately financed side, these laws are leading to a further breaking up of the so-called traditional health care structures as well as to a noticeable diffusion of former borders between the sectors.

This development is supported by the socio-demographic situation within the professional groups, the feminisation of the professions, the declining attractiveness of the medical professions, and the related question of how to provide nationwide, comprehensive medical care close to home, and of how to respond to the looming decline in the number of medical professionals.

The resulting tendencies are already clearly discernible: They include the development of institutionalised, provider-based care as well as cross-sector care provision, the integration of outpatient care in specialised inpatient facilities, and the establishment of chains or brands. In addition, the contractual basis for the business between health insurance funds and health care providers is changing and new tariffs are being established in the insurance industry, leading to a significantly higher number of offers in the field of additional health insurance.

For quite some time, the Bank has been preparing for the changes in the health market. While economically self-employed health professionals had been in the focus of our business concept for many decades, we have meanwhile started to provide more active services also to employed physicians and pharmacists. Health care concepts at the interface between outpatient and inpatient care as well as companies in the health sector have been added to our customer list.

With this in mind, we do not view the changes in the health care market as a risk for our Bank's business activities, but as an excellent possibility for further development.



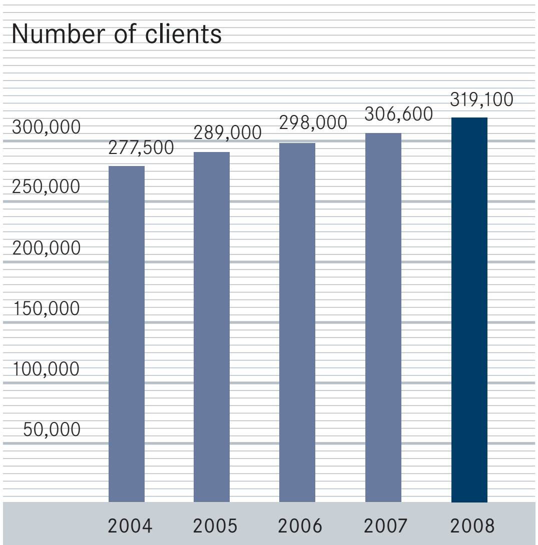
# Summary of Business Development

## High dividend even in times of financial market crisis

Deutsche Apotheker- und Ärztebank (apoBank) was able in 2008 to continue the positive development of the previous years in its operating business, as is reflected in the operating profit before risk provisioning. However, the difficult framework conditions prevented us from meeting all our targets to the extent we desired. Results were not only affected by the worsening of the financial market crisis in the course of the year, but also by the associated increase in funding costs and the continued pressure on margins. Despite the unfavourable conditions, we were able to achieve an accounting profit for 2008 which allows us to keep our dividend at the same high level as in the previous years and to strengthen reserves.

Following the drastic decline in earnings from the investment business, many banks in the German banking environment started to focus increasingly on private banking. Our clients are of particular interest here. Despite the increasing competition, we were able to strengthen our position as the bank in the health care sector, which is reflected in a growing number of customers. This growth is based on our efforts to further optimise our sales strength in private banking. But we have also expanded our activities in the field of new health care structures.

Internal measures were focused on improving customer satisfaction as well as the quality of service and advice. In this context, we expanded our telephone service, updated our e-banking software and established a special department for quality management. On the basis of our growth strategy, which we further refined in the year under review, we want to



**Joint practice in Mülheim on the Ruhr**

We help our customers to be successful in pursuing new paths.

It is often easier to be successful together, in a new partnership, than alone. The fact that even former competitors pursue this path with apoBank shows how much value we place on creative entrepreneurial advice.

A good example of this is two dentists who were both dissatisfied working as sole entrepreneurs in an overserved market. Then one of our branch managers suggested them to form an association to jointly treat their patients in a state-of-the-art practice. It has proved by now that the courageous decision to make a new start was the right one, and the desired synergies have been achieved.

successfully position ourselves in the long run as a premium provider of financial services in the health care sector. Since the implementation of this strategy requires significant investments, we introduced a new project called “apoFit” in the year under review. This project is designed to determine the optimal cost structure for our Bank and will lead to concrete measures in the current year after the completion of counselling.

## Differentiated earnings development

Demand for apoBank’s profession-specific financing expertise, which was even stronger than in the previous year, led to another increase in new advances. This shows that we lived up to our responsibility of granting loans to the medical professions even in times of financial crisis. Earnings from the strategic interest rate risk management, the credit expansion which has been going on for several years now as well as the deposit business have decisively contributed to the increase in net interest income of 12.6 percent to Euro 570.5 million.

As regards net commission income, the income from the brokerage of insurances still showed a positive development. The securities business with private customers, in contrast, fell clearly short of the previous year's result in the difficult market situation. The processing fee for our variable interest rate cap loans, which is also included in net commission income, was also lower than last year because given the flat yield curve, our customers were more interested in fixed rate loans. The effects of these unfavourable aspects are reflected in a reduction in net commission income of 20.5 percent compared with the previous year to Euro 136.2 million.

## Moderate increase in administrative expenses

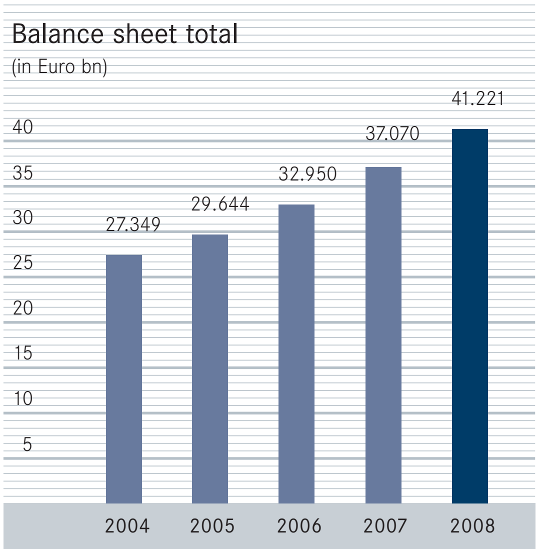
Administrative expenses including depreciation on tangible and intangible assets increased by 4.8 percent over the previous year to Euro 369.3 million. While the rise in personnel expenses was mainly due to new appointments of staff and wage increases, the only slight increase in operating expenses compared to the previous year was primarily attributable to strategic or legally required projects. Despite the increase in these expense items, the cost/income ratio remained at a comparatively good level of 56.4 percent (2007: 55.4 percent).

## Operating result slightly above the prior-year level

It was mainly because of the gratifying development of net interest income that operating profit before risk provisioning – and thus the result of operating activities – was slightly higher than last year at Euro 315.9 million. Thus, the growth in the earnings components exceeded the increase in the cost items, which must be regarded as a particular success in view of the financial market crisis and the considerable decline in the securities business with private customers.

## Financial market crisis leaves its mark on risk provisioning

While the balance of risk provisioning in the customer lending business of Euro 36.8 million is below the prior-year level and below the standard risk costs, risk provisioning for financial instruments had to be raised considerably to Euro 338.2 million. After the intensification of the financial market crisis, we suffered substantial losses in our own investment and liquidity portfolio as a result of the Lehman Brothers collapse and the nationalisation or illiquidity of previously top-rated issuers.




Within the framework of the successful restructuring measures for leveraged funds, some of the ABS securities with AAA rating were included in the Bank's books while taking into account the risk-bearing ability, liquidity and equity burden. The remaining funds were restructured in such a way that from a present-day perspective they will only be affected in the case of actual losses. Value corrections, which are still regarded as temporary given the good credit rating, as well as depreciation on assets of previously top-rated issuers within the framework of liquidity and money market operations were offset by the earnings power of the operating business and reserves in the amount of Euro 135 million created in the past.

Net income after taxes is reported at Euro 59.6 (2007: 113.4) million for the 2008 financial year. This amount allows the payment of an unchanged high dividend to the more than 100,000 members as well as an allocation to the Bank's reserves.

## Significant balance sheet expansion

As at the end of the financial year 2008, the balance sheet total amounted to Euro 41.2 billion, i.e. an increase of 11.2 percent compared to the previous year's figure. Since the business policy of our Bank is oriented towards earnings figures instead of volumes, the balance sheet expansion per se is not of particular importance to us. Nevertheless, we are pleased to note that with the size achieved, apoBank has been the largest primary co-operative bank in Germany by far since 1974, because it also reflects our customers' positive response to the products and services of our Bank.

In view of the operating business, the balance sheet expansion was again, as already in the previous years, primarily driven by the demand for our Bank's financing expertise. Despite the fierce competition, loans taken for business start-ups and real estate financing as well as for projects in the health care sector and for other investments led to an increase in the volume of new advances of 16.9 percent over the previous year's level, to Euro 3.8 billion.

Refinancing of the loans occurred, apart from accepting customer funds, through issues in the capital market. The Bank placed its first mortgage Pfandbrief in June of the year under review. In April 2008, apoBank's cover pool for the issuance of mortgage Pfandbriefe was assigned the top AAA rating by rating agency Standard & Poor's.

The expansion of the balance sheet total is also the result of restructuring measures with regard to leveraged funds (LAAM funds) in the wake of the financial market crisis: In order to avoid losses, some of the ABS securities with AAA rating in the amount of Euro 1.8 million were included in the Bank's books while taking into account the risk-bearing ability, liquidity and equity burden.

## Sales performance strengthened

The continued improvement of our advisory services, the steady increase in service quality, our strengthened commitment in care structures and the creation of jobs with special skills necessitated the recruitment of additional staff in the year under review. The focus here was on customer advisors, asset and investment advisors, people responsible for new forms of cooperation, and advisors in the corporate clients business concentrating on the health care sector.

As a result, the number of employees rose to 2,263 (2007: 2,124). Including trainees, staff on short-term contracts, employees of subsidiaries as well as temporary workers, the so-called effective number of employees is 2,642 (2,471). As at the end of 2008, the employees served our customers in 46 out-

lets and branches throughout the whole of Germany, in seven agencies, nine advisory centres as well as in our subsidiaries and the head office. The establishment of additional agencies and advisory centres is planned. In addition, more than 80 advisors of our mobile sales arm “apoFinanz” ensure the provision of service to customers in areas far from the next branch.

## Bank in the health care sector – partner in the health care sector

We regard the continued increase in the number of new customers as a positive response on the part of pharmacists, physicians, psychotherapists, dentists and veterinarians to the range of services offered by their professional bank. Beyond that, we think this is also an indication that they particularly appreciate partnership with a bank with specific job-related expertise, especially in a period of fundamental change in the health care sector. The special know-how gathered over many years and the familiarity with the concerns of the medical professions are important values. We want to make use of these values in providing services to the academic health professionals – regarding both traditional care structures and the competent support of our customers on the way into the newly developing care structures.

In view of the upcoming major changes in the health care sector, our Bank also had to enter into a process of change. Based on the way we see ourselves, this process entailed the transition from a bank for the medical professions to a bank in the health care sector, and thus also a wider business approach. However, this does not at all mean that we will give up our identity, which has grown over many years and which has made an essential contribution to the Bank's success. Also in the future, we will remain faithful to our niche and thus also to our clients, strengthening and expanding our number one position as the leading financial services provider in the medical sector. As already in the previous years, "continuity in times of change" will be our motto. There is no contradiction here if we are open to new developments in order to stay successful in the health market, which, according to our firm conviction, will remain a growth market in the future.

## Positioned for the future

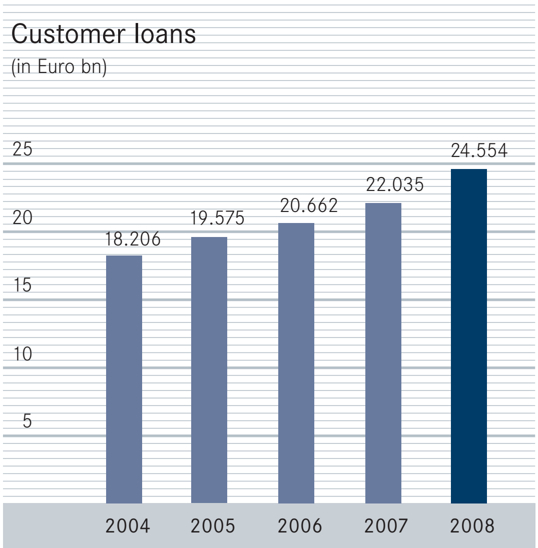
"We are well positioned for the future with our business areas of professional associations, health markets and policy, medical care structures and corporate clients as well as e-health-market, and together we have the best conditions to strengthen and expand our market position in these business areas as a bank in the health care sector in the coming years. I am looking forward to the challenges that lie ahead of us. For I do not only see the risks resulting from the changes in the health care sector, but also the great opportunities offered by these changes."

**Stefan Mühr, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank**

# Lending business

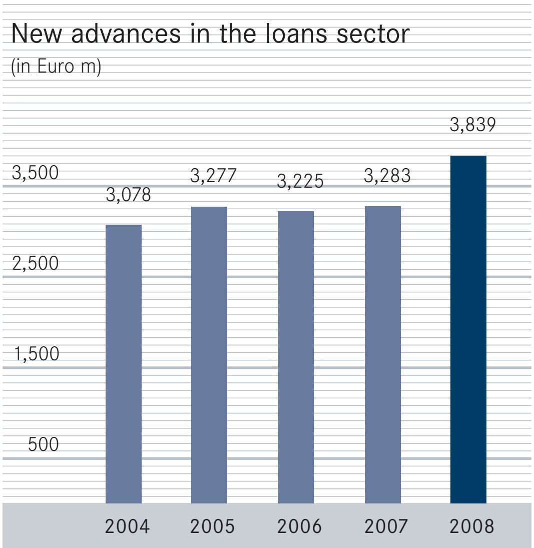
## Financing specialist for the academic medical professions

The dynamic expansion of the balance sheet total was mainly driven by the extraordinarily high levels of new lending business also in 2008. The Bank's specialised financing expertise in the three business areas of business start-up financing, real estate financing and investment financing/personal loans was again in strong demand from customers. The growth of the customer loan portfolio by Euro 2.5 billion to Euro 24.6 billion and the total volume of credit – including contingent liabilities and irrevocable loan commitments – of Euro 30.0 billion impressively show apoBank's specific competence in providing financing services to academic health professionals.




With a volume of Euro 3.8 billion, new advances in the loans sector showed an extremely positive development, exceeding the high prior-year level by a considerable 16.9 percent despite fierce predatory competition and difficult framework conditions. The structure of the new business in the private customer segment is as follows: Business start-up financing accounts for 21 percent, real estate financing for 46 percent and investment financing/personal loans for 33 percent. Apart from the traditional core business of business start-up financing and the associated investment financing, the business area of real estate financing showed a gratifying positive development again in 2008.

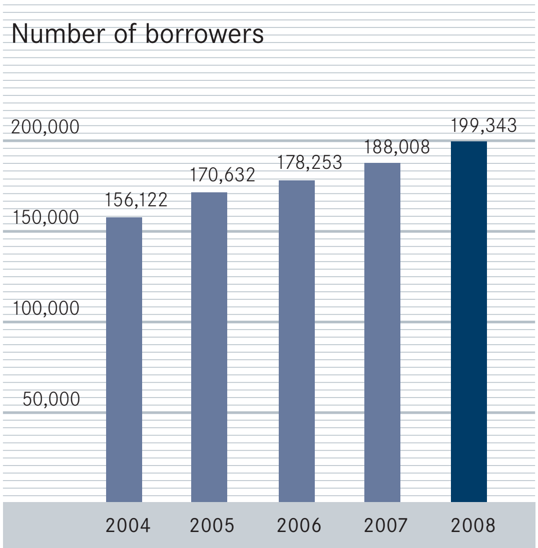
Given the fundamental changes in the German health care sector, our focus has increasingly been on our individual financing advisory services, which are geared to the specific needs of the academic health care professions. apoBank's target-group-specific business model has proved particularly successful in




the lending business. Despite substantial repayments, the average loan portfolio grew by 6.8 percent to Euro 21.1 billion in 2008. Advances on current accounts remained at the high level of the previous year with an increase of 0.7 percent to an average volume of Euro 1.8 billion.

## Real estate financing was growth driver again

Despite the market as a whole slowing down, the business area of real estate financing continued its extremely successful development. The average loan portfolio of real estate financing increased by 7.9 percent to Euro 9.0 billion in the year under review. A total of 6,500 real estate financings with a volume of new business amounting to Euro 1.9 billion were granted. Particularly in the area of real estate financing, our customers appreciate the financing concepts, which are geared to their




individual needs, including the financing product “apoZinscapDarlehen”. Apart from high repayment flexibility, the interest rate hedge offers our customers a manageable interest burden as well as the opportunity to benefit from declining interest rates in the long run. Moreover, we increasingly integrate loans of the KfW Förderbank in the areas of energy conservation, $CO_2$ reduction and restoration of older buildings into our financing solutions.

We have significantly expanded our portfolio of property services by starting cooperation with Medicon Wohnbau GmbH & Co. KG in 2008. Within the framework of this cooperation, we offer our customers a range of selected high-quality investment properties which are classified as historical monuments and therefore also provide attractive tax benefits. Our cooperation with the leading real estate agent PlanetHome, which started at the beginning of 2007, has continued its pleasing development and rounds off our competence in real estate financing in a comprehensive way. With “individual one-stop solutions”, we want to achieve above-average success in the fast-growing and high-yield segment of financing investment properties also in 2009.

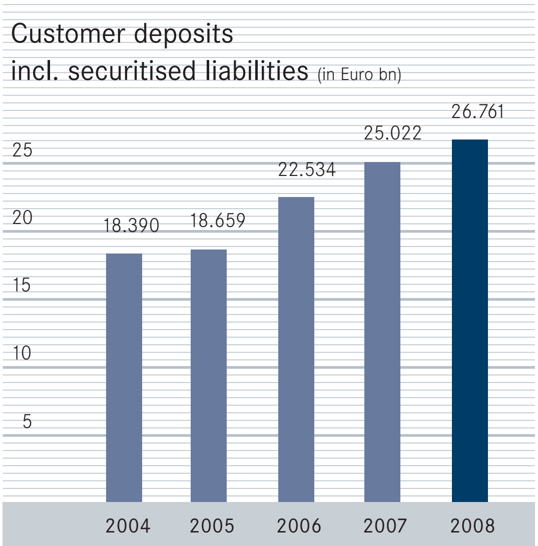
# Deposit Business

## Current-account full-service package further improved

In the year under review, the total volume of deposits increased by 6.9 percent to Euro 26.8 billion. This growth was due not only to client deposits in the narrower sense, but also to the issue of bearer bonds, whose placement is explained in the “Treasury/ Liquidity Management” section.

Deposits on demand rose by 1.2 percent to Euro 7.4 billion, which was due to both closing-date disposals by institutional clients and the call account “apoZinsPlus” (see below) for our private customers. The average volume of demand deposits of private clients, which allows analysis independent of the closing date, increased slightly over the previous year by approximately 2 percent.

Our current-account full-service package with attractive services helps our clients to make disposals from their current account. This package includes freedom from banking charges for accounts kept in credit, no postage charges for monthly bank statements, a versatile and efficient credit card service rounded off by electronic banking




and the apoDialog range of services described in more detail elsewhere in this report.

In order to strengthen our position as a house bank, we have made it easier to withdraw cash with the “apoBankcard” since 2008. All clients are refunded the fees for transactions at ATMs of financial institutions participating in the “BankCardServiceNetz” (bank card service network) of the Volksbanken and Raiffeisenbanken as well as Sparda-Banken. With more than 18,000 ATMs, the BankCardServiceNetz is the

second largest ATM network in the Federal Republic of Germany. Transactions at other ATMs are charged a fee of one percent of the transaction amount, at least five Euro. Thus, all clients with the apoBankcard now benefit from our extensive fee refunds, and not only clients with monthly bank statements, who received refunds of up to Euro 48 per year for


the use of domestic ATMs until the end of 2007.

For short-term investments, many of our customers used our money market account “apoZinsPlus” with an attractive interest rate. In 2008, the average volume increased by almost 40 percent compared to the previous year, from around Euro 2.5 billion to around Euro 3.5 billion. This shows that investors are still increasingly interested in money market accounts. However, this growing investor interest was partly also the result of switching from our demand, term and savings deposits.

## Credit card service expanded again

“apoGoldenTwin”, our dual credit card service VISA GOLD and MASTERCARD GOLD without annual credit card fees, is meanwhile being used by almost 130,000 people. In the year under review, there were almost 900 orders per month by our customers for the attractive twins, which had been introduced in 2000. Furthermore, the card package offers flexible liquidity through an optional credit facility called “apoCashCredit”.

The dual gold cards, which we issued in the fourth quarter of 2007 in collaboration with the Marburger Bund for its members, have established themselves with stable growth rates in the year under review. In the second quarter of 2008, we launched the new platinum credit card “apoPlatinumCard” in the form of co-branding with American Express. Our partner American Express Services Europe Ltd., branch Frankfurt, is the owner and issuer of this card. The platinum card is characterised by a very comprehensive package with numerous features, e. g. a high-quality bonus scheme, special insurances as well as comprehensive travel and lifestyle services.

## Private clients switch out of term deposits

The increase in term deposits by 3.2 percent to Euro 4.0 billion compared to the previous year largely resulted from the activities of our institutional clients. For regarding our private customers, the desired concentration of deposits to the call account “apoZinsPlus”, which was introduced at the beginning of 2007, reduced the term deposit portfolio by

Branch pharmacy in Bottrop

Ensuring future growth with the right location strategy.

In order to be optimally prepared for future challenges, it is important to have a strong and experienced partner like apoBank that can open new promising paths, for example in finding and developing a new location.

Therefore, one of our customers took corresponding action right at the beginning of 2004, when pharmacists were legally allowed to own more than one pharmacy. With our help, he acquired a second, nearby pharmacy in the middle of the city centre. And for him, all signs still point to growth: This year, he will open his third pharmacy in the new shopping centre right across the street.

approximately 52 percent to Euro 112 million compared with the previous year. Driven by the development in the money market in the wake of the financial crisis, term deposits with maturities of around one year were in demand again. From the end of November until the end of the year, our new product “apoSafe15” – a 15-month term deposit – led to a significant increase in term deposits of approximately Euro 76 million.

Switching from savings deposits took place at a slightly lower pace; the average volume declined once again by approximately Euro 185 million compared to the previous year. As at the end of the financial year under review, Euro 93 million were held in savings deposits in private banking.

## Highly motivated team

“The abolishment of regions and the introduction of “benchmark branches” have led to radical changes in our sales structure. One and a half years later, the respectable sales success – especially in the difficult past year 2008 – shows that a comparison with comparables was not only sensible, but has also paid off for the Bank. As Head of Sales I know that my “field” – inside and outside the Bank – is “well tilled” with a superbly-organised and highly motivated team.”

**Gerhard K. Girner, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank**

# Asset Management

## Extraordinary challenges in 2008

There has hardly been a time when the investment markets were affected by as much turmoil as in the year 2008. As a result of the intensification of the global financial crisis, which reached its temporary peak in September with the collapse of Lehman Brothers, one of the leading investment banks worldwide, the crisis was no longer regarded as merely a financial problem but as a global economic crisis. The effects on the real economy became more and more apparent, particularly in the second half of the year. The global financial markets are also affected by this scenario: Stock markets have been hit by a similar crisis only once in the last 150 years, namely in 1929, when the Great Depression began. At the same time, capital market rates fell to a new all-time low. The central bank rates in the United States and Japan are meanwhile close to zero, and the ECB should come near this mark in 2009.

Against this background, conditions were extremely bad for proper asset management, with markets all tangled up in a fatal mixture of fear, panic, volatilities and uncertainties. Therefore, our top priority was to stay in close contact with our customers and to wait for the end of the turbulent times with as little risk as possible in the portfolios.

## Private asset management: Successful in weak markets

Although the mandates managed by our asset management business could not completely evade the negative developments, we were able in all strategies to generate significant outperformance over the corresponding benchmarks. This is a visible result of our professional portfolio management, which was also confirmed again by the German Institute for Asset Accumulation (Institut für Vermögensaufbau).

## Private banking: High quality through “best advice approach”

Due to the developments described above, the environment for private banking was also turbulent in 2008. Thus, it did not quite reach the earnings contribution of the previous year. Particularly in this environment, we stick to our “best advice approach”. As far as certif-

icates are concerned, we noted that issuers had been very carefully selected so that losses in private banking could be prevented. Total sales of closed-end funds declined for the first time in several years. In 2008, our main sales focus was once again on domestic and foreign real estate funds as well as investments in ships. In the 2009 financial year, we will focus on conservative fund constructions with regular cash flows and simple, comprehensible structures.

## Institutional clients: Special importance of consulting services

The situation regarding capital investments was just as difficult for our institutional clients. The surprising severity of the financial market crisis and the resulting strong declines in individual asset classes led to significant asset losses. Some investors' risk-bearing capacity was stretched to the limit. Even the good diversification of the cover pool was of little help here. Significant positive contributions were solely achieved in the asset classes of term money and government bonds. The strong decline in interest rates in the last months of the year had only a small positive impact, because gains were largely priced into higher spreads on bank bonds triggered by the confidence crisis among banks.

A particular challenge was the management of bond portfolios oriented to the use of special risk spreads. The strained liquidity situation and the fact that the trading desks of large investment banks failed to act as so-called "market makers" led to continued illiquidity in the market segment of corporate and emerging market bonds, so that some of these securities were no longer marketable.

Against the background of this historically unusual market development, the work of our Consulting group became particularly important. The group supported the risk management of our customers by means of stress tests, model calculations and simulations of the investment portfolios, thus facilitating a timely survey of the reserve and risk positions. The volumes of the volatile asset classes, which are primarily managed in special funds where apoBank acts as a custodian bank, declined significantly. Individual portfolios lost up to 45 percent of their market value due to market price developments. Moreover, in view of lower risk-bearing ability, customers actively apoAsset

shifted their assets away from special funds to direct investments or term deposit investments. Thus, the depositary banking volume of the funds managed by our Bank declined by approximately 30 percent to Euro 7.2 billion. In return, the sales volume in the area of direct investments with institutional clients increased significantly. Compared to the previous year, the sales volume rose by 60 percent. The total volume of direct bond investments managed by apoBank in the institutional clients segment amounts to approximately Euro 17 billion. In the field of institutional asset management, apoBank succeeded in increasing the volume of mandates managed for our customers to Euro 1.4 billion, despite the difficult conditions.

## apoAsset: Satisfactory result given extraordinary markets

Given the extraordinary market environment, our subsidiary Apo Asset Management GmbH, or apoAsset for short, still achieved a satisfactory result. The company is specialised in the administration and management of special funds and public funds in accordance with German and Luxembourgian law. In 2008, the assets managed and administrated by the company showed an overall decline in value, which was mainly due to lower market prices. The resulting decline in proceeds was only partly offset by a very restrained cost development. Thus, on balance, earnings are down, but their absolute value still allows the distribution of a high dividend to the shareholders. In addition, the cost/income ratio is still at a very good level compared with the sector.

Measured against the varied range of sometimes complex products offered in the capital market over the last few years, apoAsset has always specialised in selected traditional asset classes. Moreover, the products managed and administered by the company almost exclusively have the privileged legal form of "special assets". In spite of that, there was hardly an area in which the assets managed by the company were not in some way affected by the development of the capital market. Under these circumstances, "success" often meant nothing more than being better than the competition.

The product that invests in European equities suffered from the massive disruptions of the market in 2008. In particular, financial stocks were concerned. The stocks identified by apoAsset still perform better than the overall market portfolio in terms of essential key ratios, such as price-earnings ratio, net asset value and dividend yield. Nevertheless, for much of 2008 it was particularly these equities that were affected by the selling pressure in the market. The underperformance of the year 2008 offset much of the overperformance that had been achieved over several years. The company is making concentrated efforts to correct the negative development of the year 2008.

The company's sales success within its "apoDachfonds" funds of funds was very remarkable in light of the financial market crisis. This success was achieved with the new product "apo Vivace", which was launched in February 2008 especially in view of the flat rate withholding tax. But irrespective of the sizeable inflows into this fund and despite continued inflows from fund-related life insurance and savings schemes, a significant volume decline in the entire funds of funds range was inevitable. The main reason for this was that the funds of funds were affected, although to different extents, by the dramatic losses in the stock markets. The funds were managed in a defensive manner, so that at

least three out of four funds showed significantly lower losses at the end of the year than rival products.

On the bond side, it must be emphasised that the performance of European investment grade bonds was far above the sector average. What was decisive here was the strict individual valuation approach, a very defensive attitude and a clear underweighting of stocks from the banking and insurance industries. Regarding mandates where the focus is on maturity management, the company was able to exceed the 4 percent minimum profit target of many institutional investors due to the dramatic decline in interest rates of government bonds in the second half of the year and due to its overweight position. apoAsset's new procedure for maturity management, which has been marketed under the programmatic name “apo Kupon Plus” since the second half of the year 2008, has attracted a lot of interest among our institutional investors. Its popularity is not only attributable to very competitive results, but also to the fact that these results can be achieved exclusively with government bonds.

Despite a reflow of shares, the money market product of apoAsset performed better in 2008 than most rival products. In the second half of the year, however, this fund was also affected by increasing illiquidity in the whole field of floating rate bonds. These suffered price markdowns which will be offset by the high current revenue only with some delay. This fund still boasts an attractive current interest rate, which should be particularly advantageous in times of falling money market rates.

**Hospital and specialist centre in Bremen**

Health management for the future.

The implementation of new concepts in health management requires a bank with visions. Therefore, we are the ideal partner for our customers, particularly for large projects in the health care sector.

For instance, we could help in realising the idea of a specialist centre directly connected to an existing hospital. We provided financing for the new outpatient clinic and also supported 15 local doctors with own practices in financing their new practice equipment. Today, the specialist centre is fully rented – and operates very successfully.

Even in the stock market crisis of the year 2008, healthcare stocks have proved to be a defensive investment. The company has stepped up its efforts to increasingly market this attractive product also outside apoBank's client base.

## aik real estate fund yields exceed sector average by 42 percent

In the 2008 financial year, APO Immobilien-Kapitalanlagegesellschaft mbH (aik) has once again proved itself as a professional real estate asset manager for professional pension funds, pension funds and insurance companies. As an associated company of Deutsche Apotheker- und Ärztebank and of the pension funds, aik launches open-end real estate funds which are tailored to the individual needs of the investor group. Apart from two insurance companies, aik counts currently 23 pension funds among its customers and is the market leader in this customer group in terms of the number of funds.

aik manages a total of nine special real estate funds, seven of which as so-called special funds with only one investor and two of which as joint funds with a total of four and seven investors, respectively. Another special fund has been initiated. In addition, the initial placement of a new international fund for institutional investors has been completed, but it will still be possible for further investors to participate in this fund.

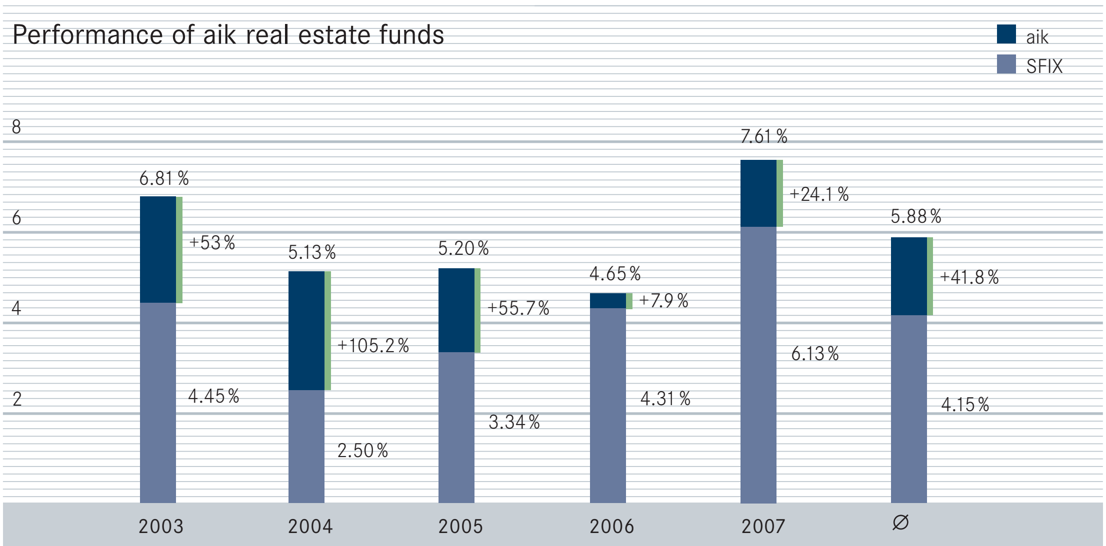
During the last financial year, aik acquired attractive office and commercial buildings in various German locations as well as in the inner cities of London and Paris on the basis of the situation in the European real estate markets and the respective investment strategy for the funds. Thus, after the extensive portfolio disposals of 2007, the volume of assets under management now amounts to more than one billion euros again. According to the company's international orientation, aik's real estate portfolio is distributed over locations in Germany, Belgium, Austria, the Netherlands, Paris and London.

As a successful real estate asset manager, aik once again achieved a good rental performance. For instance, 51 commercial lease agreements for a total of 42,300 m² of space with an annual rental volume of Euro 8.2 million (new agreements and negotiated agreement renewals) were signed in the year 2008. In addition, 92 residential lease agreements with an annual rental volume of Euro 526,000 were concluded. Thus, the letting ratio amounts to approximately 97 percent.

Within the framework of portfolio development, regular maintenance and updating are carried out in order to guarantee the stable value and rentability of the properties at all times. The properties are regularly examined from an economic, technical and locational point of view, so that value-added potentials can be identified and realised.

The success of the funds managed by aik in the past years is also based on the established management system, which comprises both the individual properties and the funds. Last year, the risk management was further detailed. It facilitates the recognition of developments at an early stage and the early introduction of measures to achieve the planned fund results.

During the funds' past fiscal years, aik has again generated a remarkable performance for its investors. All of aik's current funds had average distributions of 5.4 percent. These were earned by management in the form of ordinary net income amounting to around 5.8 percent. Together with average value enhancements of 1.4 percent, the average total performance amounted to 7.1 percent. According to the 2008 Special Real Estate Funds Survey published by the IPD, the performance of the aik real estate funds exceeded the sector average/Special Real Estate Funds Index (Immobilien-Spezialfondsindex, or SFIX) by around 42 percent in the period from 2003 to 2007.




Source: 2008 IPD Special Real Estate Funds Survey

# Treasury/Liquidity Management

## Strategic interest rate risk management

Responsibility for the management of market price risks in the Bank's investment and trading book as well as for the controlling of liquidity lies with the department of Corporate Planning/Treasury. Apart from credit spread risks in the field of own investments, apoBank's market price risks primarily consist of interest rate risks. Currency risks and share price risks are of minor importance, and raw material risks are only taken to a very limited extent for further risk diversification.

As a matter of principle, apoBank does not take any longer-term fixed-rate interest positions exclusively aimed at achieving arbitrage profits. Management of the consolidated interest rate risks of the Bank's investment book is one of the tasks of the Corporate Planning division, and it aims at realising a moderate interest rate profile at the overall bank and portfolio level. Insofar, the strategic management of interest rate risks in the interest rate book is understood as an integral part of profit and loss management with a focus on risk hedging and sustainability of the results of the bank as a whole over time.

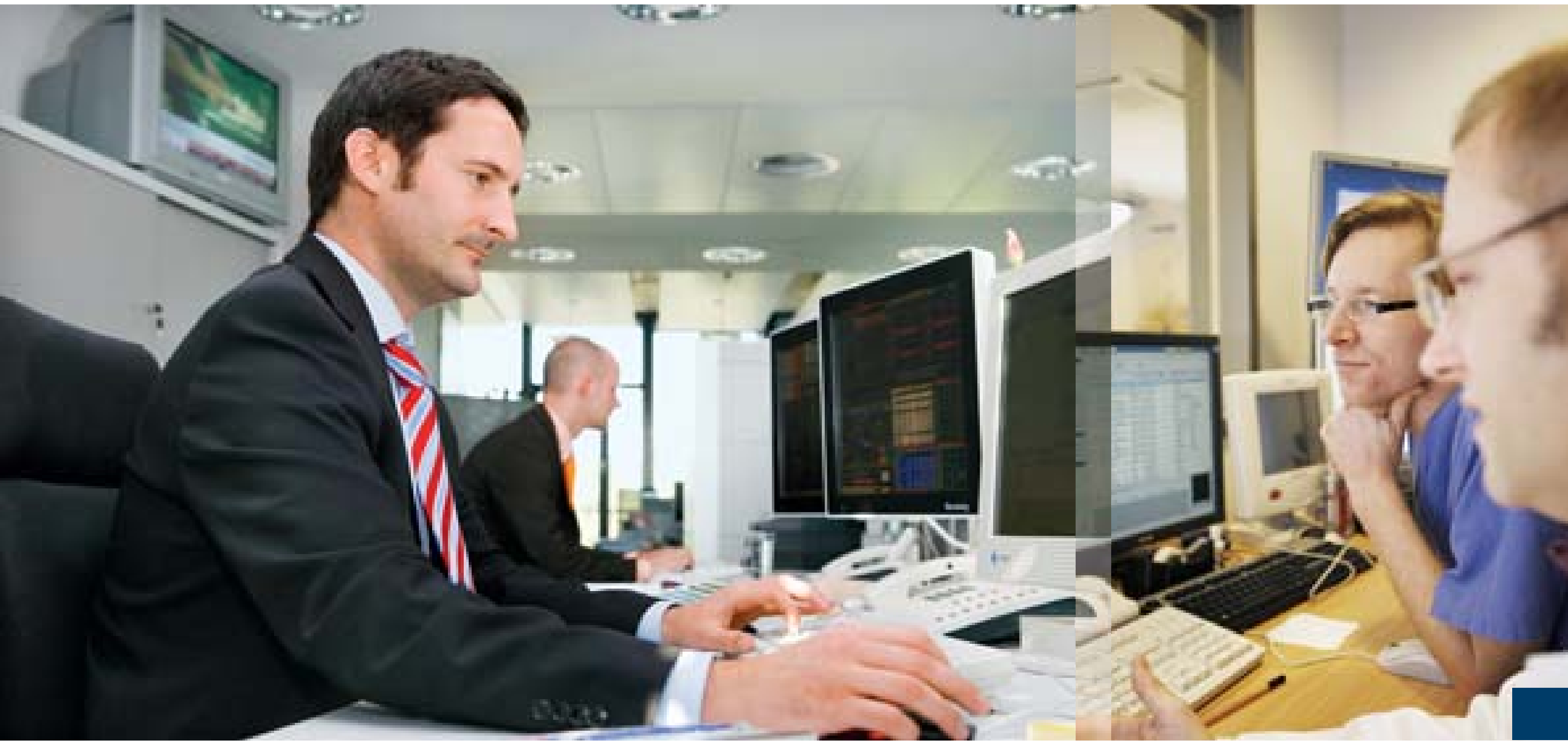
The interest rate risks of apoBank are substantially determined by the core business with its customers in the area of lending and deposits. As a result of the special characteristics in its business and refinancing structure, the Bank's interest rate positions are managed according to a multi-period, profit and loss oriented elasticity approach, under which the consolidated interest rate risks are recorded, simulated and controlled at the overall bank and portfolio level. Taking the planned new business into account, we do not enter into open positions on principle, or only to a limited extent.

The Bank holds a high share of money market-oriented positions with variable interest rates. The Bank's own securities portfolio and institutional refinancing are converted to variable rates via swap transactions. The long-term lending business is on principle refinanced at matching maturities. On the basis of regular simulations, we take global hedging measures, contributing to the Bank's moderate interest rate risk profile and sustainability of results. Apart from the above-mentioned multi-period profit and loss management of interest rate risks, we carry out a present-value analysis under various interest rate scenarios at the overall bank and portfolio level.

As expected, the treasury activities within the scope of our strategic interest rate risk management contributed to our risk hedging and result improvement in the year under review. In addition, within the framework of a transaction we took advantage of favourable market conditions to increase the earnings contribution in 2008. Global hedging measures for the future have already been taken on the basis of simulations.

## Own investments

The Treasury/Liquidity Management division is responsible for own investments, operating liquidity management and refinancing activities by means of securitised liabilities. On the one hand, investments in securities are carried out in the "liquidity reserve" portfolio. This portfolio includes positions which the Bank enters into in connection with profit and loss and liquidity management. Investments are made in bonds, promissory note loans, funds and securitised money market products (commercial papers). As a rule, maturities in



this segment are up to ten years. Most issuers of the securities in this portfolio are countries (including federal states, regions and communities), banks and insurance companies. A specific fixed share of the bonds is covered (mortgage bonds/Pfandbriefe). The amount of the investment volume in this portfolio is mainly dependent on the development of the asset and liability volumes of the customer business as well as on the requirements of the regulatory liquidity principle and of liquidity management.

On the other hand, investments in financial instruments with higher credit spreads were made in the own investment portfolio. The investments are mainly made in bonds, promissory note loans (governments, banks, companies), structured financial products and through risk assumptions by means of credit derivatives. In addition, the Bank has made capital-guaranteed and non-capital-guaranteed fund investments.

The management of the entire Treasury portfolio is carried out in strict compliance with a narrowly defined risk management concept. Independent of the external ratings from established rating agencies, all financial investments undergo a profound internal credit analysis process.

The ongoing global financial market crisis has led to value corrections also in the Treasury portfolio of our Bank. The number of financial instruments with higher credit spreads is systematically reduced. In the future, the Bank will make no new investments in this asset class.


## Liquidity management

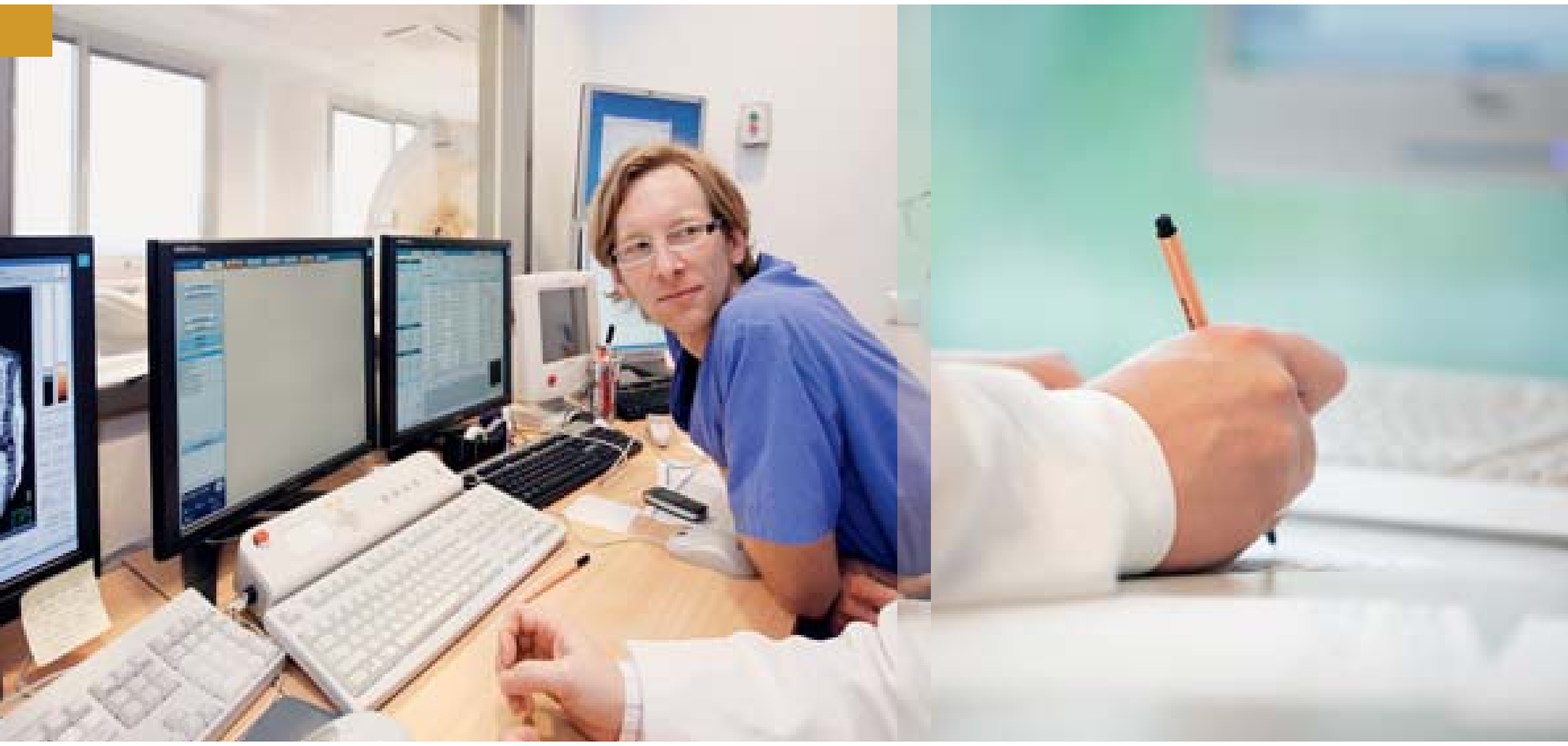
The main objective of the Bank's liquidity management is to guarantee permanent solvency and to meet the regulatory liquidity principle. Within the department of Corporate Planning/Treasury, the Liquidity Management division is responsible for the management of liquidity. The management is based on a liquidity matrix, which includes all important cash flows – differentiated by maturity. Compliance with the regulatory liquidity principle is monitored and managed on the basis of projected calculations including stress tests and worst-case considerations.

Liquidity is managed in close cooperation with the Controlling division. Both the regulatory liquidity ratio and the default risk – measured as the potential maximum outflow of liquidity within certain periods in relation to the corresponding funding potential – are independently monitored and regularly reported. The refinancing risk is considered as increased interest expenditure due to unexpected spread expansion within the framework of the risk bearing ability.

apoBank's liquidity was ensured at all times, even under the aggravated general conditions created by the financial market crisis. The regulatory law requirements for the liquidity ratio were met at any time.

## Capital market-oriented refinancing activities

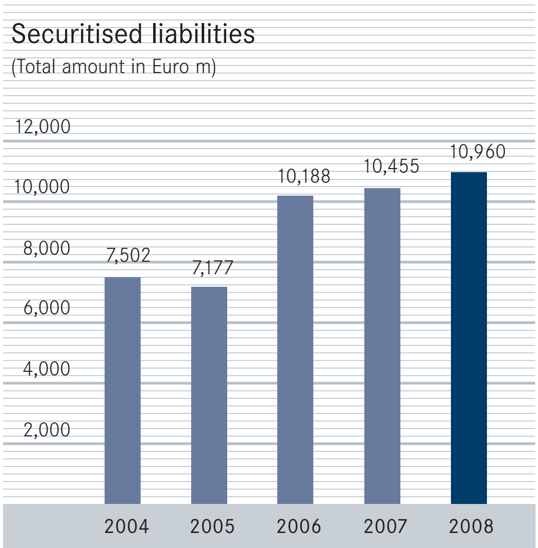
For the refinancing of the lending business at matching maturities, apoBank placed long-term issues and promissory note loans with a total volume of Euro 1.8 billion in the capital market in the financial year 2008. The permission from the German Financial Supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht) to conduct Pfandbrief business has enabled apoBank to fund itself also by issuing mortgage Pfandbriefe. A first public issue with a volume of Euro 500 million was placed in June 2008. This was followed by further private placements of registered and bearer mortgage Pfandbriefe. Also in the future, apoBank will regularly operate in the capital market as an issuer of mortgage Pfandbriefe. At the end of the year, the outstanding refinancing volume in the capital market amounted to approximately Euro 13.8



billion, of which Euro 7.6 billion were accounted for by bearer bonds. Euro 0.4 billion by registered bonds and Euro 5.8 billion by so-called promissory note loans.

Refinancing is rounded off by the issue and placement of apoObligationen. The bonds have maturities between six months and five years and are offered to our retail clients through our own sales network. The portfolio of apoObligationen in the retail business was successfully expanded from previously around Euro 1.6 billion to Euro 2.9 billion. For short-term funding requirements, we use our “Commercial Paper Program” as well as money market lines of other banks. In addition, we use repo facilities with the European Central Bank, which are available to us to a sufficient extent.

Also in 2008, the Bank’s refinancing activities were strongly influenced by the financial market crisis and the high volatility in the markets. Nevertheless, we succeeded in ensuring the refinancing of the lending business at all times through our total refinancing sources. We will be able to do so in 2009 as well, although we expect the difficult conditions in the capital markets to continue.




## AC Capital Partners: Successful in a difficult environment

For our holding company AC Capital Partners Ltd., the 2008 financial year was also determined by the global financial market crisis. Institutional investors are still very cautious and focus on the restructuring of existing transactions in order to address current problems such as liquidity and mark-to-market fluctuations. AC Capital actively supported investors and new customers in finding restructuring solutions. By the end of 2008, restructuring solutions had been found or restructuring concepts been developed for almost all funds and structures managed by AC Capital which required restructuring. The resulting expertise for stable restructuring concepts is being offered successfully to institutional investors.

Moreover, AC Capital developed and sold products that take advantage of opportunities arising from the strong volatility of individual market segments. Thus, the company offers institutional investors the possibility of benefiting from the sometimes extreme fluctuations in the capital market while keeping risks manageable. Despite the difficult environment, AC Capital managed to clearly exceed its targets in the 2008 financial year.

Branch practice in Kleve

Our targeted advice opens up completely new perspectives.

Sometimes you just have to grasp the opportunities offered with both hands. In such cases, apoBank will support health professionals with its entrepreneurial expertise and profound experience.

Like in the case of a general practitioner who has had a joint practice together with two colleagues in a small town in the Lower Rhine area for six years: We provided him with substantial support in taking over a practice in the neighbouring town and reopening it as a branch practice. Already the results of the first quarter showed that this takeover was a complete success.

# Sales Channels

## High demands on all sales channels

We have further optimised the consistent orientation to our customers in the health care sector in all of our sales channels. Across the sales channels, we have implemented a sales model derived from apoBank's business strategy. According to this sales model, our operations are focused on our customers and their success in the health care sector.

We make high demands on ourselves, particularly when it comes to the provision of personal advice to our customers. Therefore, we significantly increased the number of our customer advisors in the year under review. In order to meet the quality demands right from the beginning, we initiated a completely new qualification programme: apoVendo. Since mid-2008, new advisors have been taking part in a special six-month study course to obtain the certificate as a "financial consultant in the health care sector" (Finanzberater im Gesundheitswesen). The Frankfurt School of Finance & Management acts as an experienced partner in this project.

## apoFinanz: apoBank's mobile field service

Driven by the idea of being able to guarantee high-quality advisory services even beyond our branch locations, more than 80 self-employed mobile advisors of apoBank's Finanz-Service GmbH, or apoFinanz for short, are serving apoBank's customers already today. The customers of our financial consultants are offered the same services as in the branches and, as a matter of course, also the entire product range of apoBank. The on-the-spot advisory service is very popular; thus, the financial consultants contribute to the success of our branches. In order to meet the increased requirements on integrated advisory services in all financing, investment and provisioning issues, many of the financial consultants were trained as certified financial planners. With its apoFinanzCheck, apoFinanz offers an unrivalled premium product, which has attracted a growing number of customers also this year.

apoFinanz

## Expanded service in payment transactions

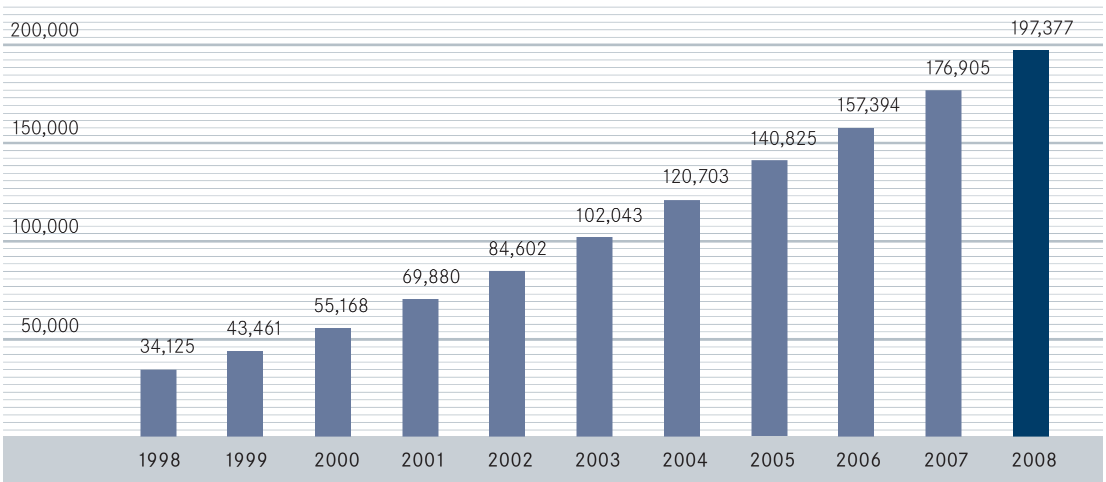
Apart from the two sales channels that concentrate on personal advice and services for our customers, the Bank's payment transaction services continue to focus on two other sales channels: our around-the-clock online banking and our telephone banking services, which are available 365 days a year with extensive opening hours. These services are also continuously further developed in order to meet the demands of our customers.

Our online banking service is still becoming increasingly popular. Overall, almost 200,000 customers go online via internet banking or by using banking software. Since May 2008, we have been offering our online banking customers the StarMoney program also in a business version. This is particularly suitable for cooperations with complex workplace structures. Apart from financial and liquidity planning, scheduled and summary direct debits as well as offline portfolio management, the software allows parallel data bank access in the network by various users with different access rights.

## Business banking expanded

More and more academic health professionals are merging into larger care structures within the health care sector. As a result, demands on bulk payment transactions are increasing too. We have responded to the requirements of our large and corporate clients business by expanding our business

Online banking development: number of customers



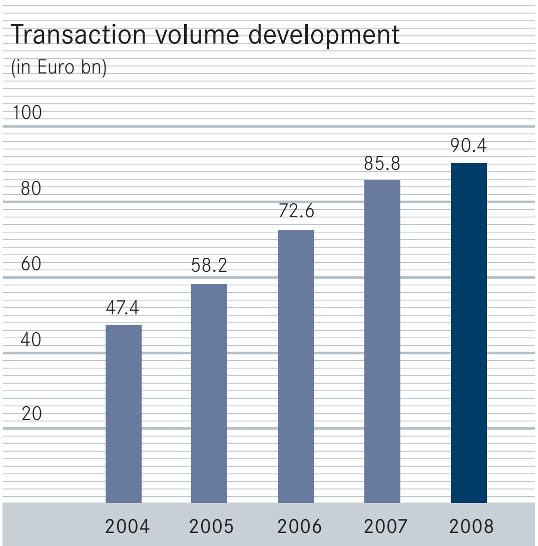
banking platform. Besides the possibility of transferring SEPA orders via the GenoCash program system, the new secure communication standard EBICS was already introduced at the beginning of 2008. Thus, all possibilities for the settlement of domestic and foreign bulk payment transactions as well as for liquidity management are available to our customers. In 2008, the number of transactions in apoBank's business banking exceeded the 12-million mark. A total of Euro 90.4 billion was transferred by our customers via this payment method.

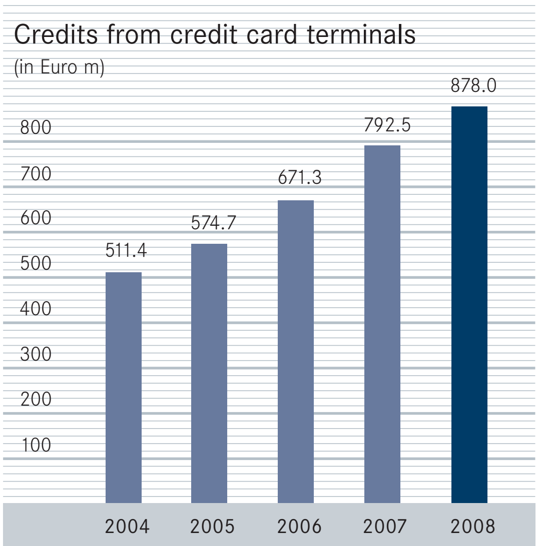
## Cashless payment in practices and pharmacies

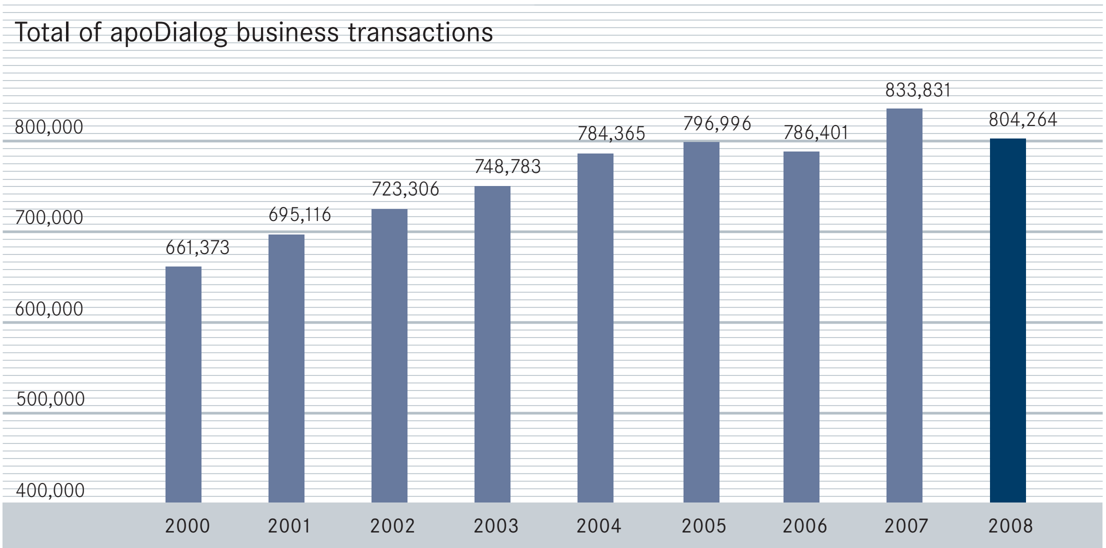
The trend towards credit card payment in practices and pharmacies continued also in 2008. Our service is meanwhile being used by around 11,000 customers. Overall, 15 million credit card payments were settled and a volume of Euro 870 million was credited to our customers' accounts through the credit card payment systems provided by our Bank.

## apoDialog: Standard banking transactions by telephone, online banking hotline and more

As an important addition to our customer service, apoDialog also provides information






and standard transactions – such as transfer orders and standing orders – regarding the current account. Within the framework of our apoBrokerage-Service, apoDialog accepts securities orders by telephone. The apoDialog telephone service is available to our customers outside the opening hours of the branches. In particular during the noon and evening hours, call-back and consulting requests to the branch's customer advisors are accepted. Overall, our customers made more than 804,000 transactions via the apoDialog sales channel in the year under review. Thus, the trend has been slightly downward, because many of our telephone banking services are meanwhile also available via internet banking.

## Central telephone service

With currently nine branches, we are piloting a central telephone service with the aim of substantially improving the accessibility of the Bank for our customers. Our demands on quality are very high here as well; all of our telephone staff have the necessary expertise to respond with high-quality service to inquiries and customer wishes. At the same time, the high immediate solution rate for standard business transactions allows additional time for personal advice in the branches. After a first positive experience was made in the year under review, we intend to decide on a possible expansion of the telephone service on the basis of the knowledge gained in 2009.

### Communication with our customers: Viewing complaints as an opportunity

Against the background of increasingly fierce competition in the German banking market, strong customer loyalty is a strategic necessity for our Bank. Therefore, the Customer Communications department, which belongs to the Office of the Board of Directors, has for years been practising efficient complaint management in order to achieve customer satisfaction. Every complaint is seen as an opportunity to further increase customer loyalty. Moreover, the analysis of the complaints helps to identify improvement potential in order to further improve our Bank's service and product quality and to even better adapt our offers to the needs of our customers.
In addition, in the year under review some customers contacted the Bank through the central complaint hotline to get answers on their questions relating to the financial market crisis.

## Decisive advantages

"Especially in these difficult times, we as apoBank can make use of the fact that we have decisive advantages over our competitors: We have more than 100 years of experience with our clients. We have a customer service strategy that is continuously being improved. And: We can look back on decades of good and steadily expanding customer relations. These customer relations and the mutual trust are our decisive advantages."

**Claus Verfürth, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank**

# Partner in the Health Care Sector

## Cooperation with the professional associations

As a bank in the health care sector, we traditionally cooperate closely with the professional associations of all medical professions. This partnership is based on mutual trust and is a fundamental element of our self-image. Thus, it contributes essentially to compliance with the task as laid down in the Articles of Association – i. e. the economic support and promotion of members of the medical professions and their organisations.

The changes in health policy of the last few years have offered care providers a multitude of new opportunities and fields of operation. Even though this development has led to an increase in the structural and economic uncertainties of the professional groups, we believe there are and will be more opportunities than risks for participants in the health care market.

In permanent dialogue with the health professional groups, we will therefore continue our efforts to accompany the changes in the issues of contract, remuneration, care and insurance structures, which were largely intended by social welfare legislation, but are also the result of the new market conditions, as a cooperative and reliable partner. Examples from other areas show that a sensible pooling of strengths to represent the common interests for the benefit of all professional groups can be realised, even if there are different opinions about details.

## Business with new health care structures and corporate clients continues to grow

The business volume in our Medical Care Structures and Corporate Clients division, which focuses, apart from supporting new forms of cooperation and care in outpatient and inpatient medicine, on the business with companies in the health sector, has once again increased significantly. In particular, many projects at the interface between inpatient and outpatient care were financed. In so far, the Bank actively supports the structural changes in the health care sector.

apoKom

In the corporate clients business, we maintain particularly close business relationships with companies from the area of pharmaceutical wholesale, with billing companies, with companies from the pharmaceutical and medical technology industry as well as with operators of hospitals and nursing homes. Here we were also able to considerably increase the volume of business. An important aspect in the corporate clients business is the increasing industrialisation to be observed in some sub-areas of medical care.

We have noticeably increased our service capacities in the Medical Care Structures and Corporate Clients division, both centrally and decentrally. This contributes to apoBank being able to bring its extensive knowledge into this business area too, thereby establishing itself as a reliable partner.

## apokom provides advisory services in our target market

The changes in the care, contract and remuneration landscape, both those initiated by social welfare legislation and those resulting from the further development of the health care market, are leading to continued strong demand for consulting services in our target market. Despite the sometimes complex correlations, in particular those health professionals with an entrepreneurial orientation want to redefine their market positions and are looking for competent advisors who support them on their way to a different future, allowing them to capitalise on the opportunities of market change.

Already since the year 2000, our subsidiary apoKom – Kooperations- und Organisations-Management GmbH – has provided interested market participants with support for their projects, from the project idea to its implementation and management. From the beginning, these advisory services (see also: www.apokom.de) have been meant as an addition to the advisory activities of the professional associations, because some issues (investment and financing, company law, etc.) are not included in their range of services.

## health care akademie provides management competence

Also already in 2000, apoBank founded the health care akademie together with the Federal Board of Physicians (Bundesärztekammer) and the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung). Its target is to provide management knowledge for new, innovative care structures in the health sector. The offers of the health care akademie enjoy great popularity. The provision of practice-oriented and scientific knowledge,

health care akademie
Management für neue Versorgungs- und Kooperationsformen im Gesundheitswesen

the interdisciplinary composition of participants and the high quality of the lecturers are regarded as particularly helpful. New courses start twice a year. The offer can be retrieved from the internet under www.health-care-akademie.de.

## Electronic business processes in the health market

The increasing removal of paper-based processes for the billing of medical services continued in 2008 as well. Companies, such as the "Privatärztliche Verrechnungsstellen", and organisations, such as the associations of panel doctors, as well as health professionals benefit from the achievable cost savings. By differentiating administration fees, online billers are preferred and receive an additional investment grant for the technical equipment of their practices.

Apart from economic interests, the development is promoted by the increasing online affinity of the user group. Recent surveys show that academic health professionals are among the top users of online services like information services or shopping offers. Apart from the replacement of obsolete technologies and media, such as disks, the focus is on expanding services to achieve customer loyalty. For instance, billing histories can be easily searched and analysed through archive systems. As a portal user, the health professional thus receives important information on the performance of his service.

The high-quality service requires a particular level of security. The use of previously known protection mechanisms, such as user name and password for the protection of data of third parties, is meanwhile considered as insufficient from a legal standpoint. The use of signature cards is the first choice here. The development is also promoted by the preparations of the medical councils to issue the electronic health professional card (HPC). Thus, the spreading of the signature card technology – in connection with the HPC – is supported by official bodies.

Apart from ensuring the identity of the participant by means of signature cards, the accessibility of an online service, e. g. from a practice, is another important prerequisite for market development. With market-specific, increased security requirements, the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung) and gematik give important stimuli for the development of new products in this area. The security of patient data on the practice computer can only be guaranteed with especially certified products.

Together with its subsidiaries DGN Service GmbH and medisign GmbH, apoBank supports companies and organisations operating in the health market in implementing their electronic business processes. Advisory and integration services are supplemented by product offers via the trust centre accredited by the Federal Network Agency (Bundesnetzagentur) and the secure access platform. Thus, we help our customers to deliver their services even more efficiently.

# Banking Operations

## Focus on growth, quality and efficiency

“Focus on growth, quality and efficiency” – this was the motto of the Banking Operations division for 2008. Accordingly, sales were supported and operation procedures optimised on the basis of several technical innovations to ensure high-quality customer advice and short processing times. Thus, profitability was improved and the basis was laid for further expansion of the core business.

In the year under review, the electronic credit file was introduced on a large scale. Once filed, all authorised persons have comfortable and secure access to credit files as well as to customer correspondence. Apart from the filing of the credit documents drawn up daily and customer documents received, existing customer files were also transferred to the electronic archive. For this purpose, logistics and scanning processes were established in cooperation with an external service provider, and a total of approximately 32 million pages from credit files were edited and processed.

The increasing pace of work in connection with higher demands on the quality and quantity of work to be done require flexible customer advice, often also independent in terms of space and time. Against this background, we have provided all of our customer advisors and investment advisors with mobile workstations – which should be unique in the German banking landscape – so that when visiting customers, our advisors can connect to the banking systems via cellular radio in order to have access to the latest data at any time. Throughout the company, more than 600 laptops and MDAs (mobile digital assistants) are suitable for mobile use.

With the bank-wide use of our electronic order system “apoAuftrag”, we laid the foundation in 2008 for the electronic transfer of paper branch and customer orders to the back office units. Fast processes for our customers, secure processing and a high level of acceptance by our employees are the cornerstones of this new procedure, which has already in its initial phase been used for the transfer of approximately 220,000 orders p. a.

## Security of operations consistently expanded

In order to consistently improve the security of its operations, the Bank has created a central quality management. Starting from the customer perspective, two important goals are being pursued: On the one hand, those production processes that have a direct impact on customers are improved, and on the other hand, competitive advantages are created through quality.

Corresponding to the central function – in the sense of connecting and coordinating implementation measures –, quality circles were founded as respective counterparts to achieve flawless production in the producing areas of IT, back office processing credit and branches as well as securities processing.

## Special aspect: Flat-rate withholding tax

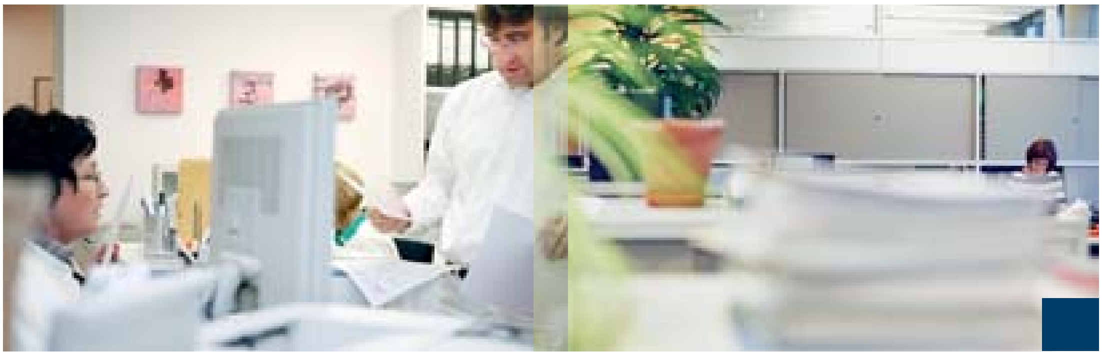
On 1 January 2009, the flat-rate withholding tax came into effect in Germany. As a consequence, we had to implement comprehensive adjustment measures with regard to our IT systems and processes in order to meet the legal requirements for the taxation of income. The scope of functions implemented comprises the ascertainment and storing of customer wishes, as well as the calculation and payment of taxes by apoBank – taking account of possible losses from previous transactions of all divisions, from deposits to securities transactions. The corresponding measures were completed in March 2009.

## Comprehensive business continuity management

In the area of provisions for operational risks in banking operations, a key issue is the further development of our emergency management system towards comprehensive business continuity management under consideration of all business divisions. Among other things, reporting channels and processes, e. g. for the assessment and treatment of IT weaknesses, were expanded and optimised. Technical measures to protect against external threats were also continuously expanded and adjusted to changes in the IT landscape and risk situation. Security analyses are carried out for particularly sensitive applications.

Subsequent to the migration of securities to dwpbank, the optimisation work on the securities and foreign exchange processing was completed. In order to reduce the operational risks from the conduct of business and to improve the handling of procedures in the securities business, we implemented a management and reconciliation system which automates previously manual activities and ensures the security of processes in retail banking.

More than 90 percent of all transactions are automated and reconciled without vouchers. All relevant data are available in a modern online system, which gives the management a direct view of the quality and work progress. In a further step, the system is planned to be expanded to include securities movements and foreign exchange transactions in 2009. We have thus successfully laid a foundation for a modern and efficient management of all transactions in our banking operations.



## Growth strategy in the core business with new branches

A cost-efficient network of branches and competent advisory services are decisive success factors for a multi-branch bank. In 2008, the previous strategy for selective land development and the building concept with the objective of underlining our claim as a premium supplier and getting closer to our customers were linked more closely. The connection of the two objectives is implemented through modernisation, capacity expansion of existing locations and the opening of new “agency” type branches.

Today’s type of agency is a modern representative sales unit with sufficient space for customer care, in a good downtown location with parking facilities. It does not only offer our customers high-quality advisory services, but also enables them to conduct everyday banking transactions around the clock in our service areas, which are equipped with state-of-the-art technology. Compared with ordinary branches, the agency has an outstanding cost-benefit ratio. In mid-2008, another agency with an area of approximately 500 m$^2$ was opened in Rosenheim. At the Heilbronn and Friedrichshafen locations, apoBank has been represented with agencies since January and March of the current year, respectively.

The branch in Mannheim has been completely renovated and modernised. It now offers a sufficient number of consultation and conference rooms. In Cologne, capacities are being expanded by an investment advisory centre with an area of approximately 500 m$^2$, which is located directly next to the branch; renovation work started in autumn 2008.

New city centre locations have been found for the branches in Stuttgart, Leipzig, Bayreuth and Würzburg. These new locations will be completed in the course of the year 2009. In our premises in Munich, it is impossible for the Bank to grow any bigger. Therefore, we have decided to open a second advisory location with an area of 3,300 m$^2$; this location will also be near the city centre.

# Our Staff

## Thanks and appreciation

2008, a year of special challenges, placed great demands on our employees. It was only with their extraordinary efforts that we were able to limit the impact of the global financial market crisis and to ensure that our customers' confidence in the Bank was not damaged. We thank all of our employees for their personal commitment and their great dedication in 2008. We would also like to cordially thank the employees' representatives for the constructive and trusting cooperation.

## Challenges of demographic change

In the next few years, demographic change will be the greatest challenge for personnel management. The working life of employees is continuously extending. At the same time, there is an increasingly smaller share of young qualified employees in the job market. As from 2013, the number of retiring employees will be higher than the number of young people entering the job market. Germany has only ten years left before the consequences of demographic change will become appar-

ent ever more quickly and clearly. Change is not happening at a slow rate – it's happening fast.

We faced these challenges in the 2008 financial year and initiated a whole series of measures. Accompanying our employees' working biographies systematically is the important key factor of our future employment policy in order to exploit their performance potentials at each stage of their lives and to be able to win the "war for talents". In this context, it is of utmost importance for us to position ourselves as an attractive employer in the process of recruiting new employees.

## New awards as an attractive employer

After 2006 and 2007, the Bank was once again awarded as "TOP employer" in Germany in the year under review. Only 88 companies received this award in 2008. Within the framework of a comprehensive study, companies of the most different industries and sizes convinced the jury of their qualities as employers for university graduates and young professionals. Six individual categories of modern personnel management were surveyed through a questionnaire enquiry and interviews conducted by independent economic journalists.

Since the beginning of the year 2008, we have been among the 100 companies in Germany that were awarded the title of "Germany's Best Employers". This annual competition was initiated by the Great Place to Work Institute in cooperation with the research institute psychonomics, the Initiative Neue Qualität der Arbeit ("New Quality of Work Initiative") and German economic magazine "Capital". Trusting relationships between management and employees, who show a high level of commitment and team spirit, are the key characteristics required to win this special award.

Last but not least, in mid-2008 we were awarded for our family-conscious personnel policy. The successful participation in "audit berufundfamilie" – an initiative of the non-profit Hertie Foundation – reflects our aim of promoting the compatibility of family and job. In this context, we offer our employees a special family service. Thus, we provided nationwide support in the form of advisory and mediation services in questions of child care as well as the care for close relatives.

## Target-oriented further education

A new success factor of our personnel development is the sales education programme "apoVendo". It is directed to all advisors in our company. This innovative and target-oriented training concept, which comprises more than 20 training days, is meant to convey our integrated advisory approach, which focuses on our customers. The fact that many seminars are held by internal trainers is a particular success factor. The principle of "from practitioners for practitioners" applies here. After an extensive trainer education programme, experts share their practical expertise with colleagues. In cooperation with

a very renowned institute, it is possible to obtain a certification at the end of this consultant training. Thereby, we guarantee the high level and quality of our education.

## apoVia – company pension scheme restructured

In order to strengthen our profile as an attractive employer, we have made our company pension scheme even more efficient and competitive. Particularly in view of the development of the statutory pension scheme, additional pension provision is becoming inevitable. In the future, apoVia will supplement our employees' personal pension plans. But apoVia offers even more: Apart from asset accumulation for retirement, it also provides death and invalidity coverage right from the first day of work. In addition to the basic insurance provided by the employer, our employees can also opt to make voluntary contributions to their pension plans. The Bank then supplements the individual amount of the employee by an additional amount. All amounts earn interest in line with standard market rates and are flexibly paid when retirement age is reached.

## Key figures from the personnel division

In the year under review, the number of employees rose by 6.5 percent; as of 31 December 2008, our staff consisted of 2,263 employees. The share of female employees was 53 percent. The average age of the employees was 42 years. In the year under review, personnel expenses increased by 7.1 percent to Euro 183.1 million. This rise was mainly attributable to wage increases from collective bargaining and expenditure for new employees.


## Physical proximity to customers

"In order to fulfil our claim of being a premium provider of financial services in the health care sector, we have to maintain a very high level of competent advisory services. However, we also need physical proximity to our customers. With this in mind, we have established new agencies that are characterised by a particularly good cost-benefit ratio. After Bonn, Bielefeld, Hildesheim and Ulm, another agency was opened in Rosenheim last year. Since January and March of the current year, apoBank has been represented through agencies in the locations of Heilbronn and Friedrichshafen, respectively. Moreover, we are testing the establishment of an outsourced customer service team in the state of Hesse."

**Werner Albert Schuster, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank**


**Health centre in Markdorf**

A common venture with guaranteed success.

Many health professionals use apoBank's expertise if they want to take the initiative and exploit opportunities. Together, we can turn ideas into business models that are successful in the long-term.

Therefore, our expertise for entrepreneurial health professionals was required when five doctors with own practices planned to set up a health centre together with a municipality. We provided extensive advisory services to the team of doctors – from the choice of legal form to property financing. Today, the property is fully rented and enjoys excellent acceptance among local patients.

# Risk Report

## Principles of risk management and risk controlling

For Deutsche Apotheker- und Ärztebank, targeted and controlled risk taking with consideration of return targets is a substantial element of its banking business. The activities resulting from apoBank's business model require strategies, methods and processes of risk management which form the basis for a risk and yield-oriented overall bank control.

The business and risk strategies, in which the risk guidelines for all types of risks are defined, provide the framework for risk control. Observance of these guidelines is monitored and communicated to the responsible decision makers at the portfolio level and at the individual transaction level within the framework of the overall bank control and through continuous reporting.

All risks are included in a system of overall control and limitation via the risk-bearing ability calculation.

We define the types of risks as follows:

- **Sales risks/Strategic risks**
  We understand sales risks as the deviation of the realised net interest income and net commission income from the target performance in the entire customer business. Strategic risks result from change effects on the Bank's business model and premise risks of the business planning; they are closely connected with the sales risk. Both types of risks react to future internal and external factors. Since strategic risks have an influence on the sales performance, they are measured by their effects on the sales risk.

- **Counterparty default risk**
  Counterparty default risks are understood as the potential losses that may arise as a result of the complete or partial default of a borrower or contractual partner. We distinguish between the classic counterparty default risk of the customer loan business and the counterparty risk and issuer's risk of the trade or treasury business. A subcategory here is the country risk as the loss that may arise due to transfer/conversion restrictions or prohibitions.

Against the background of the domestically oriented business structure of the customer loan business, country risks only arise in the financial instruments portfolio.

- **Market price risk**
  We understand market price risks as the potential loss that can arise as a result of changes in market prices (share price risk, interest rate risk, credit spread risk and foreign currency risk) on the markets for our items.

- **Liquidity risk**
  In terms of liquidity risk we differentiate "insolvency risk" and "refinancing risk". Insolvency risks are understood as the risk that current or future payment obligations cannot be met at all or not to the full extent. We understand refinancing risks as the risk of rising refinancing costs due to a negative change of apoBank's own rating (credit spreads) and/or a changed liquidity position in the money and capital markets. The credit spread is basically calculated from the term of refinancing and apoBank's rating.

- **Operational risk**
  Operational risks are risks of losses that occur as a result of the failure or inappropriateness of internal processes, humans and systems or through external events.

## Organisation of risk management and risk controlling

### Separation of functions

The functional and organisational separation of the front office/distribution functions from the back office/risk management and risk controlling functions has been implemented up to Board level in order to avoid conflicts of interests and to maintain objectivity.

The individual responsibilities are distributed as follows:

The entire Board of Directors is responsible for the business and risk strategies, the concept of risk-bearing ability, the proper organisation and implementation of risk management as well as for the monitoring of all risks and of risk control.

The department of Corporate Planning/Treasury is responsible for the operative control of market price and liquidity risks on the basis of the framework conditions passed by the Board of Directors.

The Sales Private Customers and Sales Organisations and Large Customers departments are responsible for the market function in the customer business.

The Central Credit Control divisions are responsible for controlling all counterparty default risks. This includes, apart from the individual credit assessment of customers, counterparties and issuers, both the ongoing portfolio monitoring and the responsibility for the credit methodology and the organisation of the lending business.

The specialist division Risk Controlling within the Controlling department has responsibility for the methods and models used for the identification, measurement and limitation of risks. It is also responsible for complying with the legal framework conditions, reporting risks and assuring the quality of risk data for all types of risks.

The Audit division is an essential part of the independent monitoring system and subjects the organisational units involved in the risk management process and the agreed processes, systems and individual risks to a regular independent examination.

As a supervisory body, the Supervisory Board and the Audit, Credit and Risk Committee are kept regularly informed about the current risk situation as well as measures for risk control and limitation.

## Control and monitoring of the individual types of risks

### Sales risks/Strategic risks

Sales risks/strategic risks are taken in the business areas “Private Customers/Branch Business” and “Organisations and Large Customers”. Within the framework of an annual planning calculation, net interest incomes and net commission incomes, among other things, are planned and fixed as the planned sales performance for the coming financial year. The sales risk is understood as the deviation of a sales performance actually achieved at a certain date from the corresponding target performance. This also includes the Bank’s strategic risk in the sense of a negative deviation from plan due to market changes that were not taken into account in the planning or due to changes in the framework conditions to the Bank’s disadvantage. The figures calculated on the basis of past-related target-performance deviations in the customer business are included in the risk-bearing ability calculation as value-at-risk figures.

### Counterparty default risks

The counterparty default risk is limited and monitored in all portfolios by means of individual and portfolio caps. This takes account both of the individual risk and of the group exposure/the risk category. Sophisticated rating approaches are used for the different sub-portfolios.

The apoMasterskala (apo master scale) makes the results of the customer-group-specific internal rating procedures and the rating results of external rating agencies or development banks comparable, so that the same rating categories always have the same default probability, irrespective of the rating procedure used. After the adjustments of the previous year, the annual validation of the rating procedure apoRate showed that only few adjustments were required, which was taken into account in the calibration of the procedures.

The rating results are a substantial part of the exercise of competence and of the pro-

cedures for the classification of borrowers into service categories; they are also used for external pricing as well as for the internal business calculation and the regulatory measurement of capital.

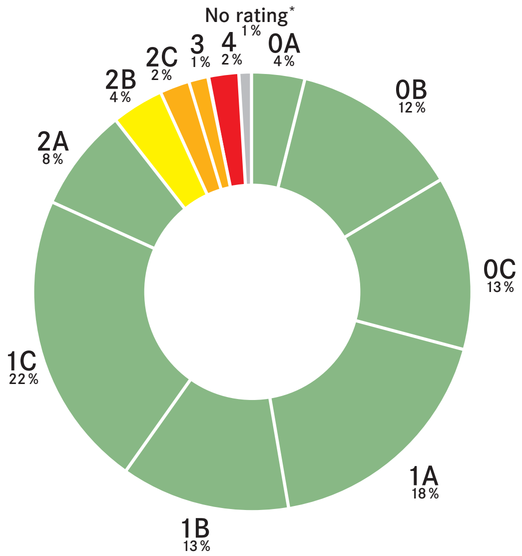
Private Customers/Branch Business portfolio

The branch customers' counterparty default risks are controlled via six regional credit control units assigned to the Central Credit Control – Private Customers Business in collaboration with the branches. Those loan applications which have been made by the branches and given a market vote are given the vote of the back office in the regional credit control units after initiating a rating for the borrower. On the basis of cash flow calculations prepared for each individual customer, which take account of the previously available or forecast income figures and the indebtedness of the customer, a check is made under consideration of all private and professional revenue and expenditure streams as to whether the customer's loan request appears financially feasible. Many years of experience in dealing with the medical professions are an indispensable requirement to arrive at a balanced credit assessment during this examination. The subsequent decision is made, dependent on rating and volume, in a joint approval by the market and credit units. For the Private Customers/Branch Business portfolio, we have defined a sub-portfolio as a low-risk business, where loan decisions can be made in individual competence. On the one hand, this includes loan approvals, which occur in a large number but only with small volume of credit. On the other hand, standardised loans are also processed, as long as the strict programme conditions are observed.

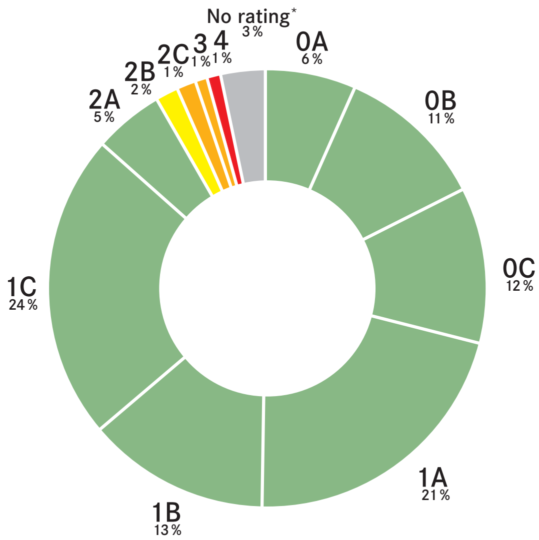
The modified processes of intensive management and problem credit management have proved themselves. The regulated intensive management includes the elaboration of a catalogue of measures – together with the customer – to solve his liquidity or earnings problems with the goal of returning to standard management of the customer as quickly as possible. Beside it, the simplified intensive management is applied if the risk factors that have occurred have no discernible influence on the customer's account maintenance. Within the framework of problem credit management, the customer is supported mainly by the risk teams formed in the regional credit control units. Their task is to assist the customer in this period of financial recovery or – if financial recovery of the customer's commitment is impossible – to pursue the termination of the commitment. The Claim Management group, which belongs to the Central Credit Control, supports the regional credit control units in the enforcement of the Bank's claims on defaulters.

## Rating class distribution in the Private Customers/Branch Business portfolio

**Volume distribution** (in € m)
on the basis of loans taken
total 22,056




**Distribution of borrowers**
on the basis of loans taken
total 141,949




Volumes = loans taken (balance sheet date) in € m
* including permanently unrated commitments with loans taken
< € 100 as well as loan commitments to employees

| Rating class | BKZ** | Meaning |
|---|---|---|
| 0A | 50 | Commitments impeccable as regards creditworthiness, no risk factors (standard management) |
| 0B | 50 | |
| 0C | 50 | |
| 1A | 50 | Commitments good as regards creditworthiness with individual risk factors (standard management) |
| 1B | 50 | |
| 1C | 50 | |
| 2A | 50 | Commitments with low risks (standard management) |
| 2B | 52-53 | Commitments with greater risks (intensive management) |
| 2C | 54 | High-risk commitments (problem credit management) |
| 3 | 54 | Higher risk commitments (problem credit management) |
| 4 | 55-58 | Commitments threatened by default (according to SolvV definitions)<br>- Commitments overdue by more than 90 days<br>- Commitments for which a loss provision was already allocated in the previous year or a loss provision was made in the current year (problem credit management)<br>- Write-offs<br>- Insolvency |
| | | No rating |

** BKZ (Bearbeitungskennzeichen) = processing indicator according to manual risk assessment (relating to the Private Customers/Branch Business and Organisations and Large Customers portfolio)

Through timely reflection of the early warning indicators, our apoRate rating procedure, which is especially geared to our clients, provides a good basis for the identification of impending payment problems at an early stage.

The portfolio structure shows a typical rating distribution with a focus on the middle rating classes. On balance, the rating distribution has slightly improved in the year under review. The portfolio coverage is complete except for

unrated loans to employees. With more than 190,000 individual borrowers, the portfolio shows a broad spread. In this sub-portfolio, the largest individual risk amounts to less than 0.1 percent of the total credit volume.

### Organisations and Large Customers portfolio

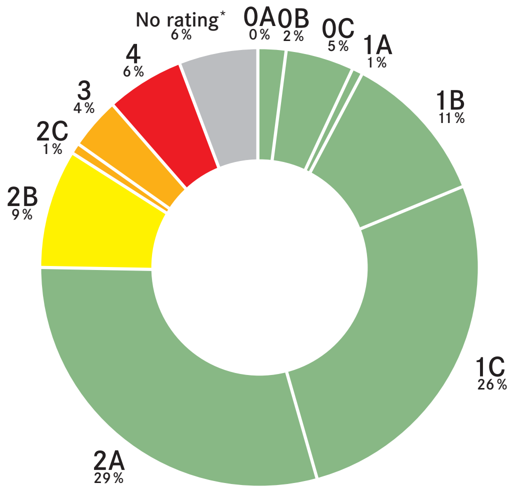
We have assigned professional associations, companies in the medical sector and medical care structures to the Organisations and Large Customers portfolio. On the market side, the Professional Associations and Medical Care Structures/Corporate Clients departments are responsible for the management of risks assumed as well as for the initial vote. The Central Credit Control Corporate Clients/Medical Care Structures/Financial Instruments department is responsible for the credit office function. This includes the assessment of the submitted applications and the continuous monitoring of individual loans as well as of the portfolio.

In the corporate clients business, the rating system of RMS Risk Management Solutions GmbH, which emerged from a pool solution of the Bundesverband Deutscher Banken (Federal Association of German Banks), is used to assess corporate risks. Since the end of 2007, the Bank has held a stake of approximately 12.9 percent in the operating company of the procedure.

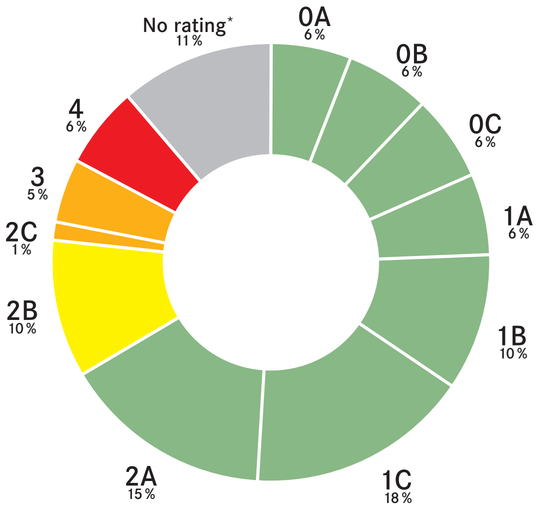
For the Medical Care Structures portfolio, which mainly comprises the financing of special real estate, a rating procedure is used in accordance with the criteria for the simple risk weighting of specialised financing according to the Solvency Regulation (Solvabilitätsverordnung). This procedure takes account of the peculiarities of the health market as well as of special real estate for medical professionals, and it allows a structured and consistent analysis of the individual projects with the help of qualitative and quantitative criteria.

## Rating class distribution in the Organisation and Major Customers portfolio

**Volume distribution** (in € m)
on the basis of loans taken
total 2,266




**Distribution of borrowers**
on the basis of loans taken
total 488




Volumes = loans taken (balance sheet date) in € m
* without permanently unrated commitments with loans taken < € 100

| Rating class | BKZ** | Meaning |
|---|---|---|
| 0A | 50 | Commitments impeccable as regards creditworthiness, no risk factors (standard management) |
| 0B | 50 | |
| 0C | 50 | |
| 1A | 50 | Commitments good as regards creditworthiness with individual risk factors (standard management) |
| 1B | 50 | |
| 1C | 50 | |
| 2A | 50 | Commitments with low risks (standard management) |
| 2B | 52-53 | Commitments with greater risks (intensive management) |
| 2C | 54 | High-risk commitments (problem credit management) |
| 3 | 54 | Higher risk commitments (problem credit management) |
| 4 | 55-58 | Commitments threatened by default (according to SolvV definitions)<br>- Commitments overdue by more than 90 days<br>- Commitments for which a loss provision was already allocated in the previous year or a loss provision was made in the current year (problem credit management)<br>- Write-offs<br>- Insolvency |
| | | No rating |

** BKZ (Bearbeitungskennzeichen) = processing indicator according to manual risk assessment (relating to the Private Customers/Branch Business and Organisations and Large Customers portfolio)

The Bank strives for obtaining the approval of the IRB approach for the two sub-portfolios Companies and Medical Care Structures during the course of the year 2009.

Another sub-portfolio of legal entities of public law mainly comprises the professional associations of the medical professions. According to the Solvency Regulation, this low-risk portfolio belongs to the Institutions portfolio and is assessed by a rating procedure developed by the Bank itself. Apart from the inclusion of some qualitative criteria, the procedure is particularly directed towards the operator of the respective entity because of the special character of these counterparties. For this portfolio, apoBank obtained permission to assess the regulatory equity capital according to the IRB approach on 1 January 2008.

Overall, the rating distribution of the portfolio is well balanced in terms of borrowers. In terms of volumes, the portfolio share of legal entities of public law is somewhat smaller in the rating classes 0A to 1A. As already in the previous years, the rating coverage of the total portfolio amounts to more than 90 percent.

### Financial Instruments portfolio

The Financial Instruments portfolio comprises the money and capital market investments and derivatives of the Treasury/Liquidity Management division. In the interest of our clients of the Asset Management Private Customers division, additional risks are taken from foreign exchange and securities trading as well as within the framework of start-up financings or co-investments in fund products. The liquidity and profit-oriented investment of free funds serves the liquidity and balance sheet structure management as well as the control of the Bank’s aggregate interest position. Counterparty default risks are controlled by the Central Credit Control Corporate Clients/Medical Care Structures/Financial Instruments division, and they are measured and monitored by the Risk Controlling division.

In order to reduce the counterparty default risk from derivative commercial transactions, we enter into multi-product master netting agreements (netting of opposite positions). Moreover, the Bank uses collateral management (collateralisation of open positions) for the derivatives business in order to prevent risk expansion in view of the increased business volume.

Since country risks are only taken to a small extent in relation to the total portfolio, no limits were set for country risks. However, they are regularly assessed within the framework of the quarterly risk report in order to avoid cluster risks. The existing country risks mainly concern countries of the European Union as well as the USA and Australia.

The sub-portfolio Banks of the Institutions portfolio, which obtained the approval of the IRB approach on 1 January 2008, is assessed on the basis of the BVR II rating procedure. The internal rating results determined on the basis of annual accounts data and qualitative information are used in the entire loan process for the determination of standard risks costs and the reporting. External ratings are only used as a supplement in the daily automated rating control in order to have another indicator of deteriorating risks in addition to the other internal monitoring procedures.



Apart from classical securities, apoBank also invested in CDO and ABS transactions in the Financial Instruments portfolio. While the impact of the financial crisis was largely limited to these two sub-portfolios last year, the global system crisis triggered by the collapse of Lehman Brothers affected the whole Financial Instruments portfolio, and here in particular the liquidity investments, which are indispensable for the Bank. This portfolio includes mortgage bonds (Pfandbriefe), bank bonds as well as government bonds, which could historically be expected to have a particularly low default probability. But due to its broad risk spread, the Bank, in turn, was affected by the collapse of several banks whose creditworthiness had been impeccable at the time the risk was assumed. The Bank has made adequate risk provisions in this respect.

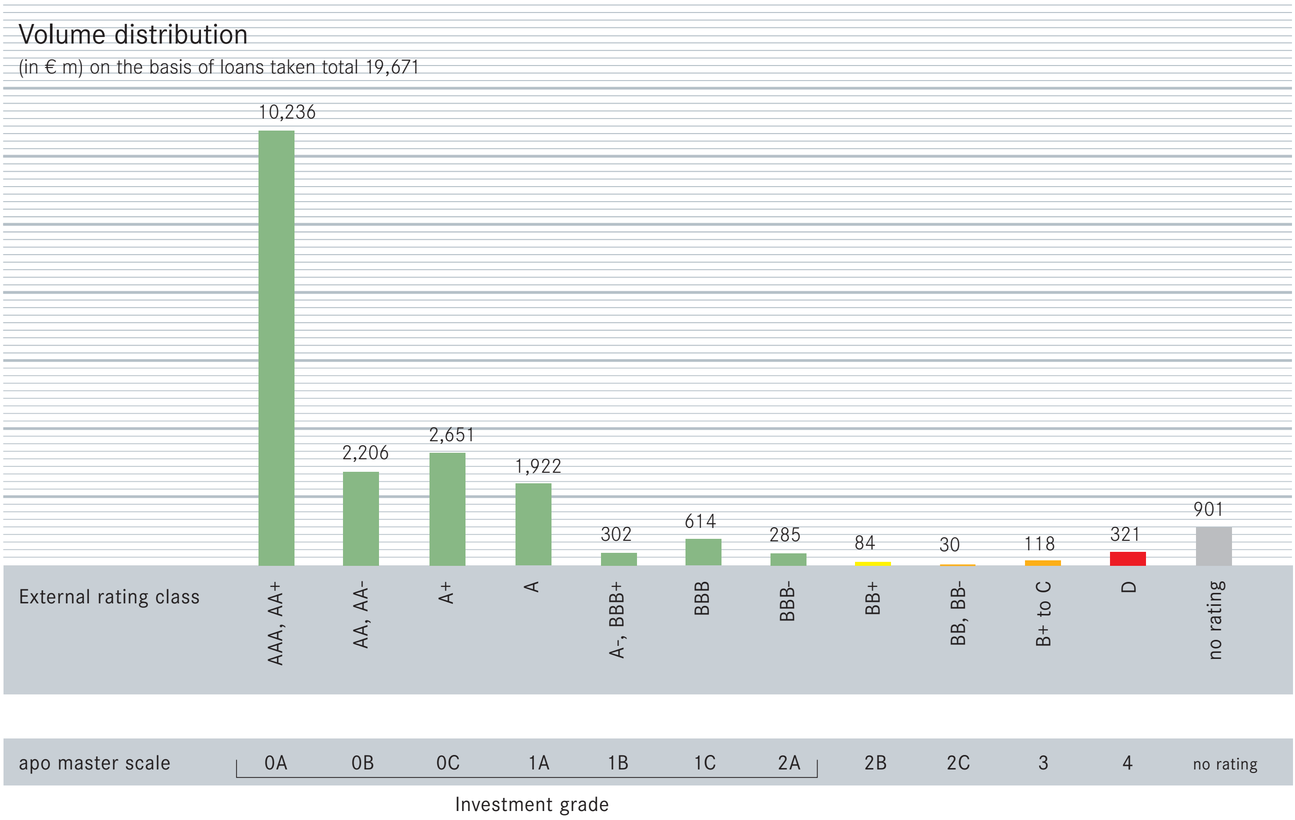
The CDO structures in the portfolio are mainly CDO transactions based on corporate and bank risks. Apart from the distortion of spreads in the capital markets, which led to depreciation, these transactions were partly affected by bank collapses, too. Owing to the existing subordination, this resulted in no capital consumption in any of the CDO structures held by apoBank. In one CDO structure, the Bank carried out a value adjustment in the full amount (Euro 25 million).

While four leveraged special funds (LAAM funds), which are invested in originally AAA-rated European and American ABS structures, had been successfully restructured in the previous year, we were able, in the year under review, to find workable solutions for the three remaining funds as well. In one case, a refinancing was secured covering most of the residual term of the securities included in the fund. The refinancing of a second fund was secured for at least another year. The third fund with a volume of Euro 1.1 billion was included in apoBank's books. Due to the existing collateral and guarantee agreements, the Bank increased its risk participation in the remaining three funds. However, stress tests carried out by the Bank showed that significant losses in the underlying ABS structures will occur only in extreme scenarios. Even though a small part of the underlying ABS structures has meanwhile suffered a rating downgrade (approximately 8.95 percent of the total volume) because of the aggravation of the economic situation in the United States and the deterioration of the Spanish and British real estate markets, the ABS transactions are still of good quality. Changes in 2009 are included in the Supplementary Report.

As a result of repayments, the volume has diminished continuously and at a higher rate than expected both in the funds and in the Bank's books. Even though the premature repayment rate has been reduced in a small number of transactions, most repayments continue to be high, so that the Bank expects that the portfolio volume will steadily diminish at a relatively high pace. The fourth LAAM fund was dissolved at the beginning of 2009 and the underlying assets (Landesbank bonds with public guarantee) were recognised in the Bank's own books up to an amount of Euro 2 billion.

Moreover, apoBank has absolutely no investments in conduits or special investment vehicles; liquidity lines have not been and will not be provided either. This also applies to holding company AC Capital Partners Ltd., Dublin,

Rating class distribution according to loans taken in the Financial Instruments portfolio*



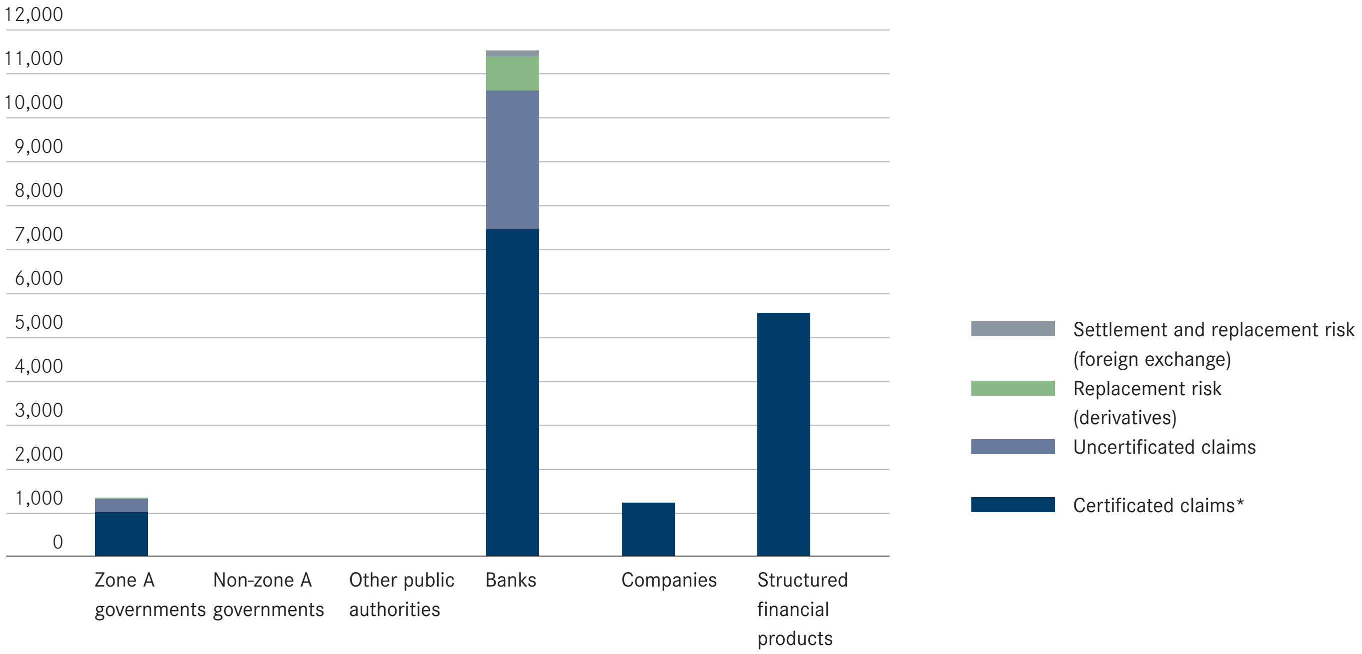

The unrated volumes are mainly composed of interbank balances and the LAAM funds.
Most of the assets on which the LAAM funds are based have an AAA rating.

* includes money dealings, liquid investments and derivatives

which acts solely as an asset manager and therefore holds no own securities and structured financing.

## Financial instruments by sectors and types of risks (on-balance sheet and off-balance sheet)

| Sector | Certificated claims* (book value € m) | Uncertificated claims (book value € m) | Derivatives (LEE € m) | Foreign exchange (LEE € m) | Total |
|---|---|---|---|---|---|
| Zone A governments | 1,003 | 300 | 44 | 0 | **1,346** |
| Non-zone A governments | 0 | 0 | 0 | 0 | **0** |
| Other public authorities | 0 | 0 | 0 | 13 | **13** |
| Banks | 7,450 | 3,164 | 778 | 134 | **11,525** |
| Companies | 1,215 | 0 | 5 | 17 | **1,238** |
| Structured financial products | 5,549 | 0 | 0 | 0 | **5,549** |
| Total | 15,216 | 3,464 | 827 | 163 | **19,671** |




* including ABS, CDO, CDS, MBS and special funds
Volumes = loans taken (key date, after Netting and Collateral Management) on the basis of book values or loan equivalent exposures (LEE) in € m
Totals may deviate due to rounding

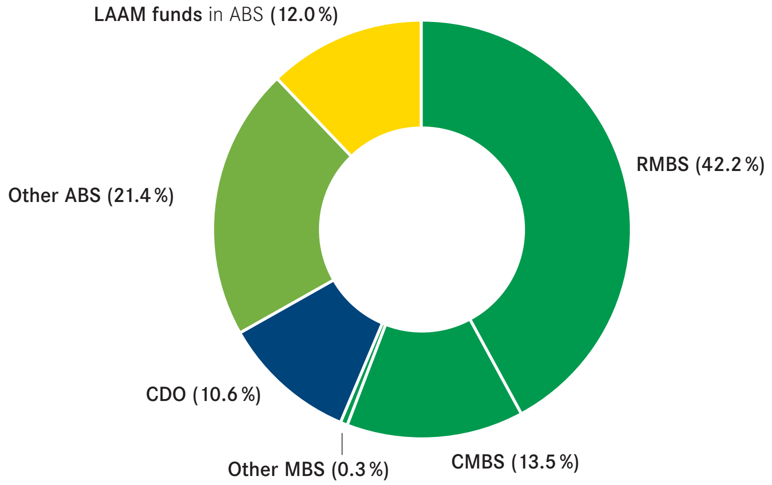
Despite the fact that defaults of bank counterparties occurred for the first time in the Financial Instruments portfolio, and despite the slight increase in volumes with a BBB rating compared with the previous year, the portfolio remains clearly focused on AAA to A+ ratings.

Even in the good rating classes, the portfolio has been closely monitored, subjected to regular stress tests and continually reviewed for the possibility of disinvestment and hedging measures, particularly since the beginning of the financial market crisis. The spread development observed in the financial markets plays a major role here as an early warning indicator. The Bank has implemented active hedging processes with a corresponding budget for the coming financial year.

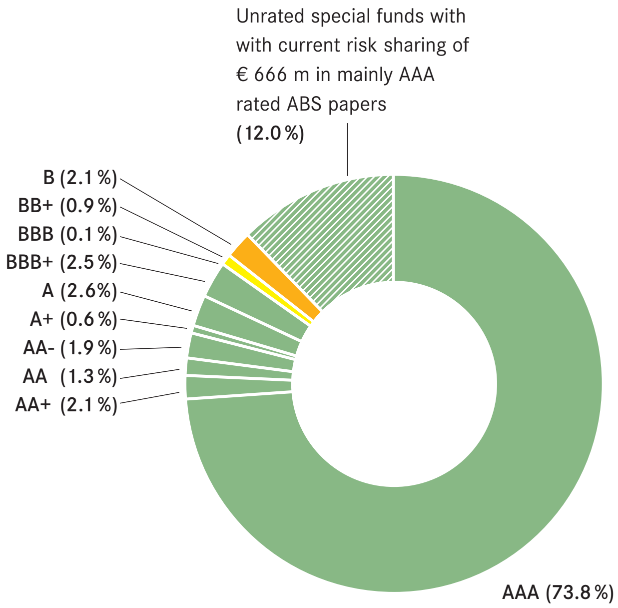
On top of that, the allocation of limits in the Money Market and Liquidity Reserve portfolios has been restructured, so that much more restrictive limits to amounts and terms are allocated even to banks in good rating classes.

Structured financial products (on-balance sheet and off-balance sheet) by rating classes and products

**Volume distribution € 5,549 m**




**Volume distribution € 5,549 m**



## Structured financial products (on-balance sheet and off-balance sheet) by rating classes, countries and residual terms

| | Total | Loans taken | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | by rating classes | | | | | | by countries | | | by residual term* | | |
| apo master scale | | 0A | 0B | 0C to 2A | 2B | 2C to 3 | no rating | | | | | | |
| External rating class | | AAA, AA+ | AA, AA- | A+ to BBB- | from BB+ | | no rating | USA | Europe | Other | 0 to 1 | > 1 to 5 | > 5 |
| **MBS** | **3,110** | 2,818 | 130 | 162 | 0 | 0 | 0 | 1,004*** | 2,046 | 59 | 227 | 1,415 | 1,467 |
| **CDO** | **588** | 300 | 30 | 100 | 50 | 108 | 0 | 533 | 55 | 0 | 184 | 146 | 258 |
| **ABS (in the narrow sense)** | **1,175** | 1,095 | 21 | 59 | 0 | 0 | 0 | 326 | 848 | 0 | 91 | 471 | 612 |
| **Special funds (SF) (invested capital)** | **676** | 0 | 0 | 0 | 0 | 11 | 666 | 11 | 156 | 510 | 96 | 184 | 396 |
| **Total** | **5,549** | **4,213** | **181** | **321** | **50** | **118** | **666** | **1,874** | **3,106** | **569** | **599** | **2,217** | **2,734** |

* Residual term in years = expected maturity
** Securitisation structures from other countries as well as special funds with securitisation structures without country focus
*** mainly includes Alt-A RMBS; the subprime exposure amounts to only € 2 m

Volumes = loans taken (key date after Netting and Collateral Management) on the basis of book values or loan equivalents (LEE) in € m
Totals may deviate due to rounding

Investments portfolio

The responsible specialist departments and the investment committee continually monitor the development of the investments and report to the Board of Directors, for example by means of the quarterly investment report. The Supervisory Board and the Economic and Financial Committee are informed at regular intervals of developments in the Investments portfolio and involved in decisions.

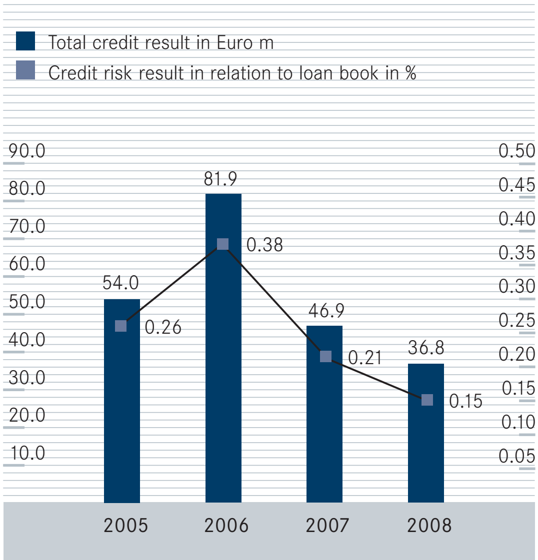
AC Capital's investment result has reached the gratifying level of the previous year. In view of the financial markets crisis, significantly lower income is to be expected in the following years. In the medium term, we think that the already achieved performance level will be a realistic target again.

In the 2008 financial year, we further increased our investment in DZ Bank AG in order to strengthen our involvement in the cooperative Verbund.

## Risk provisioning and special risk developments

As in the past financial years, the Bank made sufficient provision for all credit risks as of 31.12.2008. The chart shows the detrimental effects on the profit and loss account of the bad debt provision since 2005:

Risk provisions (detrimental effects on the profit and loss account of the bad debt provision) in the customer business areas as at 31 December 2008




In the Private Customers/Branch Business portfolio, we maintained our policy of cautious risk assessment also in the year 2008. In continuation to the favourable risk situation of the past year, the consistent treatment of identified risks in the previous years and the proactive use of the apoRate results in the loan process have led to considerable risk relief in the current year. The value adjustments in this sub-portfolio are significantly below the

standard risk costs recovered. There are no regional concentrations of risks. With regard to the health professional groups, pharmacists and dentists increasingly have a higher risk profile than physicians.

In the Organisations and Large Customers portfolio, no substantial value adjustment had to be made.

The continuation of the financial crisis in 2008 has intensified uncertainty in the capital markets and among market participants. As a matter of principle, apoBank invests only in high-quality securities with good credit rating. The Bank generally acts as a buy-and-hold investor, i.e. securities are usually held until their final maturity. As a result of the ongoing market turmoil, the securities held by apoBank have also been affected by market price changes. Depreciation and value adjustments in the amount of Euro 142.4 million were made on securities allocated to fixed assets.

The valuation prices, which were calculated on the basis of model prices, have continued to decline significantly in the last few months. Meanwhile, given the dried-up liquidity, the reference indices on the basis of which parts of our portfolios are assessed have lost their meaning as an indicator of the securities' underlying value. In order to give a true view of the valuation, the Bank applied a discounted cash flow model in 2008. In the subsequent valuation in case of illiquid markets, this model is increasingly oriented to the loss actually expected, i.e. the quality of the securities. The expected payment flows of the financial instruments are discounted at a risk-adjusted interest rate. The valuation is derived from available market prices and quotations. Market disruptions arising in an illiquid market environment are partly eliminated in order to secure adequate valuation even in such an environment.

Securities allocated to the liquidity reserve were valued according to the strict lower of cost or market principle. Depreciation and value adjustment or reserve requirements amount to Euro 195.8 million.

Under the assumption that there will be no return to normal market functioning in the current year, further value adjustment cannot be ruled out.

## Market price risks

The department of Corporate Planning/Treasury is responsible for the operative control of market price risks, while the Risk Controlling department is responsible for the independent monitoring and measurement of the risks.

Apart from credit spread risks in the field of own investments, the Bank's market price risks consist primarily of the risk of a change in interest rates. Currency risks and share price risks are of minor importance. Commodity risks are taken only to a very limited extent for further risk diversification.

The essential market price risks of the Bank as a whole are integrated and limited in the overall risk control within the scope of the economic capital framework. The basis is a differentiated risk measurement and control system in which the risk is controlled and monitored up to the portfolio level. Apart from a value-at-risk approach, scenario analyses and additional stress tests are used. For the daily management, the value-at-risk approach is calculated with a confidence level of 99 percent and a holding period of ten days. Daily backtesting is carried out in order to check the model quality. The scenario and stress analyses are based on standardised scenarios, which are supplemented by individual situation-related considerations.

Utilisation of the VaR limit in the course of the year 2008


The utilisation of VaR limitation has substantially increased in the course of the year due to the significant increase in market distortions in the wake of the financial market crisis. In order to support the Bank's buy-and-hold investment strategy, the market price risk limit was raised in the course of the year, depending on the impact of the higher intensity of market fluctuations. These limit adjustments did not serve the purpose of entering into new positions. In this context, the market price limit was temporarily exceeded in individual cases due to sudden strong market moves. Overall, the market price risk will continue to be strictly limited within the framework of our buy-and-hold strategy. The already small sub-limit for the trading book was further reduced at the beginning of the second quarter of 2008. Taking trading risks is not part of the Bank's market price risk strategy.

Within the framework of the daily risk reporting, the Board of Directors is kept informed about the risk development and limit utilisation, the results as well as special occurrences. End-of-month reporting also includes the results of scenario and stress calculations.

Within the framework of the bank-wide control of interest rate risks, the market-price risk management pursues both present-value and periodic approaches. These results are included in the risk control and in the planning calculations. The result of the supervisory stress calculations (Basel II, interest rate shock) was at all times clearly below the set limit at a low level.

Despite the persistently strained market situation with a further significant increase in volatility, the Bank was able to cope with the market price risk as well as the price distortions in 2008 in the wake of the subprime crisis. This specific market environment is particularly considered in the business/risk strategy for 2009.

This is to ensure the ability to take market price risks even if the crisis continues.

## Liquidity risks

The Bank's Treasury/Liquidity management division is responsible for the operative and strategic liquidity management. The Risk Controlling department carries out the monitoring of the Bank's liquidity position independently of trading. Both the operative, strategic management and the monitoring were further expanded and intensified in 2008. The Bank's payment flows are easy to plan. In order to guarantee permanent solvency, the Bank has a large liquidity reserve of securities eligible as collateral and, as a rule, eligible for refinancing with central banks, as well as money-market lines and the possibility to generate liquidity via a short-term issuance programme (CP). Apart from a stable investor base, the stable customer deposits are essential for the Bank's refinancing. The importance of customer deposits continued to grow in 2008 and is to be further expanded in 2009. Thus, even in extreme stress situations, the Bank was able to report an increase in customer deposits in the course of the year. Moreover, we expanded our refinancing sources in the year under review through the first-time issuance of mortgage bonds with a volume of Euro 726 million in the second quarter. In addition, the large cover pool offers significant potential for further issues.

Overall, despite the continued tight situation in the capital market, the Bank was thus well able to ensure short-term liquidity at all times in the course of 2008.

Short-term operational liquidity management is based on the permanent analysis and comparison of payment inflows and outflows. Another strict condition is compliance with the regulatory liquidity ratio (Liquiditätsverordnung), which is also defensively limited for the internal control, as well as with the requirements for the maintenance of minimum reserves. Both regulatory requirements were met at any time in 2008. The management of medium and long-term liquidity is carried out on the basis of the analysis of potential payment inflows and outflows over one year. The corresponding refinancing plans are linked with the business planning process.

In the trading-independent monitoring, the possible liquidity requirements are estimated conservatively – based on historical time series –, compared with the available liquidity coverage potential and defensively limited on this basis. Apart from this, current and future compliance (stipulated within a fixed time horizon) with the limit for the regulatory liquidity ratio is reviewed by the Risk Controlling department. The refinancing risk is calculated independently of trading and is limited and monitored via integration in the Bank's risk-bearing ability.

In addition, for controlling the liquidity risks, a Liquidity Committee formed from the Corporate Planning, Treasury/Liquidity Management and Controlling divisions, which meets regularly or on demand, decides on the necessary measures where required.

In 2008, the Bank started a project to further expand its liquidity risk management as well as its trading-independent monitoring.

The focus is on further development of the liquidity gap analysis, the funding matrix and on the refinement of the modelling of payment flows. In particular, the scenario and stress calculations are also being expanded. With the project results achieved in 2008, the Bank today already has a much better data basis.

## Pfandbrief controlling

The payment security of the newly issued Pfandbriefe is closely monitored and controlled through a daily process. Apart from the conservative limitation of risks and a deliberately defensive selection of the loans of the cover pool, the internal demands on the liquid surplus cover are also clearly above the statutory requirements. On this basis, the first Pfandbrief issue received the top AAA rating from rating agency Standard & Poor's.

## Operational risks

Within the framework of risk monitoring and controlling, apoBank implemented a comprehensive risk management and controlling system for the systematic identification, assessment, measurement and control of operational risks already in 2006, which has since then been continuously further developed.

The design and, in particular, the further development of the risk management and control system for operational risks is generally oriented towards compliance with the requirements of the regulatory standard approach, which apoBank has been using since 1 January 2007 for the assessment of equity, but, above all, it must also comply with the internal monitoring requirements and control targets.

On the basis of the processes and system components implemented for risk monitoring, apoBank is able to early detect operational risks and take the corresponding effective measures of risk control in a timely manner.

The early identification and adequate assessment of the operational risks of apoBank is based on the appointment of decentralised risk managers in all organisational units. These on-scene experts have the expertise and responsibility for defining and implementing measures to control the respective operational risks emerging within their areas of responsibility.

The Bank-wide compilation and analysis of the results of the individual self-assessments as well as the monitoring of corresponding control measures, in contrast, are carried out centrally in the Risk Controlling department.

Apart from identification and analysis, the adequate processing of information and the timely provision of relevant information and management variables are the prerequisites for efficient and appropriate management of operational risks. Accordingly, within the framework of the reporting on operational risks, the central OpRisk manager in the Risk Controlling department draws up comprehensive and detailed quarterly reports about the Bank’s operational risks.

On the basis of the self-assessments carried out so far in our Bank and the losses incurred during the last financial year, we do not expect any risks threatening the existence of our Bank.

Adequate control measures including comprehensive emergency plans have been implemented for all identified substantial risks. Appropriate insurance cover has been taken where considered necessary.

## Risk-bearing ability as an instrument of overall bank control

The basis of our risk management is the ongoing identification, measurement and monitoring of all risks arising from the business operations of the Bank. To comply with the increased internal demands on our risk management and risk controlling and the supervisory law requirements, we have further developed our concept of capital adequacy. This concept provides for all identified risks to be compared with risk cover funds, which are available to cover the potential losses in the case of a risk. The risk cover funds are derived from the Bank’s risk cover potential. In deriving the risk cover funds, we have taken care that the Bank’s continued existence is not threatened in the case of risk. The risk cover funds have been distributed among the individual risk areas; for this purpose, limits have been allocated. The identified risks are measured and applied against the limits.

Within the framework of the quarterly risk reporting, the Audit, Credit and Risk Committee as well as the Supervisory Board are informed about the current situation. This information includes both a reporting of the above-mentioned risks and the complete presentation of all types of risks defined in the minimum requirements for risk management (MaRisk).

Even the risks arising in the course of the financial market crisis have never exceeded the Bank's previously defined risk-bearing ability. As at 31 December 2008, we were using 63 percent of our risk-bearing capacity. The risk measurement method was adjusted once again in the course of the financial market crisis. Against this background, we have adjusted the distribution of the unchanged risk cover funds among the risk areas, which had been stipulated at the beginning of the year. In the year under review, the Bank was able to cover all potential risks at any time, without jeopardising the planned dividend payment or statutory allocation to reserves.

## Essential project activities
## Basel II/IRBA approval

The aim of the new Basel Capital Accord is to safeguard the stability of the banking system and achieve a risk-adjusted capital backing. The Basel II project for the introduction of the procedure based on internal ratings (IRBA), which was started in 2001 in order to implement the new regulatory requirements, continues to go according to plan.

The Bank obtained regulatory IRBA approval of apoRate, the rating system in the business with private customers and small companies, already on 1 January 2007, the date when the application of the new German Solvency Regulation (Solvabilitätsverordnung, SolvV) started. On 1 January 2008, the Bank also obtained regulatory approval of the IRB approach for the Institutions portfolio, which comprises the rating procedure for banks and the rating procedure for legal entities of public law.


With the approval of the Institutions portfolio and the Retail portfolio, almost 80 percent of apoBank's total portfolio has already been approved for the IRB approach. Basel II capability of the last sub-portfolio of companies that has not yet been approved for the IRB approach will presumably be subject to a regulatory review in 2009. After the approval of the rating procedures for the Companies portfolio, we will have achieved almost complete coverage with a regulatory-approved IRB approach. Due to the quality of its portfolios and as a result of the application of the IRB approach, apoBank has been able to achieve a significant reduction of the regulatory capital backing requirement. This leads to declining costs of equity and creates more scope for the growth apoBank wants to achieve in its core business.

## Summary of the risk situation

The Bank continues to pursue its solid risk policy. The decisive risks are closely monitored and limitation measures are taken. Even the potential changes in market value resulting from scenario calculations were still within the risk-bearing ability defined by the Bank. Due to its risk policy, apoBank, as a matter of principle, invests only in high-quality securities with good credit rating. Also within the framework of liquidity management, investments are only made if the creditworthiness of the corresponding counterparty is at least as good as that of apoBank. But since, with the aggravation of the financial market crisis, even counterparties of previously impeccable creditworthiness went bankrupt or were nationalised, apoBank was also affected by defaults. For this purpose, the Bank has made appropriate risk provision in the Financial Instruments portfolio.

As a result of the market turmoil, the securities held by apoBank have also been affected by market price changes. From today's point of view, these changes may be regarded as largely temporary. The Bank has considerable reserves to cover further possible market distortions.

The risk provision covers all discernible risks in the lending business. Despite the changes in the health care sector that have already taken place or are expected to take place in the future, we believe that the risk potential of our portfolio will not deteriorate. The risk measurement systems, which have meanwhile been approved by the supervisory authorities and which are subject to permanent further development, secure early information about changes in the Bank's risk situation and allow us to take proactive measures for risk limitation.

Our appropriate risk policy and the well-established management and control systems have proved reliable in a year of extraordinarily difficult market conditions and have guaranteed the Bank's risk-bearing ability at any time.

## Invaluable fund of experience

"Now is the time to take a major step forward in the efficiency of the Bank's core processes. For example, we will place priority on the implementation of the many good ideas from the Loan Specialist team, which is composed of experts from the loan divisions, and the meanwhile operational quality management. Here, it is not only important to provide extensive technical support to our work processes. Over many years, we have accumulated an invaluable fund of experience, which we have to integrate into our standard processes more consistently and in a more structured manner. This knowledge is what sets us apart form our competitors – and we will make even better use of it for the benefit of our customers."

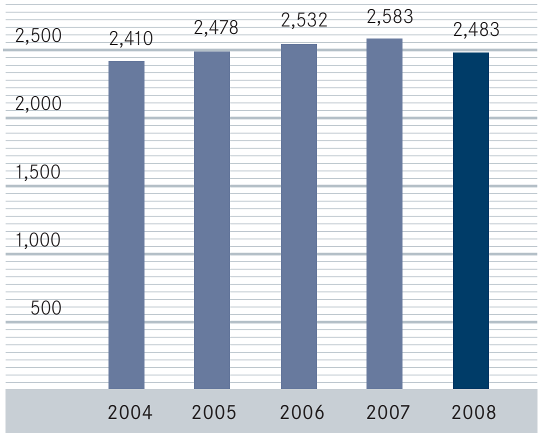
**Günther Herion, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank**

# Equity Capital

## Solid capitalisation

As at the end of the 2008 financial year, apoBank had a solid capitalisation. Core capital benefited from the allocation to general reserves from the balance sheet profit 2007, whereas supplementary capital was reduced according to plan by expiring participating certificate capital and subordinated capital. In view of the Bank's self-financing power and the capital relief effects resulting from Basel II due to the quality of our loan portfolio, we have not expanded our members' capital contributions.

Liable equity capital as at 31 December
(in Euro m)




On balance, the Bank's equity capital as at 31 December 2008 was slightly below the prior-year figure at Euro 2,483 million (31 December 2007: Euro 2,583 million).

## Improved core capital ratio

Since the Solvency Regulation came into force in 2007, the equity backing of credit risks has been determined by the individual creditworthiness of the respective borrower. apoBank is one of the first banks in Germany to have received the approval of the so-called "IRB approach" (IRBA). The approval was already granted on 1 January 2007. After the approval of apoRate, the rating system in the business with private customers and small companies, on 1 January 2007, the Bank also obtained regulatory approval of the IRB basic approach for the Institutions portfolio on 1 January 2008.

Thus, approximately 80 percent of the Bank's total portfolio was already approved for the IRB approach as at the end of the 2008 financial year. Due to the good quality of apoBank's loan portfolios, risk-weighted assets increased only slightly compared to the previous year despite significant balance sheet expansion.

The Bank's capital ratios calculated in accordance with the Solvency Regulation thus amounted to 12.8 percent (equity ratio) and 8.7 percent (core capital ratio) as at 31 December 2008, compared to 13.5 percent and 8.6 percent in the previous year.

## Stable number of members

By the end of 2008, we gained a total of 2,744 new members. Taking account of the members who retired in the same period, the number of members amounted to 100,378 as at 31 December 2008, the same level as in the previous year.

As a result, the Bank disposed of members' capital contributions for remaining members of Euro 795 million as at 31 December 2008. The fact that almost 90 percent of our members hold ten shares at most reflects the broad spread of our shareholder structure. Also in the future, we will offer health professionals the possibility to become co-owners of our Bank by investing in our shares. We are quite aware that the subscription of shares is almost certainly due to the sustainable attractive returns for the members of our Bank. But we assume as well that the acquisition of membership at the same time expresses loyalty and that the lasting confidence on the part of health professionals in the certainty and continuing prosperous development of their professions' own Bank is reflected therein. Therefore, Supervisory Board and Board of Directors will propose to the Annual General Meeting to pay out an unchanged high dividend of 6 percent from the accounting profit of Euro 60 million.

# Supplementary Report

The global financial industry is operating in an extraordinary environment, which is characterised by procyclical valuation, rating and regulation mechanisms. Being part of the financial system, apoBank cannot evade these mechanisms.

At the end of February 2009, rating agency Moody's fundamentally changed its rating method for securitised US residential real estate loans (Alt-A residential mortgage backed securities). The securities of this segment were significantly downgraded on a systematic basis. In apoBank's direct portfolio (including the portfolio of total return swaps), 47 securities with a volume of approximately Euro 1 billion were concerned. Even AAA rated securities were downgraded by more than 15 rating categories. These downgradings took account of the amount of expected losses only in a very undifferentiated way. Even securities where Moody's expects a repayment rate of 95 percent were rated Caa.

Due to the rating orientation of the capital adequacy requirements according to Basel II, these downgradings lead to a regulatory oversubscription in the securitisation portfolio: Securities without non-performance are subject to a full equity deduction, whereas a deduction of only 45 percent is provided for non-performing loans.

The rating and regulation mechanisms are opposed to the fundamental quality of the securities concerned: According to our analysis, the economic efficiency of the Alt-A securities has not changed fundamentally at apoBank. This is also confirmed by the results of current stress tests. Due to the general worsening of the economic situation in the United States, gradual deteriorations can be observed. However, none of the Alt-A securities in apoBank's portfolio have become non-performing so far. Interest is duly paid. Premature redemptions are made as well. Accordingly, there has been no change in the balance-sheet valuation of this sub-portfolio.

Even taking into account this significant additional amount of tied-up capital, apoBank still meets all regulatory capital adequacy requirements. The Bank has taken measures to reduce the additional amount of tied-up capital and to strengthen our capital resources.

# Rating

## Ongoing credit analysis since 1998

Since 1998 and 1999, respectively, apoBank has regularly subjected itself to critical review and credit analysis by the renowned and internationally recognised rating agencies Moody's and Standard & Poor's. These ratings take into account all aspects that are relevant for the creditworthiness of a financial institution. In this context, creditworthiness is understood as the ability to meet future payment obligations, for example deposits or interests, punctually and completely. Thus, ratings provide third parties with information about the financial strength of a company and make it comparable to other market participants, and they are a prerequisite for capital market access.

Besides the existing individual ratings of Moody's and Standard & Poor's, our Bank's creditworthiness has also indirectly received Verbundratings from Standard & Poor's and the third internationally recognised rating agency, FitchRatings. The Verbundrating applies at the same time to all individual institutes which are associated with the cooperative Finanzverbund and which are members of the protection scheme of the Federal Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, BVR), thus also to apoBank.

## Ratings of apoBank remain stable and at a good level

Despite the developments in the money and capital markets resulting from the financial market crisis, apoBank's ratings showed a stable development overall in the 2008 financial year. Subsequent to the regular management meeting in April 2008, rating agency Standard & Poor's updated its rating analysis for apoBank and maintained its "A+/A-1" ratings with a stable outlook. Due to the ongoing turmoil in the capital markets, the ratings were reviewed again in the second half of the year. In the wake of this review, Standard & Poor's downgraded the rating of the dormant participation to "BBB-" in October 2008. apoBank's long and short term ratings were affirmed at "A+/A-1" with a stable outlook.

In February 2008, rating agency Moody's confirmed apoBank's "A2/P-1" rating and rated the outlook “stable”. The Bank’s individual financial strength rating remained unchanged at “C”. The regular management meeting with Moody’s was held in August 2008. Subsequent to this meeting, Moody’s updated its credit opinion on apoBank and left its “A2/P-1” rating with a stable outlook unchanged.

The Verbundrating by FitchRatings for the cooperative Finanzverbund is “A+/F-1” with a stable outlook. Besides FitchRatings, Standard & Poor’s also assigns a rating for the Finanzverbund. In August 2008, Standard & Poor’s assigned a long-term rating of “A+” with a stable outlook. The short-term rating was set at “A-1”.

apoBank’s individual credit ratings by Standard & Poor’s and Moody’s reflect the Bank’s underlying data and its good market position. This is supported by our distinctive market expertise and the business model’s future viability. Moreover, the agencies have rewarded apoBank’s integration in the security systems of the cooperative Finanzverbund and the continued progress of the cooperative banking sector as a whole.

## Standard & Poor’s assigns “AAA” Pfandbrief rating

Apart from the issuer credit ratings, rating agency Standard & Poor’s in April 2008 awarded an “AAA” rating to apoBank’s initial cover pool for the issue of mortgage Pfandbriefe. This excellent rating reflects, among other things, the good quality and high granularity of the cover pool and takes account of the sophisticated lending standards including the risk management system apoRate, which has been examined and approved by the supervisory authorities.

# Outlook

## Differentiated development in 2008

The banking environment is still affected by the turmoil in the financial markets, which has been going on since August 2007, and by the global liquidity and confidence crisis triggered by the US subprime crisis. Aside from this, the last financial year was characterised by persistently high competitive pressure and comprehensive regulatory requirements as well as by changes in the health care market.

Under these conditions, the year 2008 provides a differentiated picture for Deutsche Apotheker- und Ärztebank. Thanks to its balanced business model, the Bank was able to continue the success of previous periods in the operating business. However, risk provisioning for financial instruments increased significantly, but was offset by the good operating results and by a partial reversal of reserves made over the last few years.

## Challenging financial year 2009

Also in 2009, we will pursue our aim of making consistent use of the market opportunities and business potentials of the thriving health care market. The maxim of our business policy in this context is still a balanced return/risk ratio with respect to our strict risk guidelines.

Like the last year, the 2009 financial year will also be characterised by difficult framework conditions. Competitive pressure should increase even further with declining income in the investment business and the resulting return of banks to the traditional retail business. In addition, the financial market crisis and its consequences will put pressure on operating results and profitability, for example in the form of much higher refinancing costs. Against this background, we expect a significant decline in operating profit before risk provisioning for the current financial year. As regards accounting profit, we are planning to reach the level of the previous year in order to be able to pay an unchanged high dividend again.

## apoBank: The bank in the health care sector

As in the past years, we will continue our efforts to perfectly meet the needs of our customers with the same degree of intensity. In times of persistently high competitive pressure and the simultaneous return of many banks to traditional private banking, competent customer service and long-term customer satisfaction remain the backbone of our business philosophy. Our many years of experience in the health care sector and profession-specific expertise help us to provide profound customer service, even against the background of challenging basic conditions.

As a specialist and niche supplier, our Bank has a strong market position in the German health professional sector. However, the continuous reforms in the German health care system lead to structural changes, particularly affecting our core customers, the health professionals in private practice. A growing together of outpatient and inpatient care, but also the establishment of new forms of care structures by more strongly integrating employed medical professionals, are examples of discernible trends. We have recognised the challenges our Bank faces from these changes at an early stage and have adapted our organisation and distribution accordingly – while maintaining the interests of our economically independent core clients. Therefore, we see this process of change in the health care sector as an opportunity to secure our position as market leader.

## Balanced business model as the basis for business success

Despite the difficult framework conditions in public finance, we want to achieve respectable success again in the 2009 financial year. We expect that, by consistently implementing our sales strategy, we will be able to continue our usual quality-oriented growth in the lending business and to generate a significantly higher share of customer funds in the Bank's refinancing. After all, we want to achieve growth on both sides of the balance sheet in the customer business and to make consistent use of the possibilities of cross-selling. Apart from focusing on self-employed academic health professionals, we are planning to increase our market share in the area of employed academic health professionals within the framework of a new target customer strategy. We will steadily continue our active existing customer business ("growing with the customer"). One essential component here is the continuation of our securities and funding strategy. Our aim remains to provide individual services oriented to the stage of life that our clients are in. This is supported by optimising our sales channels and strengthening our sales capabilities, as well as by the introduction of tailor-made product variations.

We will use market changes in the German health care market by providing resources to support the market for innovative medical care structures and companies in the medical professional sector. In the area of institutional clients, we intend to further strengthen our position as a competent partner in asset management, which also includes the integration of our specialised subsidiaries.

In addition, through a strategy process already underway, we will promote the Bank's further development in such a way that it will be able to continuously strengthen its position as "the bank in the health care sector" also in the future. A central element of these measures is the establishment of an improved, sustainably optimised cost structure in order to be able to use resources for strategic investments and to position the Bank in the market as a premium supplier of financial services. In this context, we are planning to optimise the core processes in the areas of payment transactions and lending business, as well as to stop the pace of cost increases of the past years.

## Consolidation strategy with respect to own investments

Apart from an overall increase in refinancing costs, the impact and consequences of the financial crisis will mainly be felt in our own investments. As a result of the adopted consolidation strategy and in view of the restructuring expenses, earnings contributions will discontinue here. Further rating deterioration and negative earnings effects cannot be ruled out. We believe that the measures to increase the sustainability of results and the equity investment within the framework of strategic interest rate risk management will make a higher contribution to earnings in 2009 than in the previous year.

## Adequate risk profile as well as solid capitalisation and liquidity position

The Bank has an adequate risk profile, which is supported by the high granularity of the loan portfolio with constantly low default rates and the conservative handling of interest rate risks. In the wake of the financial crisis, the Financial Instruments portfolio was, of course, affected by market disruptions and the difficult valuation situation.

Even after the reversal of reserves in 2008, the Bank's capitalisation remains adequate. The Bank's liquidity position is comfortable, and it is based on various sources. In order to become more independent of the money and capital markets, the Bank will focus on

increasing customer deposits, the placement of promissory note loans and apoObligationen with our customers as well as publicly refinanced standardised loans. In addition, having obtained the licence to issue Pfandbriefe in 2008, we have achieved a further diversification of our funding sources. This ensures adequate refinancing of the planned business growth, largely independent of unsecured capital market transactions. The major part of refinancing planned for 2009 could already be raised by the end of February.

## Earnings development in 2009

Against the background of the outlined assumptions, we expect an operating result that remains below the level of the previous years, but is still respectable given the general conditions above. The expected earnings will be based on another expansion of the lending business and the deposit business with our customers. As regards the Bank's net commission income, the investment business with private and institutional clients in the 2009 financial year will again, just like last year, be affected by the consequences of the financial market crisis and the uncertainties in the financial markets.

As in the previous years, the cost side will be characterised by the expansion of business as well as by strategic and regulatory driven projects. In the course of the optimisation of our cost structure, however, we are planning to achieve a sustained stop in the current pace of cost increases.

As regards the development of operational risk provisions in our core business, we expect the result to be in line with the previous year's level. In view of the ongoing uncertainties in the financial markets, the risk result of the Financial Instruments portfolio can hardly be predicted today. But the stable core business and existing reserves contribute to apoBank's ability to meet further unexpected charges.

On the basis of the described conditions, we believe that we will be able to reach the goals we have set ourselves for 2009. We expect an accounting profit that will again enable us to pay an unchanged high dividend for 2009 and to make an adequate allocation to reserves.

## Crisis offers enormous opportunities

"We have a solid foundation: 100,000 members who provide our Bank with capital. 300,000 customers who place their trust in us. 2,500 employees who give our Bank a face. Our Bank has a future: We have a clear business strategy. We pursue clearly defined goals. We are the bank in the health care sector. And we operate in an expanding market – the growth market per se. As serious as the situation may be, we have no reason to get worked up about problems that only vaguely reflect reality, discourage us, and prevent us from seeing what needs to be done to avoid such problems in the first place. Therefore, I see the crisis also as an enormous opportunity."

**Günter Preuß, Spokesman of the Board of Directors of Deutsche Apotheker- und Ärztebank**

# Report of the Supervisory Board

In performance of its duties in accordance with the statutes and Articles of Association, the Supervisory Board ensured that it was regularly kept informed in the course of the financial year by the Board of Directors of all significant events at its regular meetings, meetings of the Audit, Credit and Risk Committee, the Economic and Financial Committee as well as the Personnel Committee.

Fundamental matters of business policy in the investment and lending sector and in the other services areas were discussed, as well as the development of results and important individual events. The effects on the Bank of changes in the underlying economic conditions in the medical sector as well as the impact of the international financial market crisis were given special consideration. The transactions presented for approval on the basis of provisions in statutes and in the Articles were discussed in depth.

Moreover, the general economic situation of the health professionals, the promotional measures designed by the Bank in this connection to stabilise the financial base of its clients, the projects and measures within the framework of internal optimisation as well as the strategic orientation of the Bank towards anticipating future developments were the subject-matter of detailed discussions.

The firm of auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, performed the audit of the Annual Financial Statements and of the Management Report for the 2008 financial year on behalf of the Rheinisch-Westfälischer Genossenschaftsverband e. V. According to the unqualified auditor’s opinion, the Annual Financial Statements and the Management Report conform to the law and the Articles. The Supervisory Board has acknowledged the results of the audit with approval.

The Supervisory Board has examined the Annual Financial Statements and Management Report and, after completing its subsequent examination, found them to be correct and approves the proposal of the Board of Directors for the appropriation of profits. The proposal accords with the provisions of the Articles of Association.

The Corporate Governance Code of the Deutsche Apotheker- und Ärztebank was adapted to the new requirements in September of the year under review. The current version of the Code and the mutual declaration of conformity by the Supervisory Board and the Board of Directors are published on the Bank's internet site.

In accordance with Article 24 (8) of the Articles of Association, leaving the Supervisory Board this year are:

Gerhard Reichert, Pharmacist
Dr. med. Andreas Köhler
Dr. med. dent. Wilhelm Osing

Re-election is possible.

Claus Harald Wilsing informed the Supervisory Board on 17 April 2008 that he does not wish to extend his three-year contract with the Board of Directors expiring at the end of the year. Thus, he left the Bank's Board of Directors on 31 December 2008 in order to face new professional challenges. The Supervisory Board and the Board of Directors would like to thank Mr. Wilsing for the trustful cooperation and his personal commitment.

The Supervisory Board appointed three new members to the Bank's Board of Directors to replace leaving Board members: Claus Verfürth and Stefan Mühr were elected to the Board of Directors from within apoBank's own ranks on 1 July 2008 and 1 January 2009, respectively. In addition, the Supervisory Board appointed Herbert Pfennig to the Board of Directors. He joins apoBank on 1 April 2009 and will succeed Günther Preuß as Spokesman of the Board of Directors as from the end of June 2009.

Düsseldorf, March 2009

The Supervisory Board

Dr. med. dent. Wilhelm Osing, Chairman

# Corporate Governance Report

The Supervisory Board and the Board of Directors of Deutsche Apotheker- und Ärztebank early recognised the importance of responsible corporate governance. Although apoBank, as a cooperative, is not subject to the Code, which was developed for listed companies, it has voluntarily adopted the regulations of the Code. In the implementation of the Code, however, the Bank pays attention to the particularities that are associated with its legal form of a cooperative and require special consideration of the legal position and interests of its members.

Since the independent government commission set up by the federal government presented the German Corporate Governance Code for the first time in February 2002, apoBank has published its Corporate Governance Code together with the Declaration of Conformity on the internet. The content is annually adjusted according to the suggestions and recommendations of the government commission. In the Declaration of Conformity, the Bank explains to what extent it has deviated from the recommendations of the government commission and states the essential reasons for this.

apoBank's current Code as well as the Declaration of Conformity are based on the version of the German Corporate Governance Code from 6 June 2008 and are dated 12 September 2008. They are available on the internet site of Deutsche Apotheker- und Ärztebank, www.apobank.de, under "Über uns/ Portrait/Organe und Gremien". There is also an archive where the publications of the past three years can be called up.

The Supervisory Board and the Board of Directors of Deutsche Apotheker- und Ärztebank regard compliance with the German Corporate Governance Code as an appropriate way to give the company's actions an actual and legal order framework. In view of the pursuit of this objective, the Bank also continuously develops its internal guidelines in order to prevent law violations at an early stage and to strengthen the awareness for proper corporate governance inside the company.

# We pay our respects to our departed members

**Dr. rer. nat. Herbert Reber, Pharmacist**

The deceased strongly supported the development of our Bank with his meritorious work on the Supervisory Board from 1975 to 1999. After that, he remained associated with our Bank as a member of the Council of Elders until his death.

**Dr. med. Guido Piepgras**
**Sanitätsrat Dr. med. dent. Werner Röhrig**
**Dr. med. dent. Joachim Schulz-Bongert**
**Dr. med. Wolfgang Stehle**

The deceased were closely associated with our Bank as committee members.
We have lost good friends and esteemed helpers who endeavoured to advance our Bank.

We shall continue to honour them in our thoughts.

# Financial Statements 2008

Balance Sheet

Profit and Loss Account

Notes

| Assets | (Notes) | in € thousand 31.12.2008 | in € thousand previous year |
|---|---|---|---|
| **1. Cash reserves** | | **317,109** | **278,293** |
| a) Cash on hand | | 32,548 | 30,826 |
| b) Cash in central banks | | 284,561 | 247,467 |
| Including: with Deutsche Bundesbank | | (284,561) | (247,467) |
| c) Cash in post office giro accounts | | 0 | 0 |
| **2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks** | | **0** | **0** |
| **3. Loans and advances to banks** | (12, 13) | **4,116,048** | **3,535,203** |
| a) Due on demand | | 2,084,436 | 146,938 |
| b) Others | | 2,031,612 | 3,388,265 |
| **4. Loans and advances to customers** | (24) | **24,554,164** | **22,035,489** |
| Including: to financial services institutions | | (134,949) | (0) |
| Including: secured by mortgage | | (5,185,615) | (4,845,097) |
| Including: municipal loans | | (53,356) | (95,616) |
| **5. Debt securities and other fixed-interest securities** | (14, 15, 16, 18, 21, 24) | **8,562,740** | **7,313,958** |
| a) Money market papers | | 1,162,493 | 1,922,798 |
| aa) of public issuers | | 0 | 0 |
| Including: eligible as collateral with Deutsche Bundesbank | | (0) | (0) |
| ab) of other issuers | | 1,162,493 | 1,922,798 |
| Including: eligible as collateral with Deutsche Bundesbank | | (176,141) | (0) |
| b) Bonds and debt securities | | 7,113,535 | 5,279,158 |
| ba) of public issuers | | 139,525 | 79,187 |
| Including: eligible as collateral with Deutsche Bundesbank | | (139,511) | (79,187) |
| bb) of other issuers | | 6,974,010 | 5,199,971 |
| Including: eligible as collateral with Deutsche Bundesbank | | (5,130,131) | (3,546,009) |
| c) Own debt securities | | 286,712 | 112,002 |
| Nominal amount | | (283,921) | (110,433) |
| **6. Shares and other non-fixed-interest securities** | (15, 16, 17, 18, 21, 24) | **1,893,362** | **2,202,559** |
| **7. Participating interests and capital shares in cooperatives** | (15, 19, 21) | **111,482** | **77,934** |
| a) Participating interests | | 110,823 | 77,297 |
| Including: in banks | | (92,754) | (72,025) |
| Including: in financial services institutions | | (16,763) | (0) |
| b) Capital shares in cooperatives | | 659 | 637 |
| Including: in cooperative banks | | (0) | (0) |
| in financial services institutions | | (0) | (0) |
| **8. Shares in affiliated companies** | (15, 19, 21) | **131,818** | **131,852** |
| Including: in banks | | (0) | (0) |
| Including: in financial services institutions | | (53,016) | (53,016) |
| **9. Trust assets** | (20) | **2,753** | **2,759** |
| Including: loans for third-party accounts | | (15) | (21) |
| **10. Compensation claims against the public sector, including debt securities from their exchange** | | **0** | **0** |
| **11. Intangible assets** | (21) | **25,304** | **18,801** |
| **12. Tangible assets** | (21) | **223,074** | **222,254** |
| **13. Other assets** | (22) | **1,139,655** | **1,136,778** |
| **14. Prepayments and accrued income** | (23) | **143,101** | **113,969** |
| **Total assets** | | **41,220,610** | **37,069,849** |

| Liabilities | (Notes) | in € thousand 31.12.2008 | in € thousand previous year |
|---|---|---|---|
| **1. Liabilities to banks** | (27, 32) | **11,535,271** | **8,978,084** |
| a) Due on demand | | 1,200,883 | 1,286,850 |
| b) With agreed term or period of notice | | 10,334,388 | 7,691,234 |
| **2. Liabilities to customers** | | **15,800,645** | **14,567,279** |
| a) Savings deposits | | 80,662 | 117,921 |
| aa) With agreed period of notice of three months | | 64,113 | 91,375 |
| ab) With agreed period of notice of more than three months | | 16,549 | 26,546 |
| b) Other liabilities | | 15,719,983 | 14,449,358 |
| ba) Due on demand | | 7,438.399 | 7,351,907 |
| Including: to financial services institutions | | (33) | (0) |
| bb) With agreed term or period of notice | | 8,281,584 | 7,097,451 |
| **3. Certificated liabilities** | (27, 32) | **10,960,301** | **10,454,797** |
| a) Debt securities issued | | 10,960,301 | 10,454,797 |
| b) Other certificated liabilities | | 0 | 0 |
| Including: money market papers | | (0) | (0) |
| own acceptances and promissory notes outstanding | | (0) | (0) |
| **4. Trust liabilities** | (28) | **2,753** | **2,759** |
| Including: loans for third-party accounts | | (15) | (21) |
| **5. Other liabilities** | (29) | **392,400** | **489,071** |
| **6. Accruals and deferred income** | (30) | **60,702** | **71,103** |
| **7. Provisions** | | **157,530** | **145,547** |
| a) Provisions for pensions and similar obligations | | 121,321 | 114,571 |
| b) Tax provisions | | 5,946 | 4,376 |
| c) Other provisions | | 30,263 | 26,600 |
| **8. Special items with a reserve element** | | **0** | **0** |
| **9. Subordinated liabilities** | (31, 32) | **201,551** | **219,988** |
| **10. Participating certificate capital** | | **260,565** | **286,129** |
| Including: due within two years | | **(50,565)** | **(51,129)** |
| **11. Fund for general banking risks** | | **126,000** | **146,000** |
| **12. Equity capital** | (33) | **1,722,892** | **1,709,092** |
| a) Subscribed capital | | 952,748 | 950,651 |
| b) Capital reserves | | 0 | 0 |
| c) Revenue reserves | | 710,500 | 645,000 |
| ca) Legal reserves | | 355,250 | 322,500 |
| cb) Other revenue reserves | | 355,250 | 322,500 |
| d) Net earnings | | 59,644 | 113,441 |
| **Total liabilities** | | **41,220,610** | **37,069,849** |

| | | | |
|---|---|---|---|
| **1. Contingent liabilities** | (34) | **2,720,132** | **3,170,103** |
| a) Contingent liabilities from rediscounted, settled bills | | 0 | 0 |
| b) Liabilities from guarantee and indemnity agreements | | 2,720,132 | 3,170,103 |
| c) Collateral furnished for third-party liabilities | | 0 | 0 |
| **2. Other obligations** | | **2,725,648** | **2,589,608** |
| a) Obligations under optional repurchasing agreements | | 0 | 0 |
| b) Placement and underwriting obligations | | 0 | 0 |
| c) Irrevocable loan commitments | | 2,725,648 | 2,589,608 |

## Profit and Loss Account

for the period 1 January 2008 to 31 December 2008

| | | (Notes) | in € thousand 2008 | in € thousand previous year |
|---|---|---|---|---|
| 1. | **Interest income from** | | **2,106,829** | **1,759,779** |
| | a) Lending and money market transactions | | 1,715,261 | 1,469,180 |
| | b) Fixed-interest securities and debt register claims | | 391,568 | 290,599 |
| 2. | **Interest expenses** | | **-1,645,703** | **-1,352,917** |
| 3. | **Current income from** | | **109,383** | **99,732** |
| | a) Shares and other non-fixed-interest securities | | 92,589 | 82,655 |
| | b) Participating interests and capital share in cooperatives | | 5,108 | 3,291 |
| | c) Shares in affiliated companies | | 11,686 | 13,786 |
| 4. | **Income from profit pooling, profit transfer agreements or partial profit transfer agreements** | | **0** | **750** |
| 5. | **Commission income** | | **205,688** | **243,906** |
| 6. | **Commission expenses** | | **-69,506** | **-72,639** |
| 7. | **Net income from financial transactions** | | **6,514** | **12,976** |
| 8. | **Other operating income** | (39) | **12,357** | **12,040** |
| 9. | **General administrative costs** | | **-371,557** | **-357,253** |
| | a) Personnel expenses | | -183,055 | -170,939 |
| | aa) Wages and salaries | | -156,705 | -147,925 |
| | ab) Social security contributions and expenses for pensions and benefits | | -26,350 | -23,014 |
| | Including: for pensions | | (-4,455) | (-2,180) |
| | b) Other administrative costs | | -188,502 | -186,314 |
| 10. | **Depreciation and value adjustments in respect of intangible and tangible assets** | | **-24,782** | **-20,997** |
| 11. | **Other operating expenses** | (39) | **-12,704** | **-11,371** |
| 12. | **Write-offs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks** | | **-124,836** | **-120,835** |
| 13. | **Write-offs and value adjustments in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets** | | **-139,137** | **-65,945** |
| 14. | **Expenses from the absorption of losses** | | **-590** | **0** |
| 15. | **Profit on ordinary activities** | | **51,956** | **127,226** |
| 16. | **Taxes on income** | (40) | **-8,732** | **-14,073** |
| 17. | **Other taxes not indicated in item 12** | | **-3,613** | **269** |
| 18. | **Withdrawals from the fund for general banking risks** | | **20,000** | **0** |
| 19. | **Distributable profit** | | **59,611** | **113,422** |
| 20. | **Profit carried forward from the previous year** | | **33** | **19** |
| 21. | **Net earnings** | (41) | **59,644** | **113,441** |

## A. General Information

### 1. Framework for the preparation of the financial statements

The financial statements of Deutsche Apotheker- und Ärztebank eG (apoBank), Düsseldorf, as at 31 December 2008 were prepared according to the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the Accounting Ordinance for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV). At the same time, the financial statements meet the requirements of the Cooperative Societies Act (Genossenschaftsgesetz, GenG) and of the articles of association of apoBank.

In accordance with § 244 of the German Commercial Code, the financial statements are drawn up in the German language and in euro. Advantage has been taken of the option to provide information through the notes rather than the balance sheet.

### 2. Structural changes in the notes to the financial statements

Compared with the presentation in the previous year, we have made changes in individual items in the presentation of the notes to the financial statements as of 31 December 2008. These changes lead to a new composition of the notes. With the structural adjustment of the notes, we have grouped the existing information more clearly. In addition, we have included information that we believe gives the reader of our financial statements an even better insight into the net worth, financial position and profit situation.

We have made the following structural changes:

1. Introduction of breakdowns in the form of
   a) Reference numbers in the balance sheet and in the profit and loss account
   b) Headlines for the individual notes

2. Restructuring of all existing notes

We have included the following new information:

1. Framework for the preparation of the financial statements

2. Description of the accounting, valuation and translation methods for
   a) Intangible assets
   b) Derivative financial instruments

3. Notes to balance sheet items
   a) Extended notes to the securities portfolio with regard to its purpose
   b) Extended notes to trust transactions by introducing a new breakdown by balance sheet positions

4. Notes to profit and loss account items
   a) Breakdown of other operating income

## B. Accounting, Valutation and Translation Methods

Deviating from the previous year, the Bank used a discounted cash flow method for securities and derivatives (in the following shortly referred to as DCF method) in the case of illiquid markets. The method for the valuation of bond holdings, which is generally based on the discounting of the expected cash flows of the instruments (Discounted – Cash – Flow), was further developed. The reliability and appropriateness of the valuation references which are available in the current – partly troubled – market environment are increasingly taken into account in the determination of the discount rate.

For the first time, securities in foreign currency which are allocated to fixed assets were hedged by short-term FX swaps in the year under review and thus form a separate item. The foreign currency securities were valued at historical FX rates at the balance sheet date. The foreign exchange result shown in the profit and loss account was neutralised by the results from the hedging measures as well as by the realised swap result.

In preparing the balance sheet and profit and loss account, the following accounting and valuation methods were used:

### 3. Loans and advances and risk provisioning

Loans and advances to banks and customers were carried at nominal value or acquisition cost, with the difference between the higher nominal value and the amount disbursed being posted to accruals and deferred income. Identifiable credit risks arising in loans and advances to customers are covered by individual value adjustments. A global value adjustment was carried out in respect of latent credit risks with consideration given to tax guidelines.

### 4. Securities

Current asset securities were valued according to the strict lower of cost or market principle, while fixed asset securities were valued according to the diluted lower of cost or market principle.

We calculated the acquisition costs for securities of the same type using the averaging method.

Securities procured in connection with interest rate swaps were combined with these into one valuation unit and subjected to compensatory valuation. Securities with a nominal volume of € 1.6 billion on the balance sheet date were hedged by asset swaps. Write-offs were made at the balance sheet date for uncompensated diminutions in value in these valuation units.

Except for the financial instruments in illiquid markets, the presentation of the balance sheet and profit and loss account items as well as the accounting, valuation and translation methods used by us were not changed compared with the previous financial year.

Tailor-made CDO structures are structured products within the meaning of IDW RS HFA 22. CDOs that have been acquired since 2006 were split into an interest-bearing security and a protection seller position of a credit default swap. In the case of long-term diminutions in the value of balance sheet components, provisions for contingent losses are set up or write-offs are made. For the tailor-made CDO structures, the attributable value at the balance sheet date is calculated using a valuation model on the basis of the correlations and the credit spreads of the reference assets. Deviating from the previous year, the credit spreads were also calculated on the basis of the DCF method.

Products with a capital guarantee which are allocated to fixed assets and which were reported in the balance sheet as one product at the time of the publication of IDW RS HFA 22 were not split. There is a contractually agreed absolute capital guarantee by the issuers, which guarantees the capital employed at the maturity date. The attributable value of the capital-guaranteed products corresponds to the indicative quotations of the issuers at the balance sheet date.

The attributable values of the shares in the LAAM funds are based on the attributable values of the reference securities determined by the DCF method.

The attributable values of the ABS, tailor-made CDO structures and products with capital guarantee correspond to their respective fair values in accordance with § 285 sentences 3 to 5 of the German Commercial Code (HGB).

### 5. Participating interests and shares in affiliated undertakings

Participating interests and capital shares in cooperatives and shares in affiliated undertakings were reported at cost of acquisition or the lower attributable value.

### 6. Fixed assets/tangible assets

Tangible assets were carried at cost of acquisition less scheduled depreciation.

Depreciation for buildings was made on a straight-line basis throughout the useful life or using declining-balance rates; movable assets were depreciated on a straight-line basis throughout the useful life. Economic goods for the purpose of § 6 (2) Income Tax Act (EStG) were completely written off. Economic goods for the purpose of § 6 (2a) Income Tax Act (EStG) were written off over a period of 5 years.

### 7. Fixed assets/intangible assets

Intangible assets are valued at cost of acquisition and depreciated on a straight-line basis according to plan. The underlying useful life is between 3 and 5 years.

### 8. Liabilities

All liabilities were carried as a matter of principle at their repayment amounts. Differences between the lower issue price and the repayment amount of liabilities were reported under deferred items and written back on an accrual basis. Discounted debt certificates were discounted with the issuing yield.

### 9. Provisions

The provisions for pension liabilities were made at their actuarial present value using the actuarial tables “Richttafeln 2005” (Heubeck) and on the basis of an interest rate of 4.5 %.

The provisions for part-time retirement, anniversary payments and deferred compensation were also made on the basis of an interest rate of 4.5 %. In the year under review, the Bank recorded the releases and allocations in the balance sheet items “Provisions for pensions and similar obligations” as a net item under “Personnel expenses”.

Adequate provisions were also made for other uncertain liabilities.

### 10. Derivative financial instruments

Derivative financial instruments are, as a matter of principle, valued individually in accordance with the general valuation provisions of commercial law (§§ 252 ff German Commercial Code) and taking account of the realisation and imparity principle, unless valuation units are made to an acceptable extent in order to hedge balance sheet items and trading items.

Since 2007, CDS have been recorded as contingent liabilities at their nominal value according to the principles for the non-trading portfolio pursuant to IDW RS BFA 1, and are shown in the balance sheet under the item “Liabilities from guarantees and indemnity agreements”.

Provisions for contingent losses are set up if there is the threat of serious claims. Such claims did not exist at the balance sheet date.

### 11. Currency translation

Items based on amounts in foreign currency or which were originally based on foreign currency were translated to EURO as follows:

Fixed assets were valued at historical costs. Foreign currency receivables and liabilities and cash transactions not completed by the balance sheet date were translated at the spot rate in accordance with § 340h (1) of the German Commercial Code (HGB).

Foreign currency liabilities secured by cross-currency swaps were combined into one valuation unit and valued at the historical hedge rate. This means a change in valuation compared with the previous year, but it has no influences on the net worth, financial position and profit situation.

# C. Notes to the Balance Sheet

## Notes to Assets

### 12. Breakdown of loans and advances by residual term

The receivables shown in the balance sheet have the following maturities:
(previous year's figures in brackets)

| | Accrued interest € thousand | up to three months € thousand | more than three months to one year € thousand | more than one year to five years € thousand | more than five years € thousand |
|---|---|---|---|---|---|
| Other loans and advances to banks (A 3b) | 550,433 | 368,089 | 750,000 | 38,089 | 325,000 |
| (excluding building society deposits) | (634,805) | (1,313,463) | (775,000) | (337,500) | (327,496) |
| Loans and advances to customers (A 4) | 27,619 | 1,009,910 | 1,030,977 | 6,092,556 | 14,235,404 |
| | (5,826) | (523,108) | (890,629) | (5,285,886) | (13,210,114) |

Loans and advances to banks include € 101,939 thousand of receivables from the relevant cooperative banks (Westdeutsche Genossenschafts-Zentralbank AG).

The loans and advances to customers (A4) include € 2,157,698 thousand (previous year: € 2,119,924 thousand) of loans and advances with unspecified maturities.

### 13. Notes to affiliated undertakings and associated companies

Loans and advances include the following amounts, which are also loans and advances to affiliated undertakings or associated companies:

| | Receivables from affiliated undertakings | | Receivables from associated companies | |
|---|---|---|---|---|
| | Financial year € thousand | Previous year € thousand | Financial year € thousand | Previous year € thousand |
| Loans and advances to banks (A 3) | 0 | 0 | 437,019 | 224,831 |
| Loans and advances to customers (A 4) | 25,788 | 18,786 | 225,700 | 226,498 |
| Debt securities and other fixed-interest securities (A 5) | 0 | 0 | 50,027 | 0 |

### 14. Debt securities and other fixed-interest securities

Of the debt securities and other fixed-interest securities (A5) stated in the balance sheet, € 1,590,508 thousand (previous year: € 2,436,383 thousand) will mature during the financial year following the balance sheet date.

## 15. Notes to negotiable, quoted and unquoted securities as well as to negotiable securities not valued at the lower of cost or market

The following items include:
(previous year's figures in brackets)

| | negotiable € thousand | quoted € thousand | unquoted € thousand | negotiable securities not valued at the lower of cost or market € thousand |
|---|---|---|---|---|
| Debt securities and other fixed-interest securities (A 5) | 8,562,740 (7,313,957) | 7,003,739 (5,229,371) | 1,559,001 (2,084,586) | 4,660,929 (1,101,298) |
| Shares and other non-fixed-interest securities (A 6) | 1,310,286 (1,314,836) | 6,338 (9,655) | 1,303,948 (1,305,181) | 745 (745) |
| Participating interests and shares in cooperatives (A 7) | 115 (115) | 2 (2) | 113 (113) | |
| Shares in affiliated undertakings (A 8) | 0 (0) | 0 (0) | 0 (0) | |

In inventory accounting, negotiable securities not valued at the lower of cost or market are held in separate portfolios or correspondingly identified.

## 16. Securities portfolio by purpose

The securities portfolio is divided by purpose into the following categories:

| Debt securities and other fixed-interest securities | 31.12.2008 € thousand | 31.12.2007 € thousand |
|---|---|---|
| - Fixed assets | 4,697,367 | 1,454,466 |
| - Trading portfolio | 286,712 | 112,002 |
| - Liquidity reserve | 3,578,661 | 5,747,490 |
| **Total** | **8,562,740** | **7,313,958** |

| Shares and other non-fixed-interest securities | 31.12.2008 € thousand | 31.12.2007 € thousand |
|---|---|---|
| - Fixed assets | 476,152 | 72,272 |
| - Trading portfolio | 617 | 504 |
| - Liquidity reserve | 1,416,593 | 2,129,783 |
| **Total** | **1,893,362** | **2,202,559** |

## 17. Notes to shares in special investment funds

Currently, apoBank holds investments in four Leveraged Accrual Asset Management funds ("LAAM-Fonds"). The LAAM funds are designed as legally separate sub-trusts (funds) of two independent mastertrust platforms. The sub-trusts, which are supported by AC Capital as the investment manager, invest in ABS bonds or, in the case of LAAM XII, in Landesbank papers with public guarantee. The size of the portfolios is limited by the investment guidelines of the investor. The fund valuations are carried out by an independent administrator.

Owing to the financial crisis, apoBank together with AC Capital restructured the fund investments. On this point, we refer to the remarks in the risk report section of the management report.

The investment amounts to:

| Special funds | Mastertrust platform | Investment manager | underlying asset class | invested amount on 31.12.2008 |
|---|---|---|---|---|
| LAAM III | Panacea Trust | AC Capital Partners Ltd. | ABS/MBS | € 137 m |
| LAAM VIII | Panacea Trust | AC Capital Partners Ltd. | ABS/MBS | € 75 m |
| LAAM XII | Pivot Trust | AC Capital Partners Ltd. | Landesbank bonds with public guarantee | € 100 m |
| LAAM XXI | Panacea Trust | AC Capital Partners Ltd. | ABS/MBS | € 326 m |
| **Total investment** | | | | **€ 638 m** |

The special fund LAAM XII was dissolved on 06.02.2009, and the underlying securities were transferred to the Bank's own portfolio.

In addition, within the framework of the restructuring of the LAAM III fund, the Bank is obliged to provide fresh funds in the form of a loan to the fund, dependent on the performance of the investments included in the fund.

AC Capital acts exclusively as the asset manager and thus holds no own portfolio of shares and structured financing products. Neither apoBank nor AC Capital have provided any liquidity lines.

## 18. Notes to securities of the portfolio treated as fixed assets

| Securities of the portfolio treated as fixed assets | Book value as of 31.12.2008 | Attributable value as of 31.12.2008 | Omitted depreciation |
|---|---|---|---|
| ABS | € 2,622.3 m | € 2,480.9 m | € 141.4 m |
| Tailor-made CDO | € 200.0 m | € 160.7 m | € 39.3 m |
| Capital-guaranteed products | € 504.8 m | € 458.0 m | € 46.8 m |
| LAAM fund | € 449.4 m | € 330.4 m | € 119.0 m |
| Other securities in fixed assets | € 847.3 m | € 818.0 m | € 29.3 m |
| **Total** | **€ 4,623.8 m** | **€ 4,248.0 m** | **€ 375.8 m** |

Within the framework of our analysis whether there could be long-term diminutions in value of the ABS of the direct portfolio, the ABS of the LAAM reference portfolios, we identified individual securities on the basis of fixed applicability criteria (e.g. change in payment delay rates, amount and cover of losses incurred, securitised types of risk, amount of price losses), and investigated on the basis of a look-through approach regarding the underlying risk assets whether the credit enhancement can cover already incurred and future expected losses. We conducted a credit analysis of the securities for which we identified an applicability criterion. This analysis came to the result that the respective existing credit enhancement can compensate for expected future losses.

The diminutions in value of the tailor-made CDO structures are so far exclusively attributable to the spread increases of the reference assets, and are viewed as only temporary under consideration of our future loss expectations. The rating-based future expected defaults in the reference portfolios, which were determined on the basis of scenario analyses, are covered by the respective existing credit enhancement. Owing to our buy-and-hold strategy, we assume full amortisation of our investments at the end of maturity.

As regards capital-guaranteed products, we assume, because of our yield expectations, that the diminutions in value are also only temporary. With the help of scenario analyses and under consideration of current distributions, we determined whether the invested capital is recovered within a reasonable period of time.

## 19. List of holdings

The cooperative bank holds capital shares amounting to at least 20 % in other companies:

| Company | Share in company capital | Company's equity capital | | Result of the past financial year | |
|---|---|---|---|---|---|
| | % | year | € thousand | year | € thousand |
| AC Capital Partners Limited, Dublin (Ireland) | 51 | 2008 | 11,107 | 2008 | 8,556 |
| Apo Asset Management GmbH, Düsseldorf | 70 | 2008 | 4,663 | 2008 | 2,736 |
| APO Beteiligungs-Holding GmbH, Düsseldorf | 100 | 2008 | 36,564 | 2008 | 0 (-590**) |
| APO Consult GmbH, Düsseldorf* | 76 | 2008 | 51 | 2008 | 0 (-1**) |
| APO Data-Service GmbH, Düsseldorf* | 49 | 2008 | 2,828 | 2008 | 110 |
| APO Leasing GmbH, Düsseldorf* | 100 | 2008 | 94 | 2008 | 0 (3**) |
| APO Reiseservice GmbH, Düsseldorf* | 100 | 2008 | 0 | 2008 | 0 (0**) |
| APO Vermietungsgesellschaft mbH, Düsseldorf* | 100 | 2008 | 47 | 2008 | 4 |
| APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf* | 5 | 2008 | 50 | 2008 | -543 |
| apokom GmbH, Düsseldorf* | 100 | 2008 | 75 | 2008 | 0 (-34**) |
| Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin* | 26 | 2008 | 165 | 2008 | 0 |
| medisign GmbH, Düsseldorf* | 50 | 2008 | 305 | 2008 | -94 |
| APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf | 57 | 2008 | 8,596 | 2008 | 1,467 |
| aik Management GmbH, Düsseldorf* | 100 | 2008 | 35 | 2008 | 10 |
| APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf | 95 | 2008 | 50 | 2008 | -543 |
| ARZ Rechenzentrum nordrhein-westfälischer Apotheken AG, Haan | 20 | 2007 | 16,942 | 2007 | 1,495 |
| CP Capital Partners AG, Zurich | 24 | 2008 | 145 | 2008 | 10 |

| Company | Share in company capital | Company's equity capital | | Result of the past financial year | |
|---|---|---|---|---|---|
| | % | year | € thousand | year | € thousand |
| Deutsche Apotheker- u. Ärztebank (Ireland) Investment Company, Dublin (Ireland) | 100 | 2008 | 27,722 | 2008 | 1,321 |
| DGN Deutsches Gesundheitsnetz GmbH, Düsseldorf | 100 | 2008 | 1,422 | 2008 | -2,189 |
| MD Verlag- und Werbegesellschaft mbH i.L., Berlin* | 100 | 2007 | 0 | 2007 | -2 |
| Finanz-Service GmbH der APO-Bank, Düsseldorf | 50 | 2008 | 1,683 | 2008 | 424 |
| IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster | 26 | 2008 | 136 | 2008 | 14 |
| Prof. Bicanski und Coll. IWP Beratungsgesellschaft mbH, Münster | 26 | 2008 | 173 | 2008 | -3 |
| Profi Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich | 24 | 2008 | 609 | 2008 | 213 |
| Treuhand Hannover GmbH, Hanover | 26 | 2007 | 22,030 | 2007 | 1,373 |
| ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf | 50 | 2008 | 2,625 | 2008 | 441 |

* indirect participations
** before profit transfer or loss absorption

Participating interests in major stock corporations with more than 5% of voting rights existed as follows:
Treuhand Hannover GmbH, Steuerberatungsgesellschaft

## 20. Trust transactions

The trust transactions shown in the balance sheet are loans for third party accounts totalling € 15 thousand and contributions held in trust totalling € 2,738 thousand.

Trust assets are subdivided by the following balance sheet items:

| | 31.12.2008 | 31.12.2007 |
|---|---|---|
| | € thousand | € thousand |
| Loans and advances to banks | 15 | 21 |
| Participating interests | 2,738 | 2,738 |
| **Total** | **2,753** | **2,759** |

## 21. Statement of fixed assets

Asset item 12 (tangible assets) includes:

| | € thousand |
|---|---|
| - Land and buildings in the course of own business | 181,852 |
| - Office furniture and equipment | 36,204 |

## Statement of fixed assets

| | Acquisition/ production costs | Additions | Write-ups | Transfers ( + / – ) | a) Disposals b) Subsidies | |
|---|---|---|---|---|---|---|
| | | of the Financial Year | | | | |
| | € thousand | € thousand | € thousand | € thousand | € thousand | € thousand |
| Intangible assets | 38,805 | 14,214 | 0 | 0 | a) 0 b) 0 | 53,019 |
| Tangible assets: | | | | | | |
| a) Land and buildings | 273,656 | 8,983 | 0 | - 43 | a) 0 b) 0 | 282,596 |
| b) Office furniture and equipment | 92,646 | 9,124 | 0 | 43 | a) -216 b) 0 | 101,597 |
| | **405,107** | **32,321** | **0** | **0** | **-216** | **437,212** |

| | carried forward | Depreciation (cumulative) | Book value on balance sheet date | Depreciation in financial year |
|---|---|---|---|---|
| | € thousand | € thousand | € thousand | € thousand |
| Intangible assets | 53,019 | -27,715 | 25,304 | -7,711 |
| Fixed assets: | | | | |
| a) Land and buildings | 282,596 | -95,725 | 186,871 | -7,531 |
| b) Office furniture and equipment | 101,597 | -65,394 | 36,203 | -9,540 |
| **a.** | **437,212** | **-188,834** | **248,378** | **-24,782** |

| | Book values at the beginning of the financial year | Changes (netted) | Book values on balance sheet date |
|---|---|---|---|
| | € thousand | € thousand | € thousand |
| Long-term securities | 1,776,563 | 3,984,908 | 5,761,471 |
| Participating interests and capital shares in cooperatives | 77,934 | 33,548 | 111,482 |
| Shares in affiliated companies | 131,852 | -34 | 131,818 |
| **b.** | **1,986,349** | **4,018,422** | **6,004,771** |
| **Total of a and b** | **2,391,456** | | **6,253,149** |

## 22. Other assets

The “Other assets” item includes the following larger amounts:

| | € thousand |
|---|---|
| Capitalised premiums from options | 819,286 |
| Tax receivables | 208,836 |
| Including: corporation tax credit pursuant to § 37 (5) Corporation Tax Act (Körperschaftssteuergesetz, KStG) | 63,401 |
| Offsetting item from foreign currency valuation | 46,910 |

## 23. Prepayments and accrued income

Prepayment and accrued income include discount amounts from assumed liabilities of € 49,228 thousand as well as premiums for swaptions exercised of € 90,161 thousand.

## 24. Subordinated assets

Subordinated assets are included in the items “Loans and advances to customers” (€ 10,532 thousand), “Debt securities and other fixed-interest securities” (€ 54,917 thousand) as well as “Shares and other non-fixed-interest securities” (€ 560 thousand) with a total of € 66,009 thousand (previous year: € 9,070 thousand).

## 25. Repurchase agreements

Real repurchase agreements did not exist at the balance sheet date.

## 26. Foreign currency items

Assets include foreign currency items with a value of € 664,575 thousand.

## Notes to Liabilities

### 27. Breakdown of liabilities by residual term

The liabilities shown in the balance sheet have the following maturities:
(previous year's figures in brackets)

| | Deferred interest<br>€ thousand | up to three months<br>€ thousand | more than three months to one year<br>€ thousand | more than one year to five years<br>€ thousand | more than five years<br>€ thousand |
|---|---|---|---|---|---|
| Liabilities due to banks with agreed term or period of notice (L 1b) | 345,793<br>(349,179) | 3,459,023<br>(2,028,765) | 987,456<br>(607,415) | 2,135,446<br>(1,783,773) | 3,406,670<br>(2,922,102) |
| Savings deposits with agreed period of notice of more than three months (L 2ab) | 0<br>(0) | 1,741<br>(97,681) | 2,293<br>(6,234) | 12,050<br>(13,294) | 466<br>(711) |
| Other liabilities to customers with agreed term or period of notice (L 2bb) | 114,937<br>(76,519) | 3,531,009<br>(3,480,365) | 499,983<br>(345,203) | 790,701<br>(679,703) | 3,344,954<br>(2,515,661) |
| Other certificated liabilities (L 3b) | 0<br>(0) | 0<br>(0) | 0<br>(0) | 0<br>(0) | 0<br>(0) |

Liabilities to banks include € 154,396 thousand of liabilities to the relevant central cooperative bank (Westdeutsche Genossenschafts-Zentralbank AG).

The following liabilities are secured by transfer of assets:

| | € thousand |
|---|---|
| Liabilities due to banks | 4,345,343 |

These liabilities are mainly publicly funded loans. Irrespective of an assigned liability, we deposited cash collaterals of € 284.2 million within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of € 186.0 million were pledged as collateral for margin obligations at futures and options exchanges and to secure payment obligations from securities transactions.

Of the debt securities issued (L 3a), € 4,313,308 thousand (previous year: € 3,644,720 thousand) will mature in the financial year following the balance sheet date.

### 28. Trust liabilities

Trust liabilities are subdivided by the following balance sheet items:

| | 31.12.2008<br>€ thousand | 31.12.2007<br>€ thousand |
|---|---|---|
| Liabilities to banks | 15 | 21 |
| Participating interests | 2,738 | 2,738 |
| **Total** | **2,753** | **2,759** |

## 29. Other liabilities

| | € thousand |
|---|---|
| Premiums from options and caps carried as liabilities | 275,123 |
| Capital gain from sale of ABS papers w/LAAM III shown as a liability | 33,293 |
| Interest, participating certificates and contributions of silent partners | 20,273 |

## 30. Accruals and deferred income

Accruals and deferred income (L 6) include discounts deducted on the payment of receivables totalling € 47,172 thousand.

## 31. Subordinated liabilities

Details of liability item 9 (subordinated liabilities):

Expenses of € 10,704 thousand were incurred in the financial year.
There is no obligation to make premature repayment.

Subordination has been arranged as follows:
In the event of the insolvency or liquidation of the Bank, the liabilities are repayable only after all higher-ranking creditors have been satisfied.
These liabilities have maturities of 10 and 25 years.

Subordinated liabilities carry the following rates of interest:
- Subordinated bearer bonds with a variable rate of six-month Euribor plus 1 % as well as fixed interest rates of 5.0 % to 5.3 %.
- Subordinated note loans with fixed interest rates of 4.80 % to 6.69 %.

At the balance sheet date, there existed three subordinated liabilities (€ 20.8 million, € 25.3 million and € 26.9 million) that each exceed 10 % of the balance sheet item.

## 32. Liabilities due from affiliated undertakings or associated companies

The following liabilities include the following amounts that are also liabilities due from affiliated undertakings or associated companies:

| | Liabilities to affiliated companies | | Liabilities to associated companies | |
|---|---|---|---|---|
| | Financial year € thousand | Previous year € thousand | Financial year € thousand | Previous year € thousand |
| Liabilities to banks (L 1) | 0 | 0 | 588,308 | 611,835 |
| Liabilities to customers (L 2) | 28,719 | 18,919 | 36,449 | 52,868 |
| Certificated liabilities (L 3) | 0 | 67 | 659 | 353 |

## 33. Equity capital

The members' capital contributions shown under "Subscribed capital" of liability item 12a are subdivided as follows:

| | € thousand |
|---|---|
| Contributions of silent partners | 150,000 |
| Members' capital contributions | |
| a) of remaining members | 795,025 |
| b) departing members | 7,188 |
| c) of terminated capital shares | 535 |
| Compulsory contributions due on shares in arrears | 26 |

The revenue reserves (L 12) developed as follows in the course of the financial year:

| | Legal reserves € thousand | Other revenue reserves € thousand |
|---|---|---|
| Status as of 1 January 2008 | 322,500 | 322,500 |
| Transfers | | |
| - from the accounting profit of the previous year | 32,750 | 32,750 |
| - from the distributable profit of the financial year | 0 | 0 |
| Withdrawals | 0 | 0 |
| | 0 | 0 |
| Status as of 31 December 2008 | **355,250** | **355,250** |

In accordance with § 10 (2b) sentence 1 No. 7 of the Banking Act (KWG), no realised reserves were assigned to liable equity capital as per 31 December 2008.

## 34. Letter of comfort

Deutsche Apotheker- und Ärztebank eG, Düsseldorf, has issued the following letter of comfort to Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin: Deutsche Apotheker- und Ärztebank eG undertakes without any restriction and irrevocably to ensure that Deutsche Apotheker- und Ärztebank (Ireland) Investment Company is managed and financially supported in such a manner that it is at all times in a position to timely perform all of its obligations entered into in connection with the investment of Deutsche Apotheker- und Ärztebank eG in Deutsche Apotheker- und Ärztebank (Ireland) Investment Company. The extent to which collateral is provided depends on the percentage of shares owned by Deutsche Apotheker- und Ärztebank eG at the time when the obligations were entered into.

Apart from the equity investment (€ 28 million), Deutsche Apotheker- und Ärztebank (Ireland) Investment Company currently has no active business operations.

## 35. Foreign currency items

Liabilities include foreign currency items with an equivalent value of € 466,609 thousand and off-balance sheet contingent liabilities and other obligations with an equivalent value of € 1,185,114 thousand.

## Derivative Financial Instruments

### 36. Notes to forward transactions

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market price risk arising from open items, and in the event of counterparty default, also from closed items, amounted to € 58,718 million (previous year: € 68,076 million) as of 31 December 2008. Included therein are the following types of transactions:

Interest rate swaps
Interest rate/currency swaps
Currency swaps
Total return swap
Caps/floor
Swap options
CDS
Forward exchange transactions
Forward securities transactions
Index transactions
Interest rate futures
Forward rate agreement

These forward transactions, which are subject to fluctuations as regards interest rate, exchange rate and market price, are effected almost exclusively for the purpose of covering positions.

### 37. Risk structure (nominal volume)

Existing derivatives contracts are broken down below according to their risk structure.
In accordance with standard international practice, the nominal values are stated; however, these figures are not the same as the default risk value.

| in € million | Nominal value | | Market value | | Credit equivalent | |
|---|---|---|---|---|---|---|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| Interest rate-related transactions | | | | | | |
| Time to maturity | | | | | | |
| - up to 1 year | 9,236 *) | 16,262 | 149 | 181 | 178 | 213 |
| - over 1 year up to 5 years | 27,427 | 26,792 | 857 | 379 | 1,062 | 598 |
| - over 5 years | 15,853 | 18,170 | 405 | 646 | 770 | 1.010 |
| | **52,516** | **61,224** | **1,411** | **1,206** | **2,010** | **1.821** |
| Currency-related transactions | | | | | | |
| Time to maturity | | | | | | |
| - up to 1 year | 1,944 | 3,000 | 84 | -7 | 126 | 64 |
| - over 1 year up to 5 years | 347 | 278 | 9 | -20 | 43 | 19 |
| - over 5 years | 236 | 165 | 1 | 0 | 29 | 14 |
| | **2,527** | **3,443** | **94** | **-27** | **198** | **97** |

| in € million | Nominal value | | Market value | | Credit equivalent | |
|---|---|---|---|---|---|---|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| **Stock-related transactions** | | | | | | |
| Time to maturity | | | | | | |
| - up to 1 year | 862 | 789 | 0 | 0 | 59 | 57 |
| - over 1 year up to 5 years | 16 | 36 | 0 | 0 | 3 | 2 |
| - over 5 years | 0 | 0 | 0 | 0 | 0 | 0 |
| | **878** | **825** | **0** | **0** | **62** | **59** |
| **Credit derivatives** | | | | | | |
| Time to maturity | | | | | | |
| - up to 1 year | 40 | 0 | - 1 | 0 | 0 | 0 |
| - over 1 year up to 5 years | 701 | 456 | - 127 | - 13 | 0 | 0 |
| - over 5 years | 2,056 | 2,128 | - 352 | - 116 | 15 | 0 |
| | **2,797** | **2,584** | **- 480** | **- 129** | **15** | **0** |
| **Other transactions** | | | | | | |
| Time to maturity | | | | | | |
| - up to 1 year | 0 | 0 | 0 | 0 | 0 | 0 |
| - over 1 year up to 5 years | 0 | 0 | 0 | 0 | 0 | 0 |
| - over 5 years | 0 | 0 | 0 | 0 | 0 | 0 |
| | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total: in aggregate** | **58,718** | **68,076** | **1,025** | **1,050** | **2,285** | **1,977** |

*) Including Pfandbrief forward sale (value date in 2009) of € 10 million

The interest rate-related derivatives include forward purchases of securities in the amount of € 2,000 million that are treated as fixed assets. The underlying securities are Landesbank bonds with public guarantee.

The nominal amount of the derivatives assigned to the trading portfolio was € 1,027 million as of 31 December 2008, with a market value of € 0.1 million and a credit equivalent of € 1.5 million.

The market values presented were calculated using the discounted cash flow method or using valuation methods. Deviating from the previous year, the Bank used a DCF method for the identification of illiquid markets.

## D. Notes to the Profit and Loss Account

### 38. Breakdown of income by geographic markets

The income of the Bank is primarily generated in Germany.

### 39. Other operating expenses and income

The other operating income in the amount of € 12,357 thousand includes, among other things, income from the writing back of provisions in the amount of € 2,655 thousand as well as rental income in the amount of € 3,545 thousand.

The other operating expenses in the amount of € 12,704 thousand mainly result from provisions for litigation costs (€ 2,691 thousand), expenses for the joint business (€ 1,117 thousand), interest on additional tax payments (€ 1,809 thousand) and fees paid to temporary employment agencies (€ 2,209 thousand).

### 40. Taxes on income

Income taxes are payable on the profit from ordinary business activities and on tax audits of the previous years.

### 41. Proposal for the appropriation of the distributable profit

In 2008, apoBank achieved net income of € 59,611 thousand; the profit carried forward from the previous year amounted to € 33 thousand. Supervisory Board and Board of Directors will propose to the Annual General Meeting the following appropriation of profit:

| | in € thousand |
|---|---:|
| **Balance sheet profit** | **59,644** |
| Legal reserves | 6,000 |
| Other reserves | 6,000 |
| 6% dividend | 47,624 |
| Carried forward for new account | 20 |

## E. Other Notes

### 42. Other financial liabilities

Financial liabilities of € 98,450 thousand have not been shown in the balance sheet or referred to in the notes but are of significance for the assessment of the financial status. They result from the guarantee obligation given to the protection scheme of the BVR cooperative banking sector organisation.

## 43. Notes according to § 28 of the German Pfandbrief Act (Pfandbriefgesetz)

The following information (in € m) is provided with respect to the Pfandbriefe included in the item "Certificated liabilities" in accordance with § 28 of the German Pfandbrief Act (Pfandbriefgesetz, PfandBG):

- Total amount and maturity structure

| | Nominal value | | Net present value (upward shift) | | Risk-adjusted net present value *) (downward shift) | | Risk-adjusted net present value *) | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Total amount of outstanding Pfandbriefe | 725.80**) | – | 796.04 | – | 756.57 | – | 838.88 | – |
| Total amount of cover pools | 1,823.63 | – | 1,897.24 | – | 1,821.23 | – | 1,971.41 | – |
| Surplus cover in % | 151.26 | – | 138.33 | – | 140.72 | – | 135.01 | – |

| | x ≤ 1 year | | 1 year < x ≤ 5 years | | 5 years < x ≤ 10 years | | 10 years < x | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Maturity structure of outstanding Pfandbriefe | 0.00 | – | 632.00 | – | 78.80 | – | 15.00 | – |
| Maturity structure of cover pools | 229.57 | – | 863.68 | – | 593.92 | – | 136.47 | – |

*) The risk-adjusted net present value is calculated on the basis of the dynamic procedure
**) of which € 10 million forward sales with a value date in 2009

The cover pools do not contain any derivatives.

- Composition of the cover pools

| Total amount of claims used as cover | 2008 | 2007 | Share in the total amount of cover pools |
|---|---|---|---|
| by size class | | | |
| x < 300 € thousand | 1,734.05 | – | |
| 300 € thousand < x < € 5 m | 8.58 | – | |
| x > € 5 m | 0.00 | – | |
| by type of use (I) in Germany | | | |
| residential | 1,742.63 | – | |
| commercial | 0.00 | – | |
| by type of use (II) in Germany | | | |
| Flats | 298.83 | – | 16.39 % |
| Single-family homes | 1,073.48 | – | 58.87 % |
| Multi-family homes | 370.32 | – | 20.31 % |
| Office buildings | 0.00 | – | 0.00 % |
| Commercial buildings | 0.00 | – | 0.00 % |
| Industrial buildings | 0.00 | – | 0.00 % |
| Other buildings used for commercial purposes | 0.00 | – | 0.00 % |
| Unfinished new buildings not yet capable of producing a yield as well as building sites | 0.00 | – | 0.00 % |
| of which: building sites | 0.00 | – | 0.00 % |

There is no property collateral outside Germany.

• Summary of overdue claims

| | 2008 | 2007 |
|---|---|---|
| Total amount of claims being > 90 days in arrears | – | - |

• Other note

| | residential | | commercial | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| Number of pending forced auctions and forced administrations | 0.00 | – | 0.00 | – |
| Number of forced auctions carried out in the financial year | 0.00 | – | 0.00 | – |
| Number of real estate taken over in the financial year to prevent losses | 0.00 | – | 0.00 | – |
| Total amount of overdue interest payments | 0.00 | – | 0.00 | – |
| Total amount of repayments | 48.26 | – | 0.00 | – |
| of which: repayments of mortgage loans through amortisation | 44.76 | – | 0.00 | – |
| of which: repayments of mortgage loans through another method | 3.50 | – | 0.00 | – |

• Cover statement mortgage Pfandbriefe

| | 2008 |
|---|---|
| Claims on customers | |
| mortgage loans | 1,742,630 |
| Tangible fixed assets (land charges on the Bank’s own property) | 0 |
| Debt securities and other fixed-interest securities (book value € 89,505 thousand) | 81,000 |
| Total cover assets | 1,823,630 |
| Total of public mortgage Pfandbriefe requiring cover | 725,800 |
| Surplus cover | 1,097,830 |

## 44. Average number of employees

The average number of employees in 2008 was:

| | Full-time | Part-time |
|---|---|---|
| Clerical staff | 2,037 | 170 |
| | **2,037** | **170** |

59 trainees on average were also employed.

## 45. Changes in membership

| | Number of members | Number of shares | Liable amounts € thousand |
|---|---|---|---|
| Beginning of 2008 | 100,212 | 527,902 | 791,853 |
| Additions in 2008 | 2,744 | 20,572 | 30,858 |
| Reductions in 2008 | 2,578 | 18,392 | 27,588 |
| End of 2008 | 100,378 | 530,082 | 795,123 |

## 46. Capital shares and uncalled liabilities of members

| | € thousand |
|---|---|
| The capital shares of the remaining members increased during the financial year by | 3,942 |
| The uncalled liabilities increased during the financial year by | 3,270 |
| Amount of capital share € 1,500.-; amount of the uncalled liability € 1,500.- | |

## 47. Auditor's remuneration

The expenses for the audit of the Annual Financial Statements, tax advice and other services of the auditor, the PricewaterhouseCoopers company, were € 1,859 thousand in the year under review (previous year: € 1,801 thousand).

The expenses are to be divided up as follows:

| | Financial year € thousand | Previous year € thousand |
|---|---|---|
| Audit of the Annual Financial Statements | 1,162 | 1,188 |
| Other certification and assessment services | 153 | 171 |
| Tax advice | 0 | 0 |
| Other services | 544 | 442 |

## 48. Notes to the emoluments of board members

According to § 285 (9a) German Commercial Code (HGB), the total remuneration of the Board of Directors amounted to € 3,588 thousand; the performance-related share of this total remuneration was 55 %.

According to the remuneration structure agreed upon by the Board of Directors and the Presiding Committee for the 2008 financial year, a bonus is paid to board members on top of the basic salary. This bonus is oriented to the achievement of agreed goals and amounts to 55 % of the aggregate salary if all goals are achieved. If the agreed goals are exceeded, the bonus can amount to a maximum of 71 % of the aggregate salary. If the results fall clearly below the goals, no bonus will be paid.

The total remuneration is to be divided up as follows:

| | € thousand |
|---|---|
| Contractual salaries including possible variable emoluments paid | 3,263 |
| Anniversary bonuses/Special bonuses | 200 |
| Fringe benefits (non-cash benefits) | 125 |

Varible emoluments not yet paid for the 2008 financial year in the amount of € 1,054 thousand shall be paid depending on the Bank's success in later years.

Retirement pensions amounting to € 1,031 thousand and fringe benefits (non-cash benefits) in the amount of € 19 thousand were paid to former members of the Board of Directors and their surviving dependants.

The total remuneration for former members of the Board of Directors and their surviving dependants amounted to € 1,050 thousand.

Pension provisions for former members of the Board of Directors and their surviving dependants as of 31 December 2008 were € 13,280 thousand.

The total remuneration for members of the Supervisory Board was € 409 thousand, which was divided up as follows: Annual remuneration € 280 thousand; attendance fees € 31 thousand; loss of income allowance € 88 thousand; daily allowances € 10 thousand.

## 49. Notes to the amounts due from bodies

The following liabilities had been assumed on the balance sheet date for

| | € thousand |
|---|---|
| Members of the Board of Directors | 145 |
| Members of the Supervisory Board | 2,527 |

## 50. Board of Directors

### Members of the Board of Directors (first name and surname)

Günter Preuß, Bank Director, Spokesman
Gerhard K. Girner, Bank Director
Günther Herion, Bank Director
Stefan Mühr (from 01.01.2009), Bank Director
Werner Albert Schuster, Bank Director
Claus Verfürth (from 01.01.2009), Bank Director
Claus Harald Wilsing (until 31.12.2008), Bank Director

## 51. Supervisory Board

### Members of the Supervisory Board (first name and surname)

Dr. med. dent. Wilhelm Osing, Chairman, Dentist
Wolfgang Häck*, Deputy Chairman, Bank employee
Karin Bahr*, Bank employee
Ralf Baumann*, Bank employee
Hans-Jochen Becker **, Bank employee
Dr. med. dent. Wolfgang Eßer, Dentist
Sven Franke*, Bank employee
Eberhard Gramsch, Physician
Norbert Hinke*, Bank employee
Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, Physician
Uschi Jaeckel*, Trade union secretary
Hermann Stefan Keller, Pharmacist
Dr. med. Andreas Köhler, Physician
Dr. med. Ulrich Oesingmann, Physician
Dr. med. dent. Helmut Pfeffer, Dentist
Gerhard Reichert, Pharmacist
Christian Scherer*, Bank employee
Friedemann Schmidt, Pharmacist
Roland Wark*, Bank employee
Loni Wellert*, Bank employee

* employee representatives ** representatives of management executives

## 52. Seats held by members of the Board of Directors and employees of the Bank on Supervisory Boards

As at 31 December 2008, members of the Board of Directors and employees of the Bank held seats on the Supervisory Boards of the following joint-stock companies or comparable organisations pursuant to § 267 (3) German Commercial Code (HGB):

| Name | Company | Function |
|---|---|---|
| Günter Preuß | Apotheken-Rechen-Zentrum GmbH, Darmstadt | Chairman of the Administrative Board |
| | DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf | Member of the Supervisory Board |
| | Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover | Member of the Supervisory Board |
| Gerhard K. Girner | Apo Asset Management GmbH, Düsseldorf | Member of the Supervisory Board |
| | APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf | Member of the Supervisory Board |
| | Apothekerversorgung Mecklenburg-Vorpommern, Schwerin | Member of the Administrative Board |
| | Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne | Member of the Supervisory Board |
| | Deutsche Ärzteversicherung AG, Cologne | Member of the Supervisory Board |
| | Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne | Member of the Supervisory Board |
| | Finanz-Service GmbH der APO-Bank, Düsseldorf | Chairman of the Supervisory Board |
| | MAINTRUST Kapitalanlagegesellschaft mbH, Frankfurt/Main | Member of the Supervisory Board |
| Günther Herion | AC Capital Partners Limited, Dublin | Member of the Board of Directors |
| | APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf | Member of the Supervisory Board |
| | Rheinisch-Westfälischer Genossenschaftsverband e. V., Münster/Cologne | Member of the Administrative Board |
| | RMS RISK MANAGEMENT SOLUTIONS GmbH, Cologne | Member of the Supervisory Board |
| | ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf, Aktiengesellschaft, Düsseldorf | Member of the Supervisory Board |
| Werner Albert Schuster | APO Data-Service GmbH, Düsseldorf | Chairman of the Supervisory Board |
| | DGN GmbH Deutsches Gesundheitsnetz Service GmbH, Düsseldorf | Chairman of the Supervisory Board |
| Claus Harald Wilsing | AC Capital Partners Limited, Dublin | Chairman of the Board of Directors |
| | Apo Asset Management GmbH, Düsseldorf | Chairman of the Supervisory Board |
| | APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf | Chairman of the Supervisory Board |
| | arsago Hedge Fund Holding AG, CH Hurden | Member of the Administrative Board |
| | INKA Internationale Kapitalanlagegesellschaft mbH, Düsseldorf | Member of the Supervisory Board |
| | Seabright Holdings Ltd., Cyprus | Member of the Supervisory Board |
| Stefan Mühr | DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf | Member of the Supervisory Board |
| Claus Verfürth | Apo Asset Management GmbH, Düsseldorf | Member of the Supervisory Board |
| Hans-Jochen Becker | CP Capital Partners AG, Zurich | Chairman of the Administrative Board |
| | PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich | Member of the Administrative Board |
| Rainald Brune | Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin | Member of the Board of Directors |
| Regina Dörr | Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin | Member of the Board of Directors |

| Name | Company | Function |
|---|---|---|
| Hans Fells | Finanz-Service GmbH der APO-Bank, Düsseldorf | Member of the Supervisory Board |
| Stefan Kunac | APO Data-Service GmbH, Düsseldorf | Member of the Supervisory Board |
| Uwe Meyer-Vogelgesang | DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf | Member of the Supervisory Board |
| Ulrich Sommer | Apo Asset Management GmbH, Düsseldorf | Member of the Supervisory Board |

**53. Name and address of the auditing association:**

**Name and address of the auditing association:**
RWGV
Rheinisch-Westfälischer
Genossenschaftsverband e. V.
Mecklenbecker Str. 235-239
48163 Münster

Düsseldorf, 25 March 2009
Deutsche Apotheker- und Ärztebank eG
The Board of Directors

Günter Preuß    Gerhard K. Girner    Günther Herion    Stefan Mühr    Werner Albert Schuster    Claus Verfürth

## Report of the Auditors

We audited the Annual Financial Statements – consisting of balance sheet, profit and loss account as well as notes – including the accounts and the Management Report of Deutsche Apotheker- und Ärztebank eG, Düsseldorf, for the financial year 1 January 2008 to 31 December 2008. Under German commercial law regulations and the supplementary rules of the Articles of Association, responsibility for the accounts and for the preparation of the Annual Financial Statements and Management Report lies with the Board of Directors of the cooperative bank. It is our duty to give an opinion on the Annual Financial Statements – including the accounts and Management Report – on the basis of our audit.

We audited the Annual Financial Statements in accordance with § 317 Commercial Code (HGB), in observance of the generally accepted German auditing principles for Annual Financial Statements adopted by the Institute of German Qualified Accountants (Institut der Wirtschaftsprüfer, IDW). Accordingly, the audit must be planned and performed in such a way as to be able to detect, with a sufficient degree of certainty, any inaccuracies and breaches that have a material effect on the presentation of the view of the net worth, financial position and income position conveyed by the Annual Financial Statements in accordance with the generally accepted accounting principles and the Management Report. When determining the audit examinations, knowledge of the business activities and economic and legal environment of the cooperative as well as expectations of possible errors were taken into account. An assessment was also made, in the course of the audit, of the efficacy of the internal audit system and of the documentation of the information in the accounts, Annual Financial Statements and Management Report primarily on the basis of random samples. The audit includes an assessment of the applied accounting principles and the material estimations made by the Board of Directors and the evaluation of the overall presentation of the Annual Financial Statements and the Management Report. We are of the opinion that our audit constitutes a sufficiently reliable basis for our assessment.

Our audit gave rise to no objections.

According to our judgement on the basis of the knowledge gained from the audit, the Annual Financial Statements are in compliance with the statutory requirements and the supplementary rules of the Articles of Association and present a true and fair view of the net worth, financial and earnings position of the cooperative bank in accordance with the generally accepted accounting principles. The Management Report is in accordance with the Annual Financial Statements, provides an appropriate presentation of the state of affairs of the cooperative bank and appropriately shows the chances and risks of future development.

Düsseldorf, 26 March 2009
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. André Dicken, Certified Auditor

ppa. Holger Gathmann, Certified Auditor

# Confirmation by the Legal Representatives

# Declaration by the Board of Directors

To the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, we declare that the financial statements give a true and fair view of the assets, liabilities, financial position and profit of the company, and the management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Düsseldorf, 25 March 2009

The Board of Directors

Deutsche Apotheker- und Ärztebank eG

Günter Preuß

Gerhard K. Girner

Günther Herion

Stefan Mühr

Werner Albert Schuster

Claus Verfürth

# About the Bank

| | | |
|---|---|---|
| Division Heads | **Holger Brettschneider** | Controlling |
| | **Heiko Drews** | Sales Private Customers |
| | **Hans Fells** | Sales Partners |
| | **Stefan Kunac** | Banking Operations |
| | **Jörg Voll** | Corporate Planning/Treasury |

| | | |
|---|---|---|
| Unit Heads at Head Office | **Hans-Jochen Becker** | Finance |
| | **Rainald Brune** | Treasury/Liquidity Management |
| | **Hugo Daldrup** | Central Credit Control/Private Customers/ Branch Business/Regional Credit Control |
| | **Heinz Deterding** | Facility Management |
| | **Regina Dörr** | Central Credit Control Corporate Clients/ Medical Care Structures/Financial Instruments |
| | **Dr. Andree Engelmann** | Professional Associations |
| | **Wolfgang Freudenmann** | Auditing |
| | **Thilo Gewaltig** | Medical Care Structures and Corporate Clients |
| | **Michael Goltz** | Sales Coordination Medical Care Structures |
| | **Wolfgang Hammel** | Legal Department |
| | **Manfred Hermes** | Office of the Board of Directors |
| | **Georg Heßbrügge** | Health Markets and Policy |
| | **Gisela Kemmesies** | Personnel |
| | **Dr. Andreas Lettmann** | Bank Controlling |
| | **Eckhard Lüdering** | Central Credit Control/Private Customers/ Branch Business/Basic Issues |
| | **Uwe Meyer-Vogelgesang** | E-Health-Market |
| | **Martin Pietsch** | IT and Organisation |
| | **Axel Schneider** | Trading Transactions |
| | **Dr. Barbara Schwoerer** | Strategy Consulting/Investment Management |
| | **Dr. Thomas Siekmann** | Corporate Planning/Financial Communication |
| | **Klaus Söhler** | Service and Transaction Bank |
| | **Ulrich Sommer** | Securities/Institutional Clients/Investors |
| | **Frank Sparholz** | Sales and Product Management |
| | **Uwe Zeidler** | Asset Management Private Customers |

| | |
|---|---|
| Sales Managers | **Jürgen Grabensee** |
| | **Markus Herzig** |

Branch Managers

| | |
|---|---|
| Aachen | **Michael Arndt** |
| Augsburg | **Joachim Lehmann** |
| Bayreuth | **Erwin Hacke** |
| Berlin | **Martin Steinkühler** |
| Braunschweig | **Eberhard Groß** |
| Bremen | **Reinhard Pretzsch** |
| Chemnitz | **Wilhelm Spitz** |
| Cologne | **Werner Höhl** |
| Darmstadt | **Uwe Natter** |
| Dortmund | **Carsten Ferch** |
| Dresden | **Raimund Pecherz** |
| Düsseldorf | **Michael Brüne** |
| Duisburg | **Thomas Götting** |
| Essen | **Ute Szameitat** |
| Frankfurt | **Carsten Padrok** |
| Freiburg | **Jörg Jahnz** |
| Göttingen | **Peter Herbst** |
| Hamburg | **Peter Schlögell** |
| Hanover | **Johannes Henkel** |
| Karlsruhe | **Andreas Kalle** |
| Kassel | **Franz-Josef Nolte** |
| Kiel | **Peter Geiß** |
| Koblenz | **Hartmut Thimm** |
| Leipzig | **Helmut Picker** |
| Lübeck | **Dietmar Godt** |
| Magdeburg | **Ingo König** (temp.) |
| Mainz | **Petra Knödler** |
| Mannheim | **Werner Gebauer** |
| Marburg | **Ulrich Mittag** |
| Munich | **Bruno Höfter** |
| Münster | **Franz-Josef Gebker** |
| Neustadt | **Otmar Herrmann** |
| Nuremberg | **Ronald Hensel** |
| Oldenburg | **Christoph Mönikes** |
| Osnabrück | **Werner Goldkamp** |
| Potsdam | **Jürgen Nitsche** |
| Regensburg | **Frank Hillemanns** (until 31. March 2009) |
| | **René Braun** (from 1. April 2009) |
| Rostock | **Andreas Henning** |
| Saarbrücken | **Dietmar Schmidt** |
| Schwerin | **Falk Schröder** |
| Stuttgart | **Hartmut Paland** |
| Thuringia | **Peter Jesse** |
| Trier | **Ulrich Ober** |
| Wiesbaden | **Werner Ensberg** |
| Würzburg | **Bernd Posdzich** |
| Wuppertal | **Michael Kutscher** |

| | | |
|---|---|---|
| Heads of Regional Credit Control Units | Berlin | **Jost Vierbücher** |
| | Dresden | **Dr. Gerald Barth** |
| | Düsseldorf | **Karl-Josef Wening** |
| | Frankfurt | **Paul Krüger** |
| | Hanover | **Andreas Leinz** |
| | Munich | **Uwe Paul** |

| | | |
|---|---|---|
| Managers of Subsidiaries | AC Capital Partners Ltd. | **Jana Becher**<br>**Thomas Rost** |
| | apoAsset Management GmbH (apoAsset) | **Ulrich Nötges**<br>**Rolf Heußen** |
| | apoData Service GmbH (apoData) | **Klaus Söhler**<br>**Ludger Korth**<br>**Alfons Schulte-Kellinghaus** |
| | APO Immobilien-Kapitalanlage-gesellschaft mbH (aik) | **Dr. Stephan Hinsche**<br>**Bernd Heyder** |
| | DGN Service GmbH (dgnservice) | **Ansgar Geist** |
| | Finanz-Service der apoBank (apoFinanz) | **Thomas Aigner** |
| | Kooperations- und Organisations-Management GmbH (apoKom) | **Georg Heßbrügge**<br>**Dr. Gerhard Schlicht** |
| | medisign GmbH | **Uwe Meyer-Vogelgesang**<br>**Peter Gabriel** |

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Schwerin

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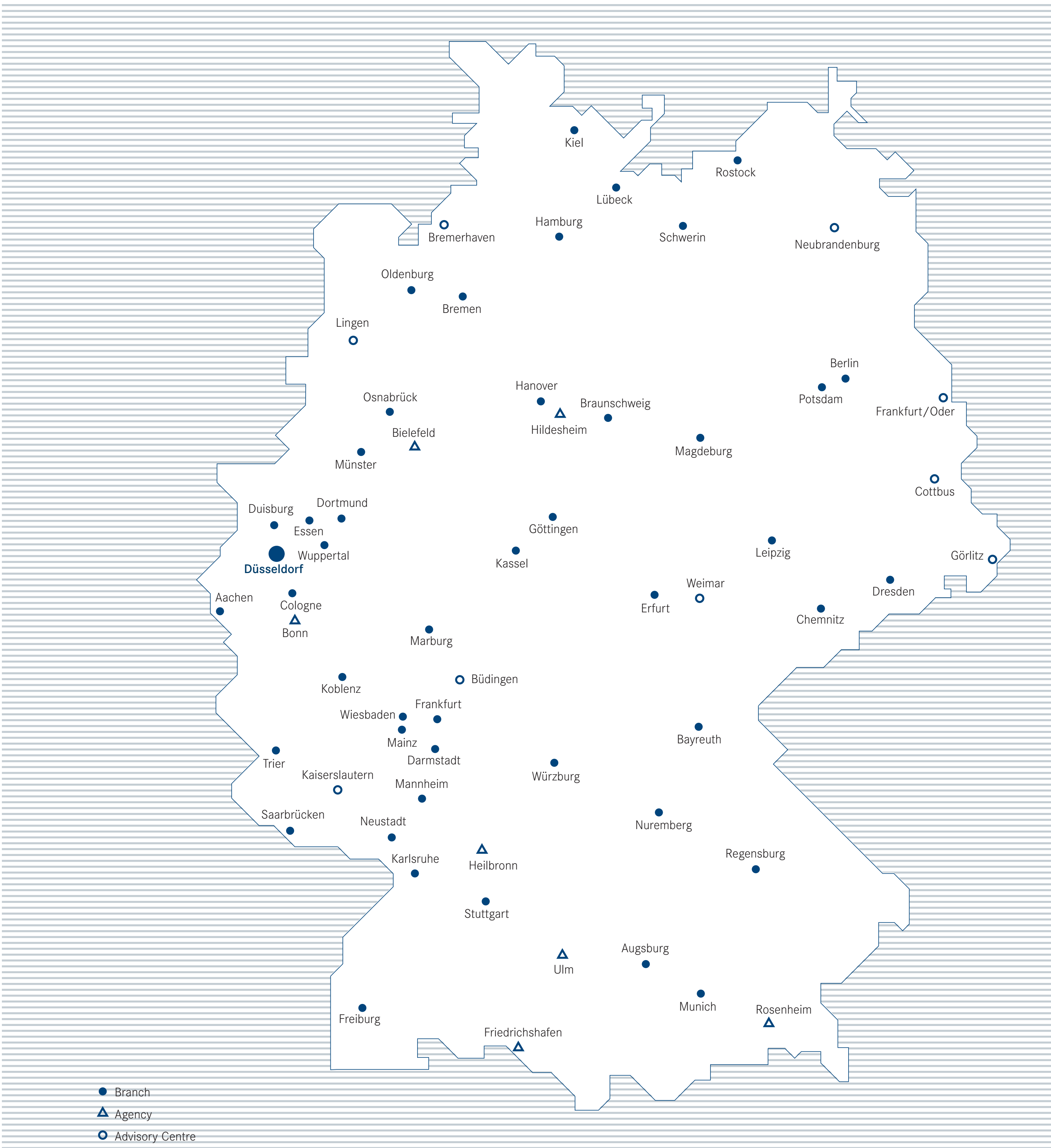
Responsible branch: Thuringia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Augsburg
Ulm
Munich
Rosenheim
Freiburg
Friedrichshafen
Branch
Agency
Advisory Centre

| | |
|---|---|
| 1902 | Founding of the "Kredit-Verein Deutscher Apotheker e.G.m.b.H." (KREDA) by 18 pharmacists in Danzig. Primary purpose of the association is to provide its members with affordable loans. |
| 1904 | First branch opens in Berlin. |
| 1907 | The cooperative numbers 1,000 members. All business units are near completion. Nineteen representatives look after the interests of the Bank throughout Germany. |
| 1920 | The head office is moved to Berlin. |
| 1938 | Name changed to "Deutsche Apothekerbank e.G.m.b.H." as a requirement in the merger with the "Spar- und Kreditverein Deutscher Apotheker m.b.H." (SPARDA), which takes place one year later. |
| 1945 | Bank closed due to Allied laws. The balance sheet total almost reaches 30 million Reichsmarks. Membership at 2,800. |
| 1948 | Bank resumes operations by founding the "Westdeutsche Apothekerbank e.G.m.b.H." in Düsseldorf. Authorisation granted in 1949. Customer base expanded to include members of all medical professions. From 1950 this is expressed in the tag line "Bank for the health care sector". |
| 1952 | Membership passes the 1,000 mark. Number of employees is 23. Balance sheet total is DM 4.8 million. |
| 1955 | Takeover of the "dormant" Berlin institution by means of a merger agreement. This move establishes direct legal succession to the bank founded in 1902. Renamed "Deutsche Apothekerbank e.G.m.b.H.". First branches established in Berlin and Stuttgart. |
| 1957 | The name "Deutsche Apotheker- und Ärztebank e.G.m.b.H.", applied for in 1950, is approved and takes effect. |

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| 1958 | Introduction of account services free of charge for creditor accounts. |
| 1961 | Constitution of the Annual General Meeting as a result of the rapid growth in membership which has reached 5,477. |
| 1965 | The tenth branch office is opened. One of the first banks in Germany to enter the real estate business. |
| 1972 | Membership at 22,809. There are now 16 branch offices. Number of employees up to 581. Balance sheet total exceeds DM 1 billion for the first time. |
| 1979 | First primary cooperative bank to issue its own bearer bonds. |
| 1982 | Balance sheet total exceeds DM 5 billion. Membership reaches 54,501.<br>Now 40 branches. Number of employees at 1,135. |
| 1985 | First primary cooperative bank to issue participating certificates. |
| 1990 | Bank expands into the new federal states and sets up 10 new branches there. |
| 2002 | Successful developments in the anniversary year despite structural and income crisis in the banking sector. |
| 2004 | Move to the new Head Office in Düsseldorf, Richard-Oskar-Mattern-Straße 6. |
| 2006 | Operating profit before risk provisioning: Euro 292 million. Total membership reaches 100,982. |
| 2008 | Despite the global financial market crisis: Accounting profit of Euro 60 million; dividend at the previous year's level of 6 %. |

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|---|---|
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