

Annual Financial Report 2014



Overview of Business Development

An overview of the 2014 financial year

	31 Dec 2014	31 Dec 2013	Change ¹ %
Bank data			
Members	105,864	104,092	1.7
Clients	382,000	373,000	2.4
Employees	2,486	2,387	4.1
Locations	81	77	5.2

	€ m	€ m	%
Balance sheet			
Balance sheet total	35,129	34,695	1.3
Equity capital	1,846	1,844	0.1
Customer loans	27,037	26,794	0.9
Customer deposits	21,737	20,122	8.0

	€ m	€ m	%
Income statement			
Net interest income	698.3	679.2	2.8
Net commission income	123.5	103.7	19.1
General administrative expenses	-478.6	-460.7	3.9
Operating profit before risk provisioning	337.1	314.8	7.1
Risk costs and precautionary measures ²			
for the customer lending business	-78.3	-53.9	45.2
for financial instruments and participations	-49.9	-55.4	-10.0
Allocation to the fund for general banking risks	75.0	116.0	-35.3
Net profit	54.5	47.4	15.1

	%	%	ppts
Key figures			
Equity ratio ³	25.0	23.0	2.0
Core capital ratio ^{3,4}	20.2	17.0 ⁵	3.2
Cost-income ratio	62.1	61.8	0.3
Return on equity (after tax)	3.6	3.4	0.2

	Standard & Poor's	Moody's	Fitch Ratings (group rating)
Rating⁶			
Long-term rating	AA-	A1	AA-
Short-term rating	A-1+	P-1	F 1+
Outlook	stable	review for upgrade	stable
Pfandbrief rating	AAA	-	-

1) Deviations due to rounding differences

2) Including general value adjustments or provisioning pursuant to Section 340f of the German Commercial Code (HGB) as well as extraordinary expenses

3) From 2014 calculation according to Capital Requirements Regulation (CRR)

4) From 2014 recognition of common equity tier 1 ratio

5) As of 1 January 2014 the common equity tier 1 ratio according to CRR amounted to 15.2 %.

6) As at March 2015

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To our Members & Clients

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Letter of the Spokesman of the Board of Directors



Herbert Pfennig
Spokesman of
the Board of Directors

Dear Members, Customers and Business Partners,

After the eventful previous year, it would have been logical to think that things might start to quiet down for apoBank in 2014. But far from it. Once again, we concentrated all our energy on rising to the challenges in the banking sector and completing the sweeping change processes at our bank. Let me elaborate on the events that set this past year apart:

In 2014, we succeeded in making our new customer support concept an integral part of apoBank. Today, every aspect of our advisory services is oriented towards our clients' stages in life. We have specialists for every target group who know our clients' unique professional and private interests inside and out.

This past year was also characterised by regulatory issues. The stress test by the European Central Bank (ECB) played a particularly pivotal role here. Since autumn 2014, we have been one of around 130 European banks under the direct supervision of the ECB. In this context, we participated in the accompanying pan-European balance sheet and risk analysis as well as the stress test. The findings were published in October. In the stress scenario, apoBank achieved the second-best capital ratio of the 25 banks tested in Germany.

The fact that we were able to close the book on our legacy issues – by which I mean our structured financial products sub-portfolio – in May was one factor that contributed to this great result and was a major milestone for us.

Sound foundation and highly positive business development

Our business figures for 2014 also reflect the fruits of our efforts. We managed to post very good results in the challenging environment in which banks operate today.

We recorded positive growth in our investment business with retail clients and institutional customers – clear evidence that our target-group-oriented customer support concept has been well received. At the same time, we expanded our lending business slightly.

We welcomed just under 1,800 new members in 2014. apoBank now has 105,864 members. All of them helped increase our members' capital contributions to more than €1 billion as at 31 December 2014. The way we see it, this is more than just a number that helps us in view of stricter capital requirements; it is a reflection of our members' loyalty that gives us great joy and satisfaction. Thanks to a significant 15.1 % increase in net profit to €54.5 million last year, we will once again propose a dividend of 4 % at the Annual General Meeting in 2015.

Our capital ratios are sound. As at December 2014, our equity ratio was 25.0%, and our hard core capital ratio was 20.2%, ensuring our ability to provide our clients and members with financing. apoBank's unique and sustainable business model plus its conservative risk policy make it a stable financial institution with a secure market position.

Dedication on behalf of health care professionals

apoBank's excellent business performance in 2014 would not have been possible without its staff. Without them, we would not have been able to master the challenges we faced last year. I would therefore like to thank each and every employee of apoBank for their untiring commitment. Their extraordinary personal dedication demonstrates their close relationship with the Bank, its members and its clients. It is a distinct pleasure to have the privilege of shaping apoBank's future together with them and my fellow members of the Board of Directors.

Our achievements in recent years, and especially in 2014, mean we are well prepared for future challenges, as there is no reason to believe that the years to come will be quieter ones for our industry. High loan redemptions are causing particular trouble for all banks, especially considering that we are still in the middle of a period of low interest rates. Competition continues to be fierce, and regulatory demands continue to become more comprehensive. ECB supervision is not a passing fad and will continue to be an issue for us in every way.

However, there are also positive factors in our environment. We are benefiting from stable economic growth in Germany and from the rising importance of the health care sector. In this environment, our specialised expertise is in greater demand than ever, especially following our change in orientation in our customer business.

Realignment + specialisation = growth potential for apoBank

The German health care sector is undergoing a period of change. Self-employed health care professionals continue to play a dominant role in outpatient care. But times are changing, and the number of salaried health care professionals is growing across all professions. Although our "Chance Niederlassung" ("Practice Opportunity") study, which we conducted last year, showed that 90% of all self-employed health care professionals were satisfied with their decision to open their own practices, the percentage of those whose goal it is to open their own practices is decreasing. We are responding to this trend by dissipating reservations about establishing private practices and making clear that self-employed practice is neither financially risky nor incompatible with having a family. Nevertheless, we are aware that the best we can do is to slow the trend towards salaried employment rather than stop it completely. We are therefore also continuing to expand our range of products and our advisory services for salaried health care professionals and students.

We are also gearing our advisory services towards our clients' interests when it comes to the trend towards larger structures, cooperatives and forms of medical care. Health care professionals have new opportunities to practice their professions in view of the transition to flexibility that health care policies have created. Today, we already advise our clients in professional cooperatives, medical care centres, group dental practices, medical centres or branch pharmacies.

An additional change in the health care sector is having an impact on our corporate client segment. The traditional line between outpatient and inpatient care is becoming increasingly blurred. We have reorganised our corporate client segment accordingly and are pooling our financial expertise, such as for manufacturers in the health care sector. Here, too, our advantage over other banks is our unique network in the health care market and our outstanding industry expertise.

We are more broadly positioned today than ever before. We are a trusted expert partner for health care professionals and players in the health care sector. This is a perfect match for the cooperative principle. Our focus is not on maximising profit, but rather on doing business in such a manner that it benefits our community. Our members and clients deserve the same chance as "their" apoBank to build on a solid foundation.

I would like to sincerely thank you all – our members, clients and business partners – for your trust in us and our business model, both personally and on behalf of my fellow Board of Directors members. We look forward to another successful year with and for you.

*Yours sincerely,
Herbert Pfennig*

Herbert Pfennig
Spokesman of the Board of Directors, Deutsche Apotheker- und Ärztebank

Report of the Supervisory Board



Hermann S. Keller
Chairman of the Supervisory Board

The Supervisory Board maintained a constant dialogue with the Board of Directors in financial 2014 in fulfilment of its legal and statutory tasks. The Board of Directors informed the Supervisory Board regularly, in a timely manner and comprehensively about all key activities, both in written and oral form. apoBank's economic situation was discussed, as were fundamental matters concerning the investment and lending business as well as other areas. The Supervisory Board informed itself about the Bank's current state of affairs at its four regular Supervisory Board meetings and discussed details at the meetings of the Nomination Committee and Presiding Committee, the Audit, Loan and Risk Committee, the Personnel Committee, the Remuneration Control Committee and the Regulatory Committee. The Chairman of the Supervisory Board also engaged in extensive dialogue with the Board of Directors outside of the meetings and informed the entire Supervisory Board on their discussions no later than at its next meeting.

The Regulatory Committee, whose job it was to handle the charges brought against former members of the Board of Directors, was dissolved in June 2014 after the Düsseldorf Regional Court rejected the lawsuit, finding no breach of duty on the part of the defendants. Following intensive discussion, and after weighing every aspect, the Supervisory Board decided at an extraordinary meeting on 23 May 2014 not to appeal the court's decision.

The impact of regulatory change was a focal point of the Supervisory Board's further training in 2014. The Supervisory Board and its committees – in particular, the Nomination Committee and Presiding Committee as well as the Remuneration Control Committee – dealt in great detail with the expansion of its legal tasks during several training courses, some of which enrolled the additional support of legal consultants.

The regulations resulted in a new form of efficiency review of the Supervisory Board and an evaluation of the Board of Directors that was conducted for the first time in December 2014.

Rheinisch-Westfälische Genossenschaftsverband e. V. has audited the annual financial statements and the management report for the 2014 financial year. According to the auditor's unreserved opinion, they comply with the law and the Articles of Association. The Supervisory Board has acknowledged and approved the findings of the audit.

The Supervisory Board has examined the annual financial statements, the management report and the Board of Directors' proposal on the allocation of net profit and has found them to be correct. It approves the Board of Directors' proposal on the appropriation of profits. The proposal complies with the provisions set forth in the Articles of Association.

apoBank's corporate governance code has been adjusted in the year under review with the new recommendations of the German Corporate Governance Code. The current version of the code and the joint Declaration of Conformity by the Supervisory Board and the Board of Directors is available on the apoBank website. The corporate governance report is also included in this annual financial report.

Dr. Thomas Siekmann was reappointed as a full member of apoBank's Board of Directors during the Supervisory Board meeting on 27 June 2014.

The same meeting resulted in changes to the Supervisory Board and re-elections of Supervisory Board members:

Sigrid Müller-Emsters stepped down from her role as an employee representative and was replaced by Robert Piasta. At the Annual General Meeting, Hermann Stefan Keller, Prof. Dr. med. Frank Ulrich Montgomery and Dr. med. dent. Helmut Pfeffer were re-elected as shareholder representatives. The Supervisory Board then confirmed Hermann Stefan Keller (pharmacist) in his office as Chairman of the Supervisory Board.

Shareholders Eberhard Gramsch, Dr. med. dent. Karl-Georg Pochhammer and Friedemann Schmidt (pharmacist) will step down from the Supervisory Board at the conclusion of this year's Annual General Meeting. They may stand for re-election.

In the year under review, the Bank continued to fulfil its purpose as outlined in its Articles of Association: providing economic support to the health care professions. This was once again reflected impressively in the growth in member numbers and in the increase in members' capital contributions to over € 1 billion. The net profit generated in 2014 allows apoBank to propose to the Annual General Meeting the payment of a dividend to its members.

apoBank succeeded in making progress on key issues in 2014. The most significant of these issues was the complete reduction in the structured financial products in May 2014. It did not become necessary to make use of the guarantee that the National Association of German Cooperative Banks (BVR) granted in 2009 to hedge this portfolio. apoBank's excellent performance on the "Comprehensive Assessment", the stress test administered by the European Central Bank (ECB), was no less positive. apoBank significantly exceeded the required minimum capital ratio and had the second-best rate among the tested German banks in the stress scenario.

apoBank decided to set up a customer service centre in Dusseldorf with the aim of consistently improving service quality and apoBank's availability for its clients while keeping up with the general trend towards digitalisation.

The requirements associated with ECB supervision will continue to keep apoBank busy in 2015 and will lead to significant cost pressure. Against the backdrop of the sustained period of low interest rates and increasingly strict regulation, the entire German lending industry continues to face serious challenges. However, the Supervisory Board believes firmly that apoBank is well equipped to tackle these challenges and will continue to focus successfully on the needs of health care professionals.

The Supervisory Board would like to thank the members of the Board of Directors and the entire workforce of apoBank for their good work, the excellent result of the ECB test, their dedication and their extensive personal commitment in 2014.

Dusseldorf, March 2015



Hermann S. Keller, pharmacist, Chairman
on behalf of the Supervisory Board

Corporate Governance Report

The “German Corporate Governance Code” government commission published the first German Corporate Governance Code (DCGK) in 2002. Even at that time, the Supervisory Board and the Board of Directors of Deutsche Apotheker- und Ärztebank eG recognised the significance of the Code as a foundation for good business management and took a closer look at its objectives.

Although the Code was developed for listed companies, apoBank voluntarily drafted its own corporate governance code based on the DCGK. The code takes into account special considerations that result from its legal form as a cooperative as well as its members’ legal position and interests. apoBank publishes its code and its Declaration of Conformity, which refers to the respective deviations from the Bank’s own corporate governance code, on its website at www.apobank.de.

New regulatory provisions for banks took effect as at 1 January 2014 with the enactment of the CRD IV Implementation Act. Due to the resulting changes in the German Banking Act (KWG), it became necessary at the start of the year to adjust apoBank’s corporate governance code with regard to the committees to be formed by the Supervisory Board and their duties. In addition, the previously detailed rules were reworded using more general language in keeping with the recommendations of the German Corporate Governance Code government commission.

Due to the implementation of the rule requiring consideration of the ratio of the remuneration of the Board of Directors to the remuneration of the top management

and the Bank’s staff, a separate declaration on the matter has no longer been necessary since January 2014.

The government commission’s clarifications published in September 2014 did not require any adjustments to be made to apoBank’s corporate governance code.

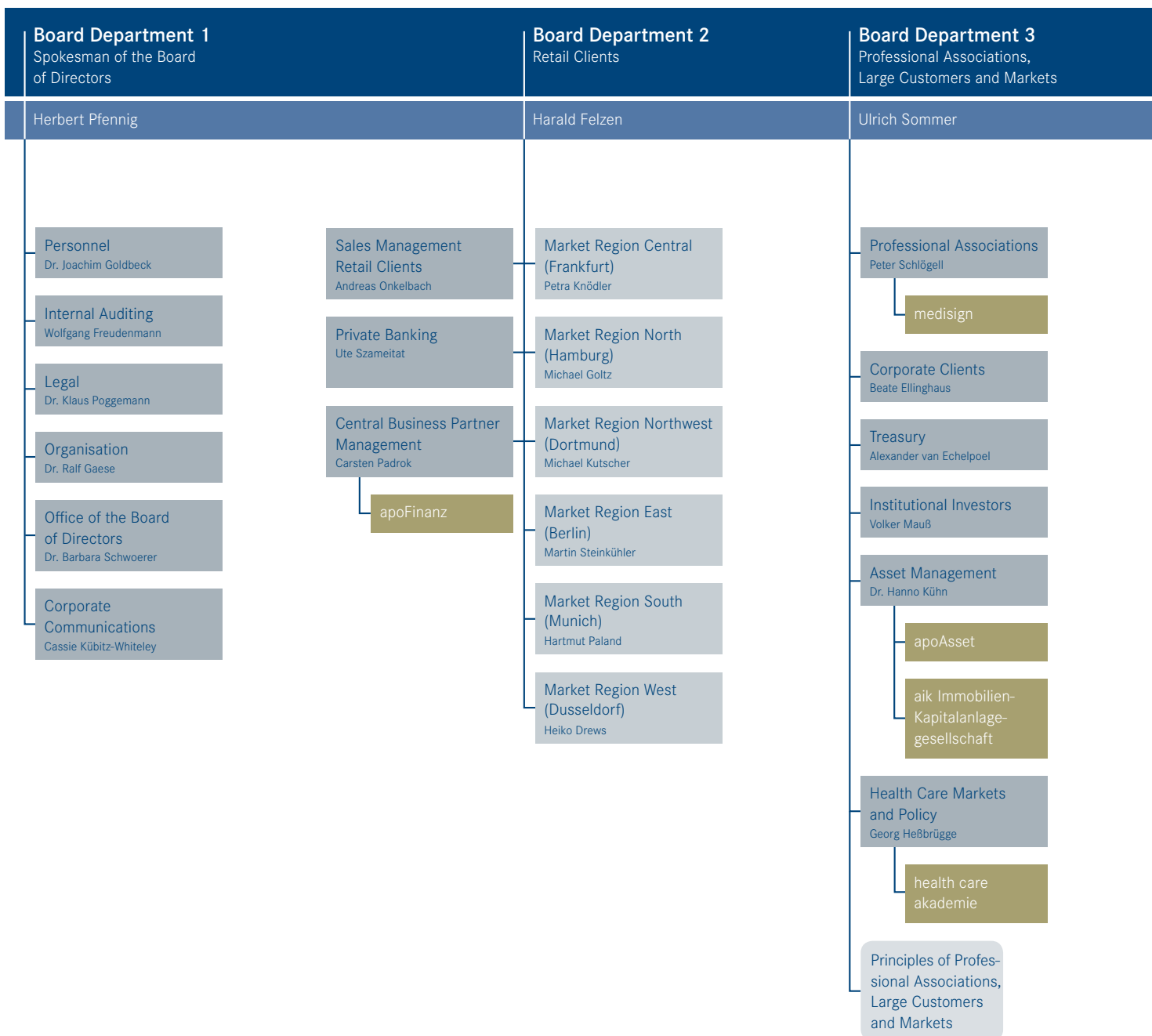
The Declaration of Conformity is available on apoBank’s website for a period of five years following its initial publication.

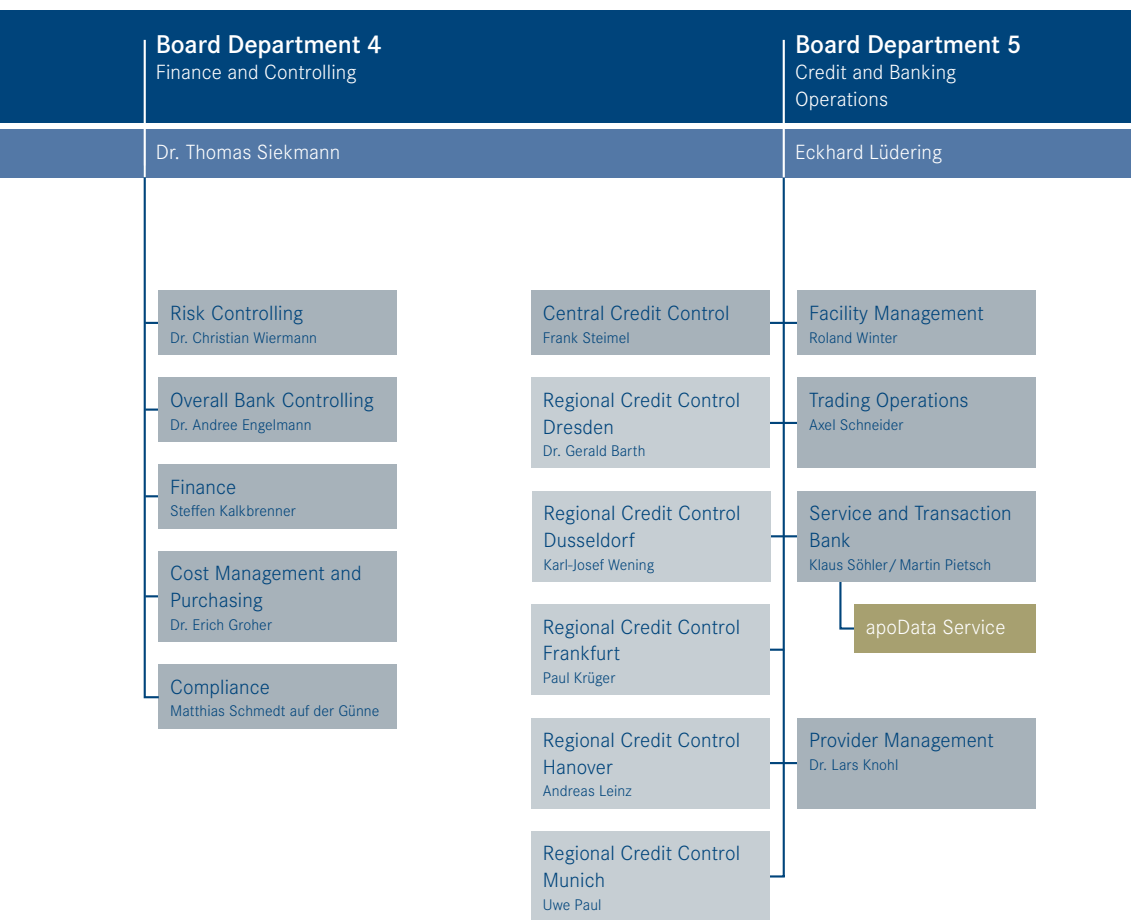
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Board Departments

Organisational chart of Deutsche Apotheker- und Ärztebank





Board of Directors



Eckhard Lüdering, Dr. Thomas Siekmann, Herbert Pfennig, Ulrich Sommer and Harald Felzen

Herbert Pfennig

Spokesman of the Board of Directors

Harald Felzen

Member of the Board of Directors

Eckhard Lüdering

Member of the Board of Directors

Dr. Thomas Siekmann

Member of the Board of Directors

Ulrich Sommer

Member of the Board of Directors

Supervisory Board

Hermann S. Keller, pharmacist

Chairman
Mainz

Wolfgang Häck¹

Deputy Chairman
Dormagen

Ralf Baumann¹

Dusseldorf

Apotheker Fritz Becker

Remchingen

Martina Burkard¹

Würzburg

Mechthild Coordt¹

Berlin

Dr. med. dent. Peter Engel

Bergisch-Gladbach

Sven Franke¹

Hanover

Eberhard Gramsch

Göttingen

Klaus Holz¹

Essen

Dr. med. Andreas Köhler

Berlin

WP/StB Walter Kollbach

Bonn

Ulrice Krüger¹

Berlin

Prof. Dr. med. Frank Ulrich Montgomery

Hamburg

Sigrid Müller-Emsters (until 27 June 2014)¹

Meerbusch

Dr. med. dent. Helmut Pfeffer

Wohltorf

Robert Piasta (since 27 June 2014)¹

Niederkassel

Dr. med. dent. Karl-Georg Pochhammer

Berlin

Christian Scherer¹

Neustadt

Friedemann Schmidt, pharmacist

Leipzig

Ute Szameitat¹

Mülheim

¹) Employee representative

Advisory Board

Dipl.-Betriebsw. Wolfgang Abeln, Dreetz

Stephan Allroggen, dentist, Kassel

Dr./RO Eric Banthien, Hamburg

Mark Barjenbruch, Hanover

Fritz Becker, pharmacist, Remchingen

Dr. med. dent. Gert Beger, Bad Münster

Dr. med. Jörg Berling, Lüneburg

Dipl.-Volksw. Christoph Besters, Waldkirch

Dr. rer. nat. Rainer Bienfait, pharmacist, Berlin

Dr. med. Thomas Birker, Heide

Dr. medic/IfM Timisoara Kerstin Blaschke,
Schmalkalden

Dr. med. dent. Stefan Böhm, Munich

Dr. rer. nat. Roswitha Borchert-Bremer,
pharmacist, Bad Schwartau

Dr. med. dent. Burkhard Branding, Detmold

Burkhard Bratzke, Berlin

Dr. med. dent. Klaus Brauner, Roßlau

Bernhard Brautmeier, Essen

Dr. med. dent. Günther E. Buchholz, Telgte

Dr. med. dent. Jobst-Wilken Carl, Osnabrück

Frank Dastych, Bad Arolsen

Reinhard Dehlinger, Munich

Dipl.-Stom. Holger Donath, Prebberede

Dr. oec. publ. Walter Donhauser, Feldafing

Dr. med. Wolfgang-Axel Dryden, Kamen

Dipl.-Kfm. Armin Ehl, Berlin

Dr. med. Brigitte Ende, Buseck

Dr. med. Ilka Enger, Munich

Dr. rer. nat. Ralph Ennenbach, Ahrensburg

Dr. med. Karsten Erichsen, Bremen

Heinz-Ulrich Erlemann, pharmacist, Cologne

Dr. med. dent. Wolfgang Eßer, Mönchengladbach

Dr. med. Johannes Fechner, Emmendingen

Dr. med. dent. Jürgen Fedderwitz, Wiesbaden

Dipl.-Med. Regina Feldmann, Meiningen

Assessor jur. Christian Finster, Bad Schönborn

Bernd Franken, Dusseldorf

Christiaan Johannes Gabrielse, veterinarian, Dinslaken

Dr. med. Andreas Gassen, Berlin

Dr. med. vet. Karl-Ernst Grau, Sendenhorst

Dr. phil. Jörn Graue, pharmacist, Hamburg

Dr. med. Holger Grüning, Wernigerode

Dipl.-Stom. Dieter Hanisch, Freyburg

Dr. med. Gunter Hauptmann, Saarbrücken

Dr. med. Klaus Heckemann, Dresden

Dr. med. Dirk Heinrich, Hamburg

Dr. med. Peter Heinz, Ober-Hilbersheim

Dr. med. dent. Ulrich Hell, Merchweiler

Dr. med. Hans-Joachim Helming, Eversen-Heide

Dr. med. Torsten Hemker, Hamburg

Martin Hendges, dentist, Untereschbach

MdB Rudolf Henke, Aachen

Dr. med. Jörg Hermann, Bremen

Andreas Hilder, Steinfurt

Dr. med. Stephan Hofmeister, Barsbüttel

Dipl.-Kfm. Wilfried Hollmann, Essen

Dr. med. dent. Jörg-Peter Husemann, Berlin

Stephan Janko, Langenfeld

Dr. med. Burkhard John, Schönebeck

Dipl.-Kfm. Michael Jung, Cologne

Dipl.-Kfm. Daniel F. Just, Plöcking

Oliver Kahl, Schwerin

Dr. rer. nat. Andreas Kiefer, pharmacist, Koblenz

RA Hartmut Kilger, Tübingen

Dr. med. dent. Alfons Kreissl, Eschborn

Dr. rer. pol. Andreas Kretschmer, Dusseldorf

Dr. rer. soc. Thomas Kriedel, Dortmund

Dr. med. dent. Peter Kriett, Bad Segeberg

Dr. med. dent. Manfred Krohn, Rostock

Dr. med. Wolfgang Krombholz, Isen

Dipl.-Math. Udo Kühle, Neuss

Dr. rer. pol. Andreas Lacher, Gauting

Dr. rer. pol. Herbert Lang, Germering

Dipl.-Kfm. Wolfgang Leischner, Lübeck

RA Florian Lemor, Berlin

Dr. med. Steffen Liebscher, Löbnitz

Rainer Linke, Potsdam

Volker Linss, veterinarian, Villmar-Aumenau

Dipl.-Kfm. Thomas Löhning, Cologne

Dr. med. dent. Ute Maier, Dußlingen

Helmut Mälzer, Berlin

Prof. Dr. med. vet. Theodor Mantel, Eichstätt

Lothar Marquardt, dentist, Essen

Dipl.-Verwaltungsw. Eberhard Mehl, Bonn

Johannes M. Metzger, pharmacist, Scheinfeld

Tobias Meyer, Hanover

Dr. med. Josef Mischo, St. Ingbert

Dr. med. dent. Dirk Mittermeier, Bremen

Dipl.-Kfm. Karsten Müller-Uthoff, Hildesheim

Dipl.-Math. Gert Nagel, Darmstadt

Christian Neubarth, dentist, Hildesheim

Dr. med. vet. Michael Nieswand, Nossentiner Hütte

Dr. Ralph Nikolaus, Dresden

MUDr. Peter Noack, Cottbus

Dr. med. dent. Hans-Jürgen Nonweiler, Kassel

Dr. med. Gerhard Nordmann, Unna

Dipl.-Kfm. Siegfried Pahl, Erkrath

Dr. med. dent. Klaus-Dieter Panzner, Bad Berka

Walter Plassmann, Hamburg

Dr. med. Peter Potthoff, Königswinter

Dr. med. Angelika Prehn, Berlin

Axel Rambow, Schwerin

Dr. med. dent. Janusz Rat, Munich

Dr. med. dent. Bernhard Reilmann, Lippstadt

Dr. med. dent. Michael Reinhard, Nörtershausen

Dr. med. Klaus Reinhardt, Bielefeld

RA Martin Reiss, Berlin

Dr. med. dent. Ingo Rellermeier, Berlin

Dr. med. Bernhard Rochell, Berlin

Dr. med. Annette Rommel, Mechterstädt

Dr. med. Karl-Friedrich Rommel, Mechterstädt

RA Dr. jur. Helmut Roth, Senden

Dr. med. Jochen-Michael Schäfer, Kiel

Günter Scherer, Bremen

Dr. med. dent. Karl Horst Schirbort, Burgdorf

Dr. med. Dipl. Oec. med. Monika Schliffke, Ratzeburg

Dr. med. Pedro Schmelz, Bad Kissingen

Dr. jur. Sebastian Schmitz, Berlin

Dr. med. Rüdiger Schneider, Trier

Dr. med. dent. Ursula von Schönberg, Barntrup

Dr. med. Thomas Schröter, Weimar

Dipl.-Med. Andreas Schwark, Bernau

Dirck Smolka, dentist, Bonn

Dr. med. Eberhard Steglich, Guben

SR Dr. med. dent. Helmut Stein, Clausen

Dipl.-Volksw. Helmut Steinmetz, Kiel

Dr. med. dent. Helke Stoll, Eilenburg

Dr. med. Jürgen Tempel, Wunstorf

Dr. med. Christoph Titz, Ganderkesee

Dipl.-Ing. Ernst Uhing, Lüdenscheid

Dr. med. Sigrid Ultes-Kaiser, Ramstein-Miesenbach

Dr. med. Claus Vogel, Leipzig

Ralf Wagner, dentist, Heimbach

SR Dr. med. Egon Walischewski, Koblenz

Ulrich Weigeldt, Berlin

Dr. med. dent. Holger Weißig, Gaußig

Dr. med. Lothar Wittek, Thümmthenning

Dr. med. dent. Walter Wöhlk, Molfsee

Dipl.-Ökon. Oliver Voitke, Bremen

Jürgen Ziehl, Saarbrücken

Honorary Position Holders and Honorary Members

Dr. med. dent. Wilhelm Osing

Honorary Chairman of the Supervisory Board
Dusseldorf

Dipl.-Volkswirt Walter Schlenkenbrock

Honorary Chairman of the Board of Directors
Ratingen

Klaus Stürzbecher, pharmacist

Bearer of apoBank's Karl Winter Medal and
honorary member of apoBank
Berlin

Berthold Bisping

Honorary member of apoBank
Neuss

Dr. med. dent. Wolfgang Eßer

Honorary member of apoBank
Mönchengladbach

Elfriede Girtl

Honorary member of apoBank
Munich

Jürgen Helf

Honorary member of apoBank
Meerbusch

Dr. med. Ulrich Oesingmann

Honorary member of apoBank
Dortmund

Dr. med. dent. Rudolf Oschika

(† 10 September 2014)
Honorary member of apoBank
Moers

Dipl.-Betriebswirt Werner Wimmer

Honorary member of apoBank
Meerbusch

In Memoriam

Dr. med. dent. Rudolf Oschika

The deceased made a lasting contribution to supporting the development of apoBank over a period of several years in his role as a member and Deputy Chairman of the Supervisory Board, after that he supported the bank as a member of the Council of Elders.

Dr. med. dent. Bernd-Volker Groß

Dr. med. dent. Joachim Wömpner

The deceased were closely associated with apoBank as committee members. We have lost good friends and esteemed companions in our endeavours to advance the Bank.

We shall honour their memory.

About apoBank

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Trusted Bank of the Health Care Professions, with Healthy Growth and Clear Principles

This is our central aim, which we live up to in every possible way. Five principles shape our mission and bring it to life:

- 1.** We manage our clients' finances with the same attention and care that they dedicate to the health of their patients.
- 2.** We maintain a lifetime partnership with our clients that focuses on their interests at all times.
- 3.** We provide effective solutions for the complex challenges facing the health care sector and are also the first choice for private investments.
- 4.** We ensure top quality thanks to a stable culture of values and powerful, efficient processes.
- 5.** We maintain and defend our independence through economic solidity and business innovation.

“By Health Care Professionals, for Health Care Professionals”

This principle has set Deutsche Apotheker- und Ärztebank eG (apoBank) apart for more than 110 years. It is an elementary part of our mission as a cooperative. Academic health care professionals – the owners of apoBank – are the foundation upon which the Bank is built. At the same time, we specialise in serving health care professionals. Our statutory support mandate is at the heart of everything we do: apoBank supports its members and clients in achieving their professional and private goals by providing specialised banking services.

Thanks to this specialisation, we have a strong position in the German health care market and a business model that is unique nationwide.

We are the specialist bank for the health care sector and a strong, reliable partner for the German health care market.

Our ongoing strategic development and advancement is based on a tight network within the health care sector. We consistently base our plans and actions on developments in the sector and keep an eye on the impact of structural changes on health care professionals. More than 105,000 members and over 382,000 clients place their trust in this knowledge, making us the largest co-operative primary bank in Germany.

apoBank milestones

1902

Founded as
Kredit-Verein
Deutscher
Apotheker
(KREDA)

1938

Renamed
Deutsche
Apothekerbank

1957

Renamed
Deutsche
Apotheker- und
Ärztebank

1961

Annual
General
Meeting
introduced

1974

Advisory
Board
consisting of
members of
associations
of health
care profes-
sionals
founded

1990

Business
activities
expanded to
include the
former East
Germany

2002

100th
anniversary


Specialist for the Health Care Sector

Our Health Care Markets and Policy division represents a unique knowledge pool on all aspects of the German health care sector. The analyses and forecasts based on this foundation are a key competitive advantage for apoBank.

We regularly analyse our health care professionals' new business start-ups. We cooperate with the Central Research Institute of Ambulatory Health Care (ZI – Zentralinstitut für die Kassenärztliche Versorgung) and the Institute of German Dentists (IDZ – Institut der Deutschen Zahnärzte) on the evaluation of physicians' and dentists' data. We identify regional developments in practices and pharmacies, popular start-up forms and the kind of investments that can be expected. The statistical evaluation of our business start-up analyses provides insight into trends and developments in the German health care market.

Our studies on income and cost structure data are essential for evaluating a practice's economic and business development. We perform analyses for a wide range of fields of medical specialisation. We also take a look at regional distribution within the chambers' districts or the number of owners.

Our tight network with health care sector players is the key to our specialisation. apoBank's annual health policy kick-off meeting (Gesundheitspolitische Jahresauftakt der apoBank) is one event that demonstrates the strength of this network. The regular meeting gives more than 500 representatives of the German health care sector a forum to talk about the latest developments, discuss trends and to network. In 2014, the event focused on the meaning of freedom and self-employment. apoBank has a market share of more than 60% among self-employed health care professionals and is the leader when it comes to financing and supporting new business start-ups in the medical sector.



Knowledge
pool

Thanks to our analyses of health policy and business developments affecting the health care market, we have access to unique information.

In specific studies, we investigate changes in the health care sector and their impact on how health care professionals practice their professions. In 2014, we took a closer look at how professionals work, their attitudes and their experiences. Our “Chance Niederlassung” (“Practice Opportunity”) study revealed that reservations about self-employed practice often turn out in the end to be far less serious than originally anticipated.



90%

of self-employed health care professionals are happy with their decision to set up their own practice.

The German network of health care structures (Deutsches Netzwerk Versorgungsstrukturen), which we initiated, allows us to establish contacts to specialists who may be of benefit to our clients in realising their plans. These specialists include tax consultants, construction controllers, lawyers and architects with extensive experience in modern cooperative forms in the health care sector. This gives our clients support in all specific areas of their respective projects.

Highly Trained Employees

Our aspiration to be the trusted bank of the health care professions gives our employees clear orientation regarding the path we as apoBank choose to follow. The foundation of our business success is built on their training and performance. apoBank needs the best employees in order to be able to offer pharmacists, physicians, dentists, veterinarians and students of the academic health care professions the best advice. As an employer, we want to be a top choice with an excellent reputation and offer healthy working conditions along with promising prospects.

We support our employees in their personal and professional growth. In doing so, we also underpin our position as an attractive employer. The measures we support include in-service higher education as well as individualised further education and coaching offerings.

We place a particular emphasis on training regarding structures and developments in the health care sector. The combination of financial expertise and knowledge of the health care professions is a feature of our unique business model. In cooperation with the Frankfurt School of Finance & Management, we certify our advisers as financial consultants in the health care sector. We focus on a continuing training process and recertify our advisers every three years to ensure that we keep an eye on the current opportunities for our clients in the health care sector at all times.



Thank you

To all our employees for their outstanding personal commitment. It is their performance that makes it possible for us to implement our unique business model.

Attractive Employer

apoBank is one of the best employers in Germany. A panel of judges at the Top Employers Institute awarded apoBank the honour of “Top Employer Germany 2014”.

In cooperation with the professional networking site Xing and the employer evaluation portal Kununu, the German news magazine “Focus” named us its “Top National Employer” and its “Top National Employer in the Banking and Financial Services Industry”. We have once again been nominated for 2015.

berufundfamilie gGmbH, an initiative of the non-profit Hertie Foundation, awarded us with the “work and family audit” certificate for a family-conscious personnel policy in 2014. This marked the third time that we received this recognition, which is trademarked throughout Europe.

We see these awards and recognitions as both a motivation and a duty to be a leader in terms of employee identification and quality.

Award-winning



Retail Clients

In the retail clients segment, we advise academic health care professionals on all their professional and private financial matters. Our focus is on our clients' specific needs. To meet these needs, we combine our knowledge of the entire health care sector with our comprehensive expertise in the field of financial services.

Customer groups

Self-employed or salaried academic health care professionals: pharmacists, physicians, dentists and veterinarians, including retirees

Students with medical fields of specialisation: pharmacy, medicine, dentistry, veterinary medicine

Medical-sector clients, such as non-medical practitioners, dental technicians and psychotherapists

apoBank employees

Integrated advice

From university, salaried employment and self-employed practice through to retirement, we take an integrated approach to advising our clients in every stage in life. Thanks to our apoPUR advisory concept, we have an eye on our clients' wishes and goals. Based on this foundation, we provide comprehensive and individualised advice for new business start-ups, investment decisions, real estate plans and other professional or private projects. We also develop recommendations for capital investments and look after our clients' private asset management and financial planning needs.

Our advisers are specialised in supporting students as well as self-employed and salaried health care professionals. Additional specialists are active in the fields of asset investment and real estate. The advisory services are supported by central divisions, such as our in-house investment research. Our special focus here, in addition to industry-wide analyses, is the health care market. We work to ensure provider-independent advice according to the best-advice approach in accordance with our clients' investment goals and their willingness to take risks. Our private asset management services round out our

traditional range of investments. “Focus Money” and n-tv once again rated our asset management services “excellent” in their 2014 independent bank test. This secured us and our services a place among the best private asset managers in Germany, as in previous years.

We also offer the comprehensive services of our Private Banking division for support with complex asset structures or financing, such as generation, foundation or participation management.

We restructured our capital investment real estate segment in 2014. The aim here is to meet the growing need for capital investments with a stable value. As part of our concept, we combine individual asset management with the brokerage of hand-picked real estate and comprehensive services for our clients.

Award-winning

apoBank’s asset management services have once again been rated “excellent” in terms of advisory quality and expertise of portfolio management.



Winning experience

Our many years of experience in the health care sector is a tangible added value for our retail clients. One real unique selling proposition that sets us apart from other banks is our interactive investment and cost advisory program known as INKO, which we developed in cooperation with Germany's Central Research Institute of Ambulatory Health Care (ZI – Zentralinstitut für die kassenärztliche Versorgung). The software allows us to simulate our clients' planning in terms of setting up their own practices or investing in existing ones. With the help of the program, we determine what kind of total income needs to be generated for the investment to pay for itself. Interactive tools show clients how changes in interest rates, turnover or costs could affect their plans, helping us provide our clients with comprehensive and reliable data for their decisions.

We bring buyers and sellers of practices and pharmacies, as well as clients looking for cooperatives, together on our practice and pharmacy exchange, which gives health care professionals the opportunity to find out how many practices and pharmacists are available in the desired region. Practices can also be selected according to field of specialisation. A large number of physicians, dentists and pharmacists from across Germany have already registered with the exchange. With apoBank's help, they are looking for the right practice or pharmacy – or for a suitable successor. The special added value is that apoBank has known a large part of the listed practices and pharmacies for many years and is therefore able to make a very good judgement as to their profitability.



Search and offer

Sellers and buyers of practices and
pharmacists come together at
www.apobank.de/praxisboerse.

We pass on our knowledge of the health care sector. Our clients benefit from more than 500 practically oriented, free seminars each year, including many with continuing education credits. We also support the further education of health care professionals in cooperation with the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung) and the German Medical Association (Bundesärztekammer) through our joint health care akademie. Our extensive network plays a particularly pivotal role and includes professionals such as tax consultants, lawyers and architects who are specialised in the health care sector.

Flexible support

Our clients decide how they want to contact us. We are available in person to support our clients on location in our branches at over 80 locations. We have advisory offices at around ten university clinics and medical schools. In addition, we work with selected partners who are there for our clients even outside of our branch locations and their business hours.

Our online presence is another important way of gaining access to our offerings. Alongside traditional online banking and the ability to take out products, we also use the internet to provide comprehensive information about our range of products. If necessary, we support our clients using text chat or video advisory services.

Very good

Deutsches Kundeninstitut rated apoBank “very good” in every tested area during its quality and competition test in May 2014.



Professional Associations

Ever since apoBank was founded, the professional associations segment has stood for the organisation's intertwined relationship with organisations of health care professionals. The cooperative concept is what shapes our relationships. Constant, intensive dialogue with each other makes a key contribution to enabling us to reliably fulfil our statutory purpose: providing economic support and customer care to our members, and especially to health care professionals, their organisations and institutions.

Customer groups

Associations of panel doctors/dentists

Private medical clearing centres and professional clearing centres of the health care professionals

Chambers of liberal professions

Professional associations and scientific societies of the health care professionals

Anchored in the health care sector

Our connections to the structures of the health care sector have grown over the course of decades. Our business relations with professional associations are correspondingly stable. This close and trusting partnership is the basis of our knowledge of the world of health care professionals. As a specialist bank, we focus on developments in the health care market, which are shaped and advanced by the respective professional associations. This anchored position within the German health care sector makes us unique in the German banking community. We also see this as a major responsibility.

Advice within a health policy context

The main focus of our professional association clients is advice on financial matters, against the backdrop of a health policy context. They benefit from our health care sector expertise, which we use to satisfy their respective investment needs. We offer them a comprehensive and customised range of financial services that we tailor especially to professional associations' interests. Payment transactions are an important apoBank service. Almost 90% of invoicing with statutory health insurers is processed through apoBank. Our services also include investment solutions in the form of fixed-term deposits, time deposits and securities.

The changes in the health care market, on which we keep a close watch, are nevertheless leaving their mark on the market environment faced by professional associations representing health care professionals. We promote communication on the matter with our clients through joint activities such as seminars and lectures. We also ensure a high level of networking between players in the health care sector and wide-ranging knowledge transfer within the regions. One focal point in 2014 was our activities in support of our "Chance Niederlassung" ("Practice Opportunity") study. Joint regional activities are set to follow a nationwide workshop. These activities will aim to encourage health care professionals set up their own practices. We also support professional associations in designing electronic business processes, such as telematics solutions.



90%

of invoicing with statutory health insurers is processed through apoBank.

Local customer care

We also support our partnership of trust with professional associations by having a presence close to where they operate and by offering local contact persons. In addition, we exchange information and views with them regularly at events and industry trade fairs. This allows us to be in close contact with our clients and ensure high advice quality.

Institutional Investors

Our institutional investors segment advises professional investments on their capital investments. We provide our clients with products and services that are tailored to their individual investment goals as well as their risk-bearing capacity. We integrate capital market developments flexibly into individual investment strategies. The aim is to also take into account regulatory and statutory provisions that apply increasingly to our clients.

Customer groups

Occupational pension funds for health care professionals and other groups of professionals

Other financial intermediaries, such as pension plans, pension funds, professional societies, foundations

Comprehensive range of services

Our range of services consists of a wide variety of securities products as well as banking and advisory services, including direct pension investment products, such as our in-house refinancing instruments, plus interest rate products and liquidity management. Financing and classical banking services in payment processing round out our range of services. In addition, our clients benefit from our high-performing role as a deposit bank for special securities and real estate funds, which offers our institutional investors the best basis for the diversification necessary for all indirect investments in international asset classes.

The modular advisory services of apoBank's strategic consulting allow us to support decision-makers in managing and reporting their capital investments. Fulfilling obligations is growing increasingly difficult, especially in the sustained environment of low interest rates. We support our investors here through appropriate services. For example, we measure the risk of capital investments and make suitable recommendations according to the respective risk profile.

Another element is our proven asset liability management, where we project the long-term future development of the capital investment and obligations in consideration of the investor's individual situation. This allows us to provide a basis for decisions aimed

Modular services for managing capital investments



at optimising both sides of the balance sheet. Based on these findings, we recommend an optimal strategic allocation in view of yield and risk aspects. On request, we additionally support investors when it comes to implementation and making tactical adjustments.

All modules of our analysis services help our investors communicate with their company boards and supervisory authorities.

We also support our institutional investors through our asset management services so that they can achieve their yield targets. Here we offer individual fund of funds solutions that allow institutional investors to optimally implement or complete strategic allocations along with the qualitative management of direct pension investment funds. In addition, we inform our investors regularly about other providers and investment themes that meet their needs and promise opportunities in the capital market environment.

Specialisation in pension funds

We have a close connection with many of our clients thanks to long-standing business relations. Our resulting experience, along with a network connecting us to supervisory authorities and umbrella associations, provides us with an excellent knowledge edge that helps us meet the needs of pension funds and financial intermediaries, achieve their goals and comply with regulatory conditions.

We see the partnership with our institutional investors as a dynamic process in which we are constantly evaluating our services while coordinating and enhancing them in dialogue with our clients.

Customer care in dialogue

The challenges that our investors and our bank as their partner face have grown significantly in the demanding capital market environment. Good and regular communication is therefore particularly important. It is far easier to overcome these challenges together. This is also in keeping with our philosophy.

In addition to the personal customer care we provide to our clients, our traditional apolInvestment-Forum gives our institutional investors the annual opportunity to talk to experts. At the forum, we discuss current trends, investment ideas and requirements with investors and providers from our network to find appropriate solutions for our clients.

Corporate Clients

As the leading bank in the health care sector, we support companies that make a contribution to maintaining high-quality medical care. In the corporate clients segment, we pool our financial expertise and our experience in the health care market to develop solutions for the complex projects in the health care sector that are a perfect fit.

Customer groups

Companies in the health care market

Inpatient care structures

Outpatient care structures

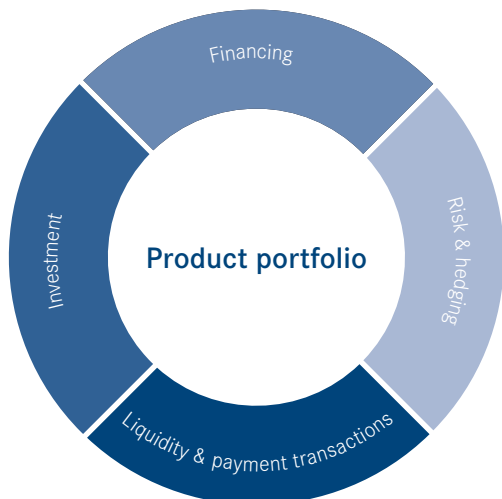
Specific industry and financing expertise

When it comes to project financing and investment advice, our corporate clients benefit from our specific expertise in the medical sector. Classical banking services, such as payment processing and interest rate management, round out our range of products and services.

Individual and sustainable financing concepts demand a high level of expertise in the health care sector as well as in lending and capital markets. We know the financing mechanisms of the health care market and the unique features of health care real estate. In addition, we are familiar with regional market conditions. This knowledge allows us to go beyond offering financing to support our clients in the concept, design and planning of their complex projects. As a result, we offer them a significant benefit when it comes to realising their plans.

Alignment towards health care market needs

Overall, development in the health care market is moving towards larger, more complex structures, cooperative models and forms of companies. The growing competition, the desire for teamwork, an improved work-life balance, the possibility of flexible working models created by health care policy and many other factors have led to major changes. More and more new players are entering the market, and increasingly complex forms of collaboration and more comprehensive network associations are coming into existence.



Personal project management

For us, integrated customer care means that we support our clients' financing plans from the very first idea on and support their further development up until successful realisation. This is possible thanks to our decentralised team of advisers, which has comprehensive financing and industry expertise and ensures a high level of customer proximity throughout Germany. Our mission is focused on a collaboration shaped by trust and long-term partnership.

We support professional dialogue by offering specific client events, such as in the hospital environment. In this way, we promote communication with other market participants, advisors or initiators of projects in the health care sector.

apoBank in Dialogue

Extensive dialogue with health care professionals and their organisations is something that sets apoBank apart. Maintaining a direct connection to professional associations representing health care professionals and players in health care policy is part of our everyday business. We place great importance on personal encounters. As a result, we attended the following events last year, among others:

January	<ul style="list-style-type: none"> · Gesundheitspolitischer Jahresauftakt, Dusseldorf · Medizin 2014, Stuttgart
February	<ul style="list-style-type: none"> · Pharmacon, Davos · Ladies Dental Talk, Frankfurt/Main
March	<ul style="list-style-type: none"> · Winterkongress der Zahnärzte, Davos · apoInvestment-Forum, Bonn
April	<ul style="list-style-type: none"> · Gesundheitskongress des Westens, Cologne
May	<ul style="list-style-type: none"> · DAV Wirtschaftsforum, Berlin · German Medical Assembly, Dusseldorf
June	<ul style="list-style-type: none"> · Düsseldorf In – Ärzte im Gespräch, Dusseldorf · Annual General Meeting, Dusseldorf · Hauptstadtkongress Medizin und Gesundheit, Berlin
September	<ul style="list-style-type: none"> · Expopharm, Munich
October	<ul style="list-style-type: none"> · Europäischer Gesundheitskongress, Munich · Düsseldorf In – Ärzte im Gespräch, Dusseldorf
November	<ul style="list-style-type: none"> · Deutscher Zahnärztetag, Frankfurt/Main · Medica, Dusseldorf

Commitment to society

We work with organisations and institutions of health care professionals on a wide range of events and topics. Beyond these direct collaborations, apoBank supported a wide range of charitable medical-sector projects both financially and personally in 2014.

In addition to our support of well-known organisations such as "Ärzte ohne Grenzen" (Doctors Without Borders), "Apotheker helfen" (German Pharmacists' Aid) and "Zahnärzte helfen" (Dentists' Aid), we are also involved in individual projects, such as medical foundations, hospice associations and health care professionals' further education projects.

We see our wide-ranging commitment not only as a social obligation, but also as an investment in the future that does not stop at national borders. As a result, apoBank and its employees also made a difference last year in projects in which our connections allowed us to get directly involved. These projects include specialist physician training with HNO für Ruanda e. V., a dental clinic in a children's village in Ethiopia with "Zahnärzte helfen e. V." or building a school in Zambia with "Project Luangwa".

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Business and General Conditions

apoBank – the leading bank in the health care sector

apoBank is a cooperative full-service bank. Its business policy is geared towards the specific needs of the medical professions and the health care market. As a cooperative, apoBank's statutory business purpose is to assist and support its members – health care professionals and their organisations and institutions – in financial matters. Our objective is also to enable our members to participate in apoBank's economic success to an appropriate degree on a long-term basis.

As an expert and niche provider, we have a strong market position in the German health care market, which ensures the cooperative FinanzGruppe is a market leader in financial services for the health care sector.

Business model aligned to growing health care market

apoBank's business model is geared towards sustainably exploiting opportunities on the thriving health care market. In accordance with our statutory purpose, we are a reliable financing partner that contributes to satisfying the growing demand for investment in the health care sector.

Our customers are students, practicing and retired members of academic health care professions, professional associations, cooperative forms and companies in the health care industry, suppliers of pharmaceutical, medical,

dental, inpatient and medical care structures as well as other selected customers such as alternative practitioners and psychotherapists. As their confidential partner, we offer a complete range of financial and advisory services in the lending, deposit and investment business, as well as in asset management.

Our vision of the trusted bank of the health care professions is embedded in our business strategy

Our vision and our aspiration is to be the trusted bank of health care professions with robust growth and clear principles. Based on our clear risk guidelines, we also strive to achieve a balanced risk-return ratio.

apoBank's strategic objectives are derived from our vision. We want to increase customer satisfaction and expand our market share and market penetration rate, while improving our profitability on a sustainable basis. We also want to sustainably optimise the efficiency and quality of our processes and be a leader in terms of our employees identifying with the Bank and their qualifications.

To manage and monitor the fulfilment of our business-strategic objectives in the best way possible, we introduced a new Bank-wide control system in the year under review, which is based on a balanced scorecard (BSC). In this system, our strategic objectives are broken down into the categories customers, finances processes and employees.

Focus on strategic business segments

Our core business comprises the business segments “retail clients” and “professional associations and large customers”.

We want the “retail clients” business segment to grow in terms of both quality and quantity. Retail clients comprise students, salaried and self-employed academic health care professionals and retired health care professionals. In line with our vision and the derived integrated apoPur advisory concept, we focus on our customers’ individual needs and their various stages in life. We are also pushing ahead with the expansion of our range of product and advisory services for salaried health care professionals and students. The Bank will also open new advisory offices in areas where universities and clinics are located. We offer our private banking services to affluent health care professionals, which rounds off our strategic focus.

As a result of increasing digitalisation, customer behaviour has changed, as have the requirements of access and communication channels. We plan to expand apoBank’s multi-channel capabilities, which means that we want to be available to our customers and get in touch with them via both traditional and modern communication channels. A key element here is the reorganisation of the customer service centre. apoBank set the course in the reporting year. We also added an online extension to our advisory services, which will be integrated into the customer service centre.

In the “professional associations and large customers” business segment we manage three customer segments: professional associations and institutional organisations in health care, companies and medical care structures in the health care market, and institutional investors. We want to strengthen our market position with a systematic sales approach and by utilising cross-selling potential through our unique network in the health care market.

In the process, we focus primarily on our unique network in the health care market. The business potential of health care companies is growing constantly thanks to the trend towards cooperative, concentrated and complex

medical care structures. To be able to better exploit this potential, we have adopted measures to expand the corporate clients segment. Our intention is to position apoBank as a loan specialist for corporate clients and health care real estate.

We also plan to expand the investment business with retail clients and institutional investors, where we will apply our own expertise and the expertise of our associated companies Apo Asset Management GmbH and aik Immobilien-Kapitalanlagegesellschaft mbH. Apo Asset Management GmbH specialises in the administration and management of securities funds for private and institutional clients from the health care sector. aik Immobilien-Kapitalanlagegesellschaft mbH works for professional pension funds. As a real estate investment company it focuses on a holistic approach which covers the entire value chain for real estate investments.

In the following sections, we will present the key external and internal framework conditions for apoBank's business as well as its development in financial 2014.

Minimal growth in the euro area

The expected acceleration in economic growth in industrialised countries – coupled with a revival of the global economy – did not materialise in 2014. The global economy grew 3.3%, a similar level to the previous year.

The euro area emerged from its recession with a slight increase in gross domestic product (GDP) of 0.8%; only Italy, Cyprus and Finland registered a decline in economic growth. Besides Germany, Ireland and Spain achieved the highest growth rates. Government debt has increased in many countries despite austerity measures, and in Spain it amounted to 100% of GDP, for example.

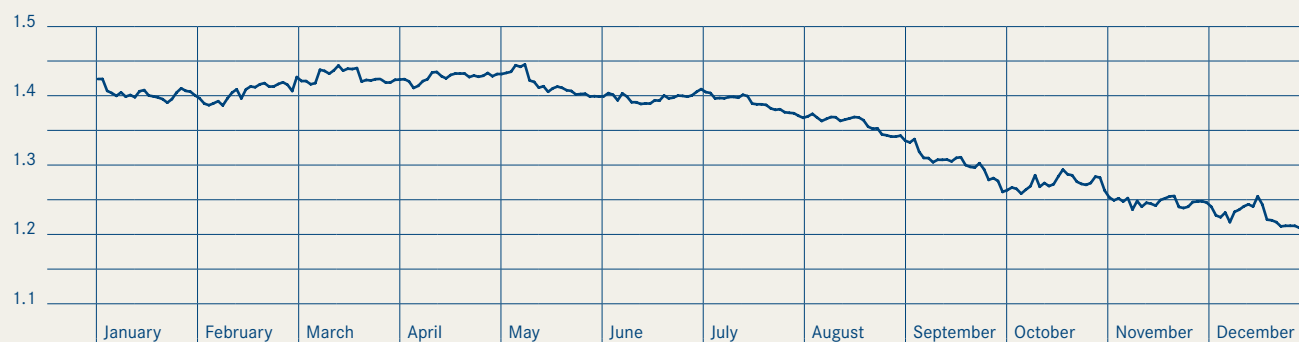
Development of gross domestic product of selected EU countries

	2014 %	2013 %
Germany	1.6	0.1
France	0.4	0.4
Greece	0.8	-3.8
Ireland	4.7	0.2
Italy	-0.4	-1.9
Netherlands	0.7	-0.7
Portugal	0.8	-1.4
Euro area	0.8	-0.4

As at January 2015

US dollar/euro development in 2014

US dollar/euro



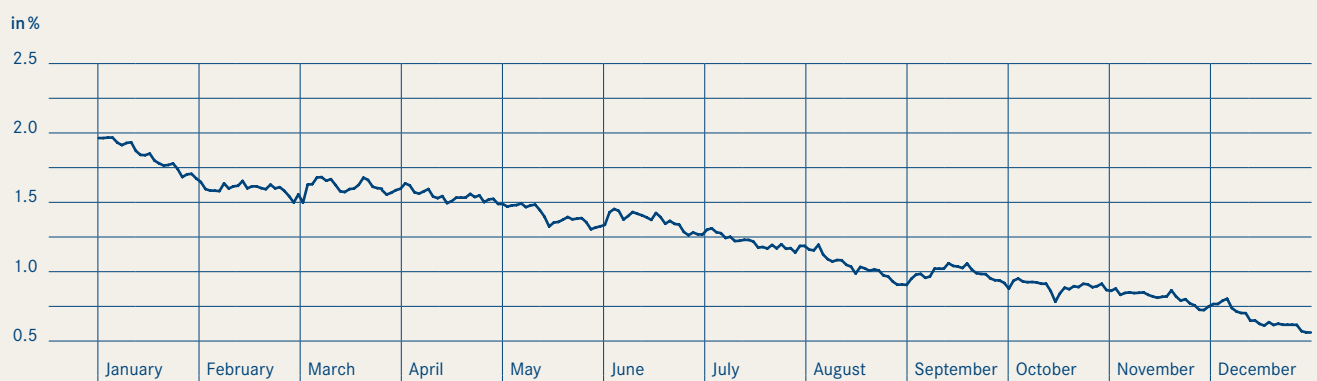
Historic period of low interest rates continues

Weak economic growth, high unemployment and an eroding oil price led to a drop in inflation to -0.2% in the euro area at the end of 2014. Towards mid-year, the mid-term inflation forecast of market participants fell to well below 2%, the European Central Bank (ECB) target. In view of this, the ECB lowered its key interest rate to 0.05% in two small steps and cut its deposit rate to -0.2%, its first ever negative rate. The ECB also plans to significantly expand its balance sheet to counteract the potential threat of deflation and support the euro area's economy. Another of the European Central Bank's key instruments is the securities purchase programme total-ling € 60 billion per month, which was resolved in January 2015.

Modest economic growth in Germany

Despite the weak economic environment, Germany reported 1.6% growth, which was largely fuelled by domestic demand.

Yield development of German federal bonds in 2014



The yield for ten-year German federal bonds fell from almost 2% at the beginning of the year to 0.5% at the end of the year. Since the summer, two-year bond yields have been negative. Against this backdrop, the euro began to depreciate sharply from mid-May.

Stock markets performed positively overall in 2014, but not as well as the previous year: The DAX gained 2.7% and the EURO STOXX 50 was up almost 3%. In the US, the UK and Germany, real estate markets saw a positive development.

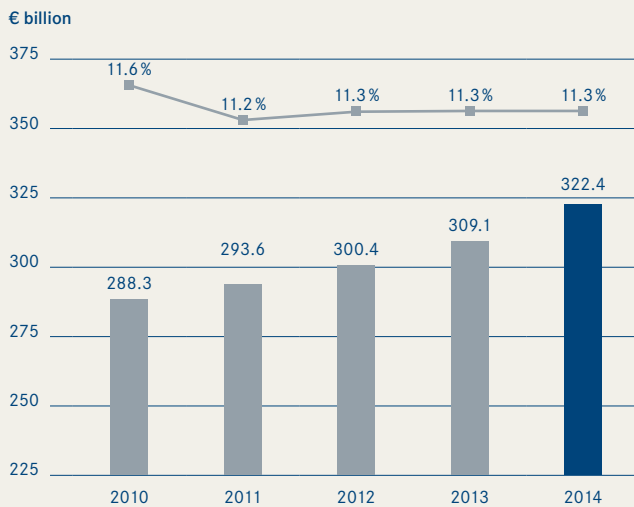
The US Federal Reserve ends easy money policy

Unlike Germany, the US economy suffered due to an exceptionally hard winter in the first quarter of the year. Nevertheless, it developed positively overall in 2014 with unemployment hitting its lowest level of 5.6% since the 2008 financial crisis. In October 2014, the US Federal Reserve terminated its extensive securities purchases.

Health care market remains a growth market

The German health care market is extremely robust. It remained a stable growth market thanks to medical and technological advances, demographic developments and rising health awareness among the population. Social insurance services benefited from the rising number of work contracts subject to social insurance payments.

Development in health care expenditure¹



—■ Health care expenditure as percentage of gross domestic product

1) Figures contain estimates or forecasts

Source: Federal Statistical Office, health care spending calculation

Continued growth in health care expenditure

We also forecast health care expenditure increases for financial year 2014. Based on the available data, we forecast a 4.3% increase in health care expenditure; this would account for 11.3% of Germany's GDP.

Statutory health insurance (GKV) represented around 59% of health care expenditure and remained the main source of income for most health care professionals. The figures available for the end of the third quarter 2014 show an increase in GKV health care expenditure of 5.3% per person insured compared to the previous year.

As a result, the financial situation of statutory health insurers deteriorated: By the end of the third quarter, they reported a deficit of € 763 million. Besides higher health care expenditure, this development is attributable to premium payouts and voluntary payments through which many insurers allow people with insurance to participate in their high financial reserves. The reserves amounted to € 16 billion at the end of the third quarter 2014.

Private health insurers remain a key source of income for health care professions. In 2013, private health insurance expenditure increased by 4.2% and we assume that this trend continued in the reporting year.

Structural change continues in the health care segment

The health care reforms implemented since 2004 benefitted structural change in the sector. The integration of service sectors within the German health care system continued to make progress. Cooperative outpatient treatment options are on the rise, especially in the area of specialist medicine.

Further consolidation of the pharmacy market

Compared to 31 December 2013, the number of pharmacies in Germany dropped by 0.8% as at 30 September 2014. This marks a continuation of the declining trend seen in the past few years. A growing number of pharmacies are being managed as branches. Both developments demonstrate the process of concentration and consolidation in the pharmacy market, which has been reinforced by social legislation in recent years to reduce costs.

As a result of the trend towards branch pharmacies, a growing number of pharmacists are becoming salaried pharmacists. The share of salaried pharmacists was over 66% at the end of 2013 (31 December 2012: 65%).

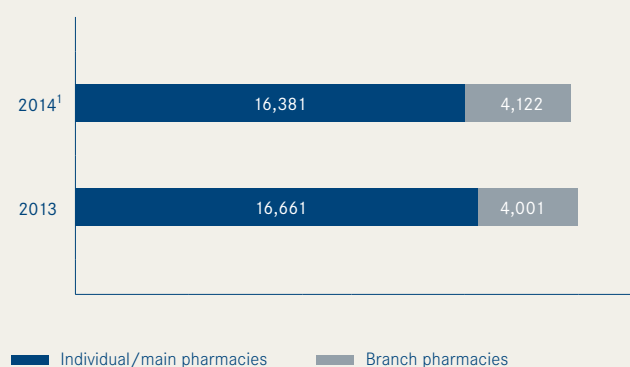
Pharmacists see slight improvement in earnings

Based on previous forecasts, pharmacy earnings improved slightly in 2014: They generated an operating result of € 109,000 on average, which corresponds to an increase of € 4,000 year-on-year. The reason for this is primarily the newly introduced night and emergency fees, the impact of which was felt in 2014.

Expenditure of statutory health insurers for pharmaceuticals grew to € 24.8 billion in the first three quarters, which was 9.9% above the previous year's period.

Private health insurers spent € 2.6 billion on pharmaceuticals and dressings, 5.3% more than in the previous year.

Number of pharmacies



1) As at 30 September 2014

Source: Bundesvereinigung Deutscher Apothekerverbände (ABDA)

Ongoing trend towards cooperatives and employment in the outpatient medical sector

In 2013, cooperative structures accounted for 45.1% of contractual outpatient care in new business start-ups. Although the number of individual practices has gained ground in new start-ups, in our experience they are becoming increasingly “cooperative” with salaried physicians. We assume that the trend towards cooperatives seen in recent years will continue in the medium to long term. While the number of medical care centres grew slightly in 2013, the average number of physicians per medical care centre has been rising constantly for several years. We expect this development to continue in 2014. The main reasons for the cooperative trend are the synergy effects physicians expect from joint practices and the non-monetary benefits like exchanging knowledge, being able to offer a broader range of services or managing time more effectively.

The number of physicians who participate in contractual medical care increased by 1.2% to 142,660 in 2013. The share of salaried physicians rose to 15.2%, as young physicians in particular regard salaried employment as an attractive alternative to setting up their own practice. We assume that there will be more salaried physicians in outpatient care compared to the previous year.

Higher expenditure on medical treatment

According to the calculations of the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), medical treatment expenditure grew to € 25.0 billion in the first three quarters of 2014, which was 4.2% above the previous year's period.

Expenditure for private insurers for medical treatment grew 3.8% year-on-year to € 5.7 billion.

The widely discussed reform of the fee schedule for physicians (GOÄ), which had been planned for a long time, was not implemented in 2014.

Number of salaried dentists on the increase

The total number of employed practice dentists increased slightly in 2013. While the number of dentists with their own practices declined by almost 1%, the increase in the number of salaried dentists (including assistants in training) grew by 6.8%. The share of salaried dentists amounted to 19.9%. We assume that the trend towards employment among dentists continued in 2014. Similar to the situation among physicians, the continuous growth shows that an increasing number of dentists regard employment as an attractive alternative to setting up their own practices.

Cooperative structures continue to play an important role in the sector: Our analyses show that over a quarter of all dentists decide to establish themselves as part of a cooperative.

Improvement in dentist fees

Expenditure of statutory health insurers for dental treatment increased by around 4.3% in the first three quarters of 2014 compared to the previous year's period. We assume that this trend continued in the last quarter.

In 2013, the expenditure of private health insurers on dental treatment increased by 5.4% year-on-year to € 3.8 billion.

Positive overall development for health care professionals

The overall situation for health care professionals in the reporting year can be viewed as positive, meaning that apoBank operated in a stable business environment.

Retail Clients

Positive development in retail clients segment

As a specialist bank for health care professionals, apoBank supports pharmacists, physicians, dentists and veterinarians in the retail clients segment. With its services, apoBank focuses on fulfilling the financial needs of academic health care professionals. The retail clients business developed well in the reporting year: In addition to business start-up financing, real estate financing was also in high demand last year. Deposits showed stable growth, too. The fact that the securities business also grew in 2014 was especially positive. All these developments are partly attributable to our apoPur advisory concept, with which we are able to offer our customers more tailored solutions according to their stage in life.

New lending business remains high

As in previous years, new lending business continued to see high demand in 2014. Our new advisory concept contributed significantly to this. Despite the high level of redemptions, the loan portfolio in retail clients remained stable at €22.6 billion (31 December 2013: €22.6 billion).

Stable development in business start-up financing

The trend towards cooperatives continued in start-ups. The costs for this form of practice are much lower for individual health care professionals compared to individual practices. In Germany, the share of physicians who set up individual practices also declined compared to previous

years. Competition on the start-up financing market was subsequently tough in 2014. Despite this, we were able to maintain our new start-up financing volume at €6.1 billion (31 December 2013: €6.1 billion).

Demand for real estate financing remains strong

The ongoing low interest rates also stimulated demand for real estate financing in 2014. apoBank was able to maintain its position amid strong competition for prices and conditions and expanded its loan portfolio: As at 31 December 2014, real estate financing for retail clients amounted to €11.5 billion (31 December 2013: €11.0 billion).

Investment and private financing slightly lower than in the previous year

Compared to the previous year, investment and private financing for health care professions declined to €5.1 billion (31 December 2013: €5.5 billion), as our customers increasingly used their own increased funds for replacement investments. This was also evident in demand for short-term current account loans, which dropped perceptibly. Financing continued to focus on upgrading practice facilities and renewing equipment.

Ongoing expansion of account business

The number of current accounts increased by around 5,000 to almost 507,000. As in the previous year, demand for the current account full service package and the student package was high.

Sharp growth in deposit business

Thanks to low interest rates and the high level of liquidity among health care professionals, the average volume in demand, savings and term deposits rose sharply by 11.8% to €11.4 billion (31 December 2013: €10.2 billion). Demand deposits were the main growth driver again, as our customers wanted more investments with short-term maturities and high availability. apoBank's maturity concept, where the investment capital is distributed over time deposits with various maturities and fixed interest rates for the respective maturities, was well received by customers.

The average volume in demand deposits grew by 17.8% to €5.4 billion in the reporting year and was considerably higher than in the previous year (31 December 2013: €4.6 billion). The total volume in the apoZinsPlus call account of €5.1 billion exceeded that of the previous year by 6.1% (31 December 2013: €4.8 billion).

The average volume in term deposits increased to €785.1 million (31 December 2013: €721.0 million) and savings deposits also rose and amounted to €97.4 million (31 December 2013: €64.9 million) on average.

Good development in securities business

Despite the overall positive performance of the stock markets in 2014, many investors were just as cautious when it came to pure equity investments as in previous years. In view of the extremely low interest rates, direct investments in fixed-income securities were not much sought after either; our customers opted for call deposits in short to mid-term investments.

However, there was a perceivable increase in demand for products offering participation in the stock market at lower risk or for active portfolio management. Certificates, hybrid funds and our asset management products particularly benefited from this development.

In the securities business, the new advisory concept with specialised advisors in asset management and our private banking services paid off. In the reporting year, we expanded our total deposits in retail clients slightly to €6.8 billion (31 December 2013: €6.6 billion).

Excellent business development in private asset management

The financial year was successful in private asset management. The good results in performance and risk management helped to increase the number of customers in asset management to almost 4,000 (31 December 2013: 3,600). The volume managed grew by more than €450 million to a total of €2.2 billion (31 December 2013: €1.7 billion).

Insurance business up sharply from previous year

The insurance business saw good performance in the reporting year. With a brokerage volume of €265.9 million, sales were up sharply by 38% compared to the previous year (31 December 2013: €192.6 million). Private pension products were in high demand and accounted for the majority of the brokered insurance business.

Building society savings continue to grow

The positive trend in building society savings continued in 2014: At €431.1 million, brokered building society savings increased by 28% (31 December 2013: €336.6 million). The high demand for private real estate and modernisation and expansion investments supported this development.

Professional Associations, Institutional Customers and Corporate Clients

Close collaboration with associations of health care professional groups

We focus on financial advisory services in a health policy context for the professional organisations customer group. Deposits of the professional associations, i. e. associations of panel doctors and dentists, private medical clearing centres and professional pharmacy data processing centres represent a major share of apoBank's customer deposits.

Despite the competitive environment, we were able to stabilise our business in professional organisations in the year under review.

Once again, the emphasis in the lending business was granting pre-financing lines for professional pharmacy data processing centres. At € 291.6 million, the lending volume was slightly below the previous year (31 December 2013: € 299.5 million).

In the deposit business, our customers preferred demand deposits to traditional term deposits. On average, deposits totalled € 3.6 billion in 2014 (31 December 2013: € 3.8 billion).

Positive development in business with institutional investors

The institutional investors customer group primarily comprises professional pension funds of the liberal professions and health care professions and financial intermediaries, e. g. pension funds and other professional investors.

Given the ongoing low interest level, institutional investors who had to meet their individual targeted returns also faced huge challenges in 2014. As an efficient depositary for master and special funds, we supported our customers in implementing their individual investment strategies. Our depositary volume increased to around € 11 billion (31 December 2013: € 10.5 billion) and the number of fund mandates rose to 130 (31 December 2013: 120). Our customers also benefited from the option of diversifying their funds to achieve their targeted returns.

Demand for the professional management of pension investments increased substantially with regard to quality. At the end of the year, assets under management in institutional portfolio management were well above the previous year at € 2.7 billion (31 December 2013: € 2.0 billion).

Pension funds are increasingly focusing on a strategic assets and liability management in the balance sheet to offset declines in yields due to the low interest rates. Thanks to our convincing range of services, we have won additional mandates in our well established asset liability management. Demand for our modular advisory services such as deposit analyses, risk budgeting models and risk reports remained high.

Expansion in corporate clients business

The corporate clients segment comprises our business relations with health care companies and clinics, care facilities, large medical care centres and medical centres.

In 2014, we provided companies from various segments such as pharmaceutical wholesale and the pharmaceutical and medical technology segments with financial and advisory support for their expansion plans. We also financed numerous projects in outpatient, stationary and home care.

Thanks to the low interest level and the strong growth prospects – mainly due to demographic developments – demand for financing solutions in the health care segment was strong. In view of this, we were able to further expand our financing volume in corporate clients. At the end of the year, the lending volume amounted to € 1.6 billion (31 December 2013: € 1.5 billion).

Net Assets, Financial Position and Results

Strong business performance in 2014

The challenges in the German banking sector continued in 2014. The debt crisis in the euro area dampened day-to-day business and the ECB's ongoing low interest rate policy in particular weighed down on the earnings situation of banks. At the same time, competition in the retail client segment remained high. Regulatory requirements continued to stretch the financial and human resources of banks. In order to stabilise their profitability under these difficult circumstances, many financial institutions began to focus on their core business while optimising processes and cost structures.

apoBank was able to considerably improve its net profit in the year under review despite these conditions. It achieved its key objective of ensuring regular dividend distributions to its members, and was able to strengthen its reserves.

The ECB's EU-wide stress test in October 2014 underscores apoBank's stability. The ECB test involved an extensive balance sheet and risk analysis and a stress test, which was conducted in the run-up to the ECB assuming central supervision for 130 or so of the largest banks in the EU. apoBank performed well and clearly exceeded the minimal capital ratios.

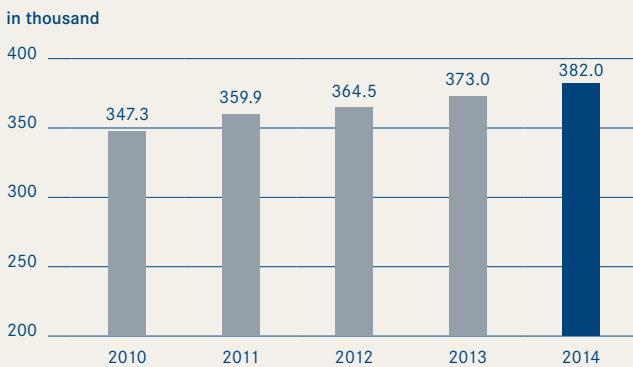
Customer and member base continues to grow

apoBank continued to focus on fulfilling its statutory purpose: We support our members and customers in attaining their professional and personal goals with our specialised banking services. In view of this, we continued our growth trend in our core business – business with academic health care professionals – in 2014. The year under review was characterised by the incorporation of our integrated advisory services, where specialised advisors support our customers during each stage of their life. We already registered initial signs of success in 2014 and were able to win 9,000 new customers. In total we have 382,000 customers (31 December 2013: 373,000 customers) and 105,864 members (31 December 2013: 104,092 members) and a high market penetration rate.

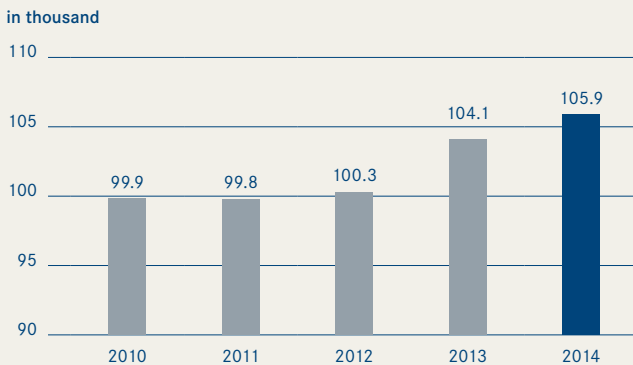
We closed the “financial crisis chapter” in May 2014 with the complete wind-down of our structured financial product sub-portfolio.

In the following sections we will present the main income and expenditure items for 2014.

Number of customers



Number of members



Slight improvement in net interest income

Despite the historic period of low interest rates, net interest income amounted to € 698.3 million at the end of the year, up 2.8% on the previous year (31 December 2013: € 679.2 million). We registered stable development in the lending business. New business remained high in the year under review at € 5.2 billion (31 December 2013: € 5.6 billion). The portfolio only saw a minimal increase due to an ongoing high level of redemptions. The trend towards short-term deposits continued in customer deposits. We also benefited from our strategic interest risk management and the interest margin grew slightly to 2.0% (2013: 1.87%).

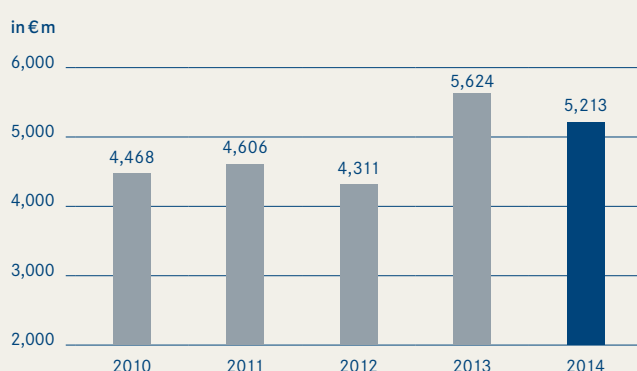
Strong increase in net commission income

Net commission income was highly satisfactory and increased by 19.1% to € 123.5 million (31 December 2013: € 103.7 million). Our new customer care concept and our integrated advisory services contributed significantly to this. The increase in the securities business was driven by retail clients and institutional customers as well as asset management. The insurance business also contributed towards the increase.

General administrative expenses have risen as planned

In general administrative expenses, we benefited from the optimised cost structure that we implemented in the previous two years, which enabled us to lower costs. Despite investments in expanding our advisory capacities and higher expenses relating to regulatory requirements, general administrative expenses only grew by a modest 3.9% to € 478.5 million (31 December 2013: € 460.7 million). Operating expenditure (including

New loan agreements¹



1) Including loan transfers

write-downs) remained stable at € 234.7 million (31 December 2013: € 234.9 million). Personnel expenses increased by 8.0% to € 243.8 million due to the higher number of employees (31 December 2013: € 225.7 million).

Improvement in the operating result

The operating result, i. e. profit before risk provisioning, amounted to € 337.1 million at the end of the year and was much higher than in the previous year (31 December 2013: € 314.8 million). The main reason for the increase was the good development in the customer business and the moderate increase in costs.

Risk provisioning marked by precautionary measures

At € 78.3 million, risk costs and precautionary measures for the customer lending business saw a sharp rise on the previous year (31 December 2013: € 53.9 million). One individual precautionary measure was largely responsible for this development. Thanks to the above-average

creditworthiness of health care professionals in the outpatient sector and apoBank's comprehensive financing expertise and effective risk management, the loan portfolio again registered a low default rate.

Risk costs and precautionary measures for financial instruments and participations fell to € 49.9 million year-on-year (31 December 2013: € 55.4 million). This item included precautionary measures for future charges and extraordinary expenses incurred by the fully wound down financial products sub-portfolio. The wind-down costs in 2014 were much lower compared to the previous years and will not occur in future.

Tax expenses exceed previous year's level

Tax expenses totalled € 79.3 million in the year under review (31 December 2013: € 41.9 million).

Sharp increase in net profit

Net profit was up sharply by 15.1% to € 54.5 million (31 December 2013: € 47.4 million). The main drivers were the higher operating income and the moderate increase in expenses. The Bank assigned € 75.0 million (31 December 2013: € 116.0 million) to the fund for general banking risks. Return on equity after tax was 3.6% in the year under review (2013: 3.4%) and the return on investment was 0.16% (2013: 0.14%).

This result allows the Board of Directors and the Supervisory Board to propose to the Annual General Meeting a dividend of 4% and an allocation to disclosed reserves of € 14.0 million.

Income statement

in €m	31 Dec 2014	31 Dec 2013	Change in % ¹
Net interest income	698.3	679.2	2.8
Net commission income	123.5	103.7	19.1
General administrative expenses	- 478.6	- 460.7	3.9
Net trading revenues	0.9	- 0.5	- - -
Balance of other operating income/expenses	- 7.1	- 6.9	2.2
Operating profit before risk provisioning	337.1	314.8	7.1
Risk costs and precautionary measures ²			
for the customer lending business	- 78.3	- 53.9	45.2
for financial instruments and participations	- 49.9	- 55.4	- 10.0
Allocation to the fund for general banking risks	75.0	116.0	- 35.3
Taxes	- 79.3	- 41.9	89.1
Net profit	54.5	47.4	15.1

1) Deviations due to rounding differences

2) Including general value adjustments or provisioning pursuant to Section 340f of the German Commercial Code (HGB) as well as extraordinary expenses

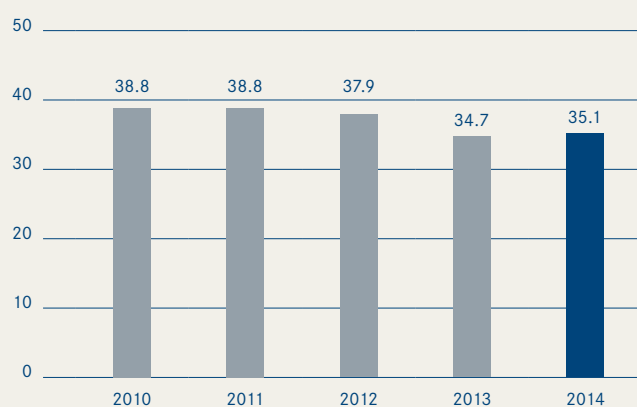
Stable balance sheet total

The balance sheet total amounted to € 35.1 billion as at 31 December 2014 (31 December 2013: € 34.7 billion), which was slightly above the previous year's level. Loans and advances to customers were up marginally to € 27.0 billion (31 December 2013: € 26.8 billion). Repayments remained high as a result of the ongoing low interest rates. The constant demand for our financing expertise is reflected in new loans of € 5.2 billion (31 December 2013: € 5.6 billion). The securities portfolio amounted to € 5.5 billion (31 December 2013: € 5.2 billion). This slight increase is largely due to the expansion

in securities eligible for reserves in order to prepare for compliance with the regulatory liquidity coverage ratio in future. The resulting increase in bonds and debt securities exceeded the decline in the securities portfolio due to the wind-down of the structured financial products sub-portfolio. On the liabilities side, we were able to further increase customer deposits, which totalled € 21.7 billion (31 December 2013: € 20.1 billion).

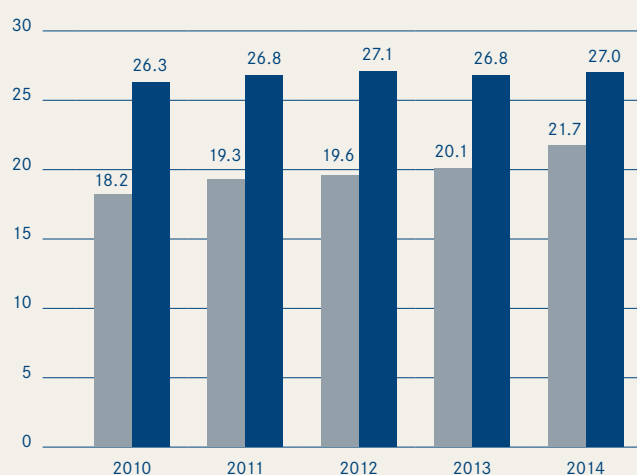
Balance sheet total

in € billion



Customer deposits and loans

in € billion



■ Customer deposits ■ Customer loans

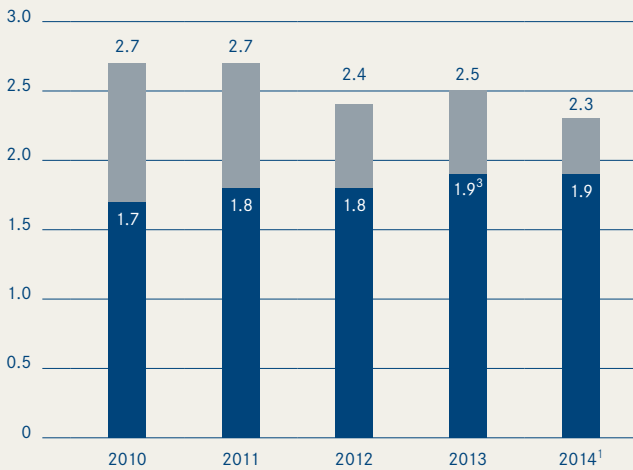
Liquidity situation remains comfortable

The Bank's liquidity position remained comfortable in 2014. Refinancing was based on a broadly diversified customer and investor base. As an established market participant with good credit ratings, our refinancing is secured through various sources. Customer funds represent the largest source of refinancing. We also placed Pfandbriefe and unsecured bonds with our institutional customers, members of the cooperative FinanzGruppe and on the capital market. In addition, we also employ refinancing alternatives offered by the Kreditanstalt für Wiederaufbau (KfW) and state development banks.

As at the balance sheet date, customer funds amounted to €22.7 billion (31 December 2013: €21.5 billion), which represented more than half of the liabilities on the balance sheet. Customer funds comprise customer deposits, i.e. traditional deposits, registered securities and promissory note funds placed with institutional customers as well as apoObligations placed with retail clients. apoObligations comprising medium-term maturities from twelve months amounted to €1.0 billion at the end of the year (31 December 2013: €1.3 billion).

Liabe equity and core capital

in € billion

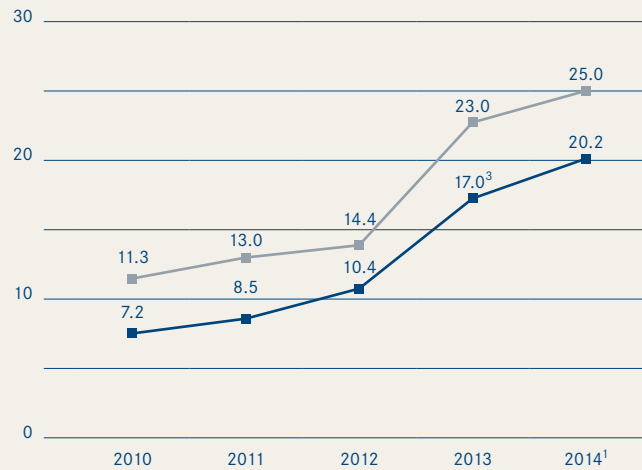


■ Liabe equity capital ■ of which core capital²

- 1) From 2014 calculation according to Capital Requirements Regulation (CRR)
- 2) From 2014 recognition of common equity tier 1 ratio
- 3) As at 1 January 2014 common equity tier 1 ratio according to CRR totalled € 1.6 billion

Equity and core capital ratio

in %



■ Equity ratio ■ Core capital ratio²

- 1) From 2014 calculation according to Capital Requirements Regulation (CRR)
- 2) From 2014 recognition of common equity tier 1 ratio
- 3) As at 1 January 2014 the common equity tier 1 ratio according to CRR amounted to 15.2%

Capital market-based refinancing funds, including promissory note funds placed with banks totalled € 2.0 billion as at the balance sheet date (31 December 2013: € 2.1 billion). New issues in our Pfandbrief business amounted to € 210 million, with a total issue volume of € 1.2 billion (31 December 2013: € 1.1 billion).

apoBank utilised the refinancing option via ECB open market transactions to a limited extent. In view of the new regulatory liquidity risk requirements, the volume of ECB-eligible securities was increased to € 4.0 billion (31 December 2013: € 3.1 billion).

Further improvement in equity situation

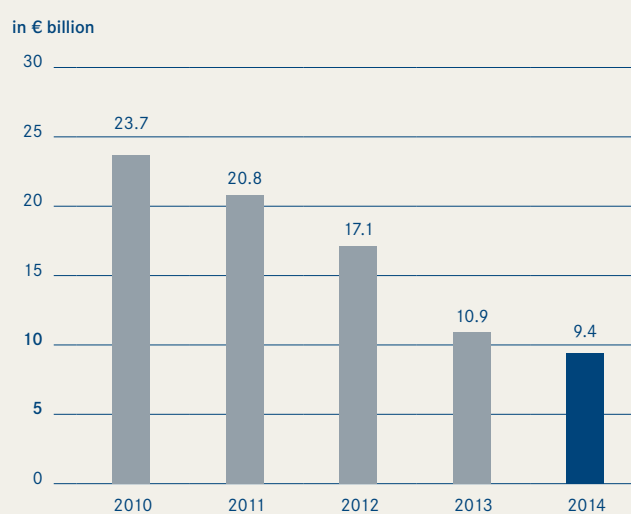
The Bank's equity ratios improved again in 2014. The Capital Requirements Regulation (CRR) to measure the equity situation of banks entered into effect at the beginning of 2014. As at the balance sheet date, the equity ratio of apoBank stood at 25.0% (31 December 2013: 23.0%) and the core capital ratio amounted to 20.2%.

Regulatory equity capital totalled €2,340 million as at 31 December 2014 (31 December 2013: €2,499 million). The reason for the decline in regulatory equity capital was the termination of the silent partnership of Capital Issuing GmbH, entered into 2010, of around €200 million as at the end of 2014. Changes in supervisory law were the main reason for this. Under Basel III, this participation no longer counts as liable equity capital according to the German Banking Act (Kreditwesengesetz, KWG). According to the terms of the contract, the sum will be repaid by 31 July 2015.

Common equity tier 1 capital, which, since 1 January 2014, is to be determined according to the Capital Requirements Regulation (CRR), increased from €1,580 million at the beginning of the year to €1,890 million at the end of the year. The rise in the capital contributions of the remaining members to €1,081 million (31 December 2013: €943 million) strengthened the Bank's capital base. New and existing members also subscribed to cooperative shares. The total number of members increased to 105,864 (31 December 2013: 104,092). We also expanded the core capital with allocations to the fund for general banking risks and revenue reserves from the performance of 2013.

The risk positions requiring equity declined to €9.4 billion in 2014 (31 December 2013: €10.9 billion). The reduction compared to the end of 2013 is largely attributable to the wind-down of the structured financial products sub-portfolio.

Risk positions requiring equity



1) From 2014 calculation according to Capital Requirements Regulation (CRR)

Moody's lifts apoBank's rating

apoBank's creditworthiness, i. e. its ability to meet all financial obligations fully and in a timely manner, is assessed by rating agencies Moody's Investors Service and Standard & Poor's. In addition, Standard & Poor's and Fitch Ratings assess the creditworthiness of the entire cooperative FinanzGruppe. As apoBank is part of the cooperative FinanzGruppe and is a member of the cooperative protection scheme, these ratings also indirectly apply to apoBank.

On 7 May 2014, Moody's lifted its long-term rating for apoBank one notch to A1 with a stable outlook. The financial strength rating subsequently improved to C-. The short-term rating remained unchanged at P-1 and the ratings for subordinate debts and silent partnerships rose to A3 and Baa2 respectively. By taking these steps, the rating agency acknowledged the improvement in apoBank's financial and risk profile. The swift wind-down of structured financial products and the clearly enhanced capital base contributed significantly to this.

Rating

	Standard & Poor's	Moody's	Fitch Ratings (group rating)
Long-term rating	AA-	A1	A+
Short-term rating	A-1+	P-1	F 1+
Outlook	stable	stable	stable

At its annual rating review, Standard and Poor's confirmed its long-term AA- rating for apoBank in November 2014.

Summary of net assets, financial position and results

apoBank's business model and its consistent focus on its core business proved its worth again in the year under review. The new customer care concept which had been introduced in the previous year proved to be successful. Thanks to our stable and strong market position and our in-depth knowledge of the health care market, we were able to further expand our customer and member base. The main drivers of this positive business development were rising operating income, both in the interest- and commission-based business, and a moderate development in costs. Despite the tough general conditions, apoBank's net profit was well above that of the previous year. This strengthened apoBank's reserves once more and supports its primary economic aspiration of letting its members participate in the company's profits.

apoBank's risk profile and capital ratios have again improved considerably compared to the previous year. The structured financial products sub-portfolio was completely wound down in May 2014. The positive development in reducing risk positions and the stronger capitalisation were also demonstrated by the Bank's excellent performance in the ECB's EU-wide stress test. The liquidity situation was comfortable at all times and was based on a broadly diversified refinancing base.

Customer confidence in the Bank is also supported by the stability of the cooperative FinanzGruppe and its integration into the BVR protection scheme. Thanks to its strong position in health care, apoBank contributes to the overall success of the cooperative FinanzGruppe.

Events after the Reporting Date

No events took place that were subject to reporting requirements between 31 December 2014 and 20 March 2015 when the Annual Financial Statements were prepared by the Board of Directors.

Risk Report

Principles of risk management and risk control

The main objective of apoBank's risk management is to secure the Bank's long-term existence. This also comprises guaranteeing the Bank's ongoing ability to pay out dividends and to generate additional retained earnings to finance the planned growth.

apoBank's risk management includes the following key elements which contribute to fulfilling the above-mentioned objectives:

- risk inventory,
- risk strategy,
- risk-bearing capacity including stress tests,
- risk control, risk measurement and limitation, and
- risk reporting.

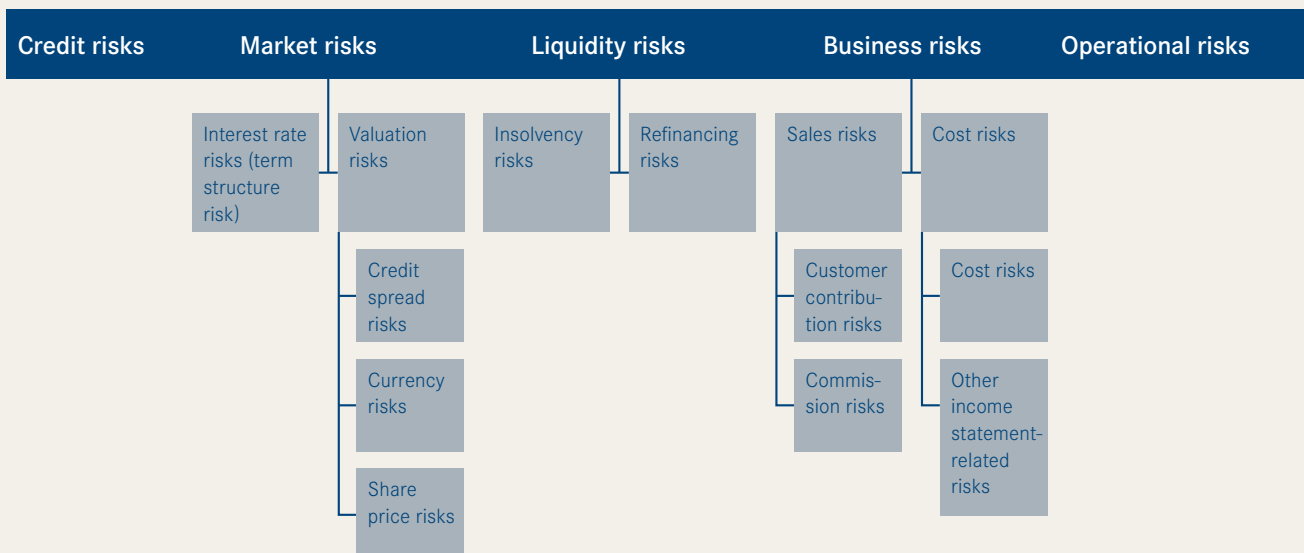
Risk inventory

The risk profile of apoBank with its participations and outsourced business operations are determined in the annual risk inventory. The identification of risks is an essential part of the risk inventory. All of the Bank's significant quantifiable risks that are measured and limited in the risk-bearing capacity calculation are displayed here.

apoBank considers risks as significant which, by virtue of their nature and scope, are able to have a significant impact on the net assets, financial position and results. We differentiate between quantifiable and non-quantifiable risks or risks which cannot be allocated to a single risk type.

The latter includes regulatory risks, model risks, reputational risks and strategic risks, which are regarded as cross sectional risks.

Overview of significant quantifiable risk types of apoBank



The key significant quantifiable risk types shown in the diagram include credit risks, market risks, liquidity risks, businesses risks and operational risks.

Credit risks

Credit risk refers to the potential loss due to borrower or counterparty defaulting either in part or in full, or due to their deteriorating creditworthiness.

Market risks

Market risks are defined as potential losses in on- and off-balance sheet positions as a result of changes in market prices (e. g. share prices, interest rates, credit spreads and foreign exchange rates) and market parameters (e. g. market price volatility).

Liquidity risks

apoBank distinguishes between insolvency and refinancing risks.

Insolvency risks describe the risk that apoBank is unable to meet current or future payments in part or full.

Refinancing risks are the threat of additional refinancing costs due to a downgrade of apoBank's credit rating and/or changes in the liquidity gap positions, i. e. in money and capital markets.

Business risks

We differentiate between sales and cost risks.

Sales risks refer to an unexpected development in sales results in the retail clients, professional associations and large customers and treasury segments. It contains deviations from target figures of interest-bearing customer contributions (customer contribution risks) and of (net) commission income (commission risks).

Cost risks are the unexpected development in general administrative expenses and other risks of various items in the income statement.

Operational risks

apoBank defines operational risks as the danger of losses resulting from the inadequacy or failure of internal procedures, people or as a result of external events. This definition includes legal risks.

Business and risk strategy

The strategic objectives and business activities are defined in apoBank's business and risk strategy. This includes the planned measures to ensure the company's long-term success. The strategy is derived from the annual strategy process.

Binding risk limits are determined for all segments and risk types in the risk strategy. Compliance with these limits is monitored as part of overall bank control and the responsible decision makers are updated on a regular basis.

Risk-bearing capacity

The risk-bearing capacity calculation is a key monitoring and management component for securing our long-term existence and for analysing and assessing our overall risk situation.

In the risk-bearing capacity calculation, our resilience is analysed both in terms of regulatory and economic capital. apoBank verifies whether it is still able to meet the regulatory and economic conditions for the Bank as a going concern assuming that all quantifiable risks it regards as significant occur at the same time.

All significant quantifiable risks are consolidated according to economic valuation principles and measured based on a confidence level of 97% and a holding period of one year. Diversification effects between risk types are not taken into account.

The Board of Directors determines a Bank-wide risk limit for all significant quantifiable risk types which specifies apoBank's risk tolerance. The limits of individual significant risk types and the more specific operating limits are based on the risk cover pool available for measured risks.

The risk cover pool consists of regulatory capital components which are not required for the minimum capital requirements, parts of the actual results generated throughout the year and parts of the budgeted results as well as hidden reserves in selected securities. Hidden burdens in securities of non-current assets are deducted.

The Bank's risk-bearing capacity is also taken into account separately in the Bank's business and mid-term planning. This means it is not only an operating (risk) measurement instrument, but is also used for capital planning purposes.

Stress tests

Bank-wide stress tests and reverse stress tests complement the base case of the risk-bearing capacity calculation. Using various scenarios, Bank-wide stress tests reveal how exceptionally negative, but still plausible changes in risks compared to the expected and budgeted development impact the utilization of apoBank's risk-bearing capacity. The reverse stress tests involve an analysis of which events render the Bank's business model unsustainable.

Bank-wide stress tests

The four conducted stress calculations relate to the risk-bearing capacity in the form of scenario analyses, where the interaction between the capital components of the risk-bearing capacity and between risk types are played out.

In the health care market crisis stress scenario, a model of potential structural changes on the German health care market is set up, the resulting impact on apoBank's business model is described and the implications for the risk-bearing capacity analysed.

In the financial market and sovereign crisis stress scenario, a model is set up of serious distortions on the financial markets with extensive implications for the real economy, based on observations of the debt crisis in Europe as well as historical experience from the financial market crisis of 2008 and 2009.

The crisis-of-confidence stress test scenario examines the impact of extensive reputational damage and a subsequent loss of customer confidence in the Bank.

The combination stress scenario introduced in the 2014 financial year involves a historical and hypothetical scenario where the credit risks of all portfolios are stressed simultaneously and the stress effects of the above-mentioned scenarios are taken into account for the other risk types.

Reverse stress tests

The reverse stress tests examine which events render the Bank's business model unsustainable. The focus is on the risk-bearing capacity both in the regulatory and economic sense and the Bank's solvency.

Risk control, risk measurement and limitation

Risk concentrations

apoBank analyses and monitors concentrations within the significant risk types (intra-risk concentrations) and between the significant risk types (inter-risk concentrations).

The Bank differentiates between strategic and specific risk concentrations. Strategic risk concentrations arise from apoBank's business model and primarily relate to the health care sector. We define specific risk concentrations as the risk of potential adverse effects of an undesired uneven distribution of risks among customers and/or between or within regions/countries or products.

The management principles and risk guidelines take significant risk concentrations into account.

Credit risks

In credit risk management, a distinction is made between retail clients, professional associations and large customers, financial instruments and participations.

The unexpected loss for credit risks as recognised in the risk-bearing capacity is determined based on portfolio data and concentration effects and is limited at a Bank-wide level.

The rating system of apoBank

Meaning	Rating class (BVR master scale)	Probability of default in %	External rating class ¹
Commitments with excellent creditworthiness, no risk factors (standard credit management)	0A	0.01	Aaa
	0B	0.02	Aa1
	0C	0.03	Aa2
	0D	0.04	
	0E	0.05	Aa3
Commitments with good creditworthiness, individual risk factors (standard credit management)	1A	0.07	A1
	1B	0.10	A2
	1C	0.15	
	1D	0.23	A3
	1E	0.35	Baa1
	2A	0.50	Baa2
Commitments with low risks (standard credit management)	2B	0.75	Baa3
	2C	1.10	Ba1
Commitments with greater risks (intensive credit management)	2D	1.70	Ba2
High-risk commitments (problem credit management)	2E	2.60	Ba3
	3A	4.00	B1
	3B	6.00	B2
Higher-risk commitments (problem credit management)	3C	9.00	B3
	3D	13.50	
	3E	30.00	Caa1 to C
Commitments threatened by default (according to CRR definition) – Commitments overdue by more than 90 days – Commitments with a loss provision from last or this year (problem credit management) – Write-offs – Insolvency	4A to 4E	100.00	D
No rating			

1) According to Moody's rating system. The internal apoBank rating classes (BVR master scale) are compared with the external rating classes based on the probability of default. As the BVR master scale is broken down into very small categories and contains more rating classes than Moody's, not all external rating classes are matched with an internal one.

Credit risks are also limited and monitored in terms of volume at portfolio and individual borrower level. Both the individual risk and significant risks of the Group's exposure or risk group are taken into account.

In order to monitor the regional distribution of credit exposures, apoBank has implemented a country limit system. Risks are limited depending on macroeconomic and country-specific fundamental data, the current credit-worthiness of the respective country and apoBank's equity situation.

For the different portfolios specific internal and external rating models are applied and the results can be compared using one master scale across all borrowers (see table on the opposite page). All internal rating systems are constantly monitored in terms of quality, validated on an annual basis and improved if required. The validation results are documented annually for each model.

apoBank regularly agrees on collateral with its customers in the lending business.

Appropriate collateral includes the assignment of receivables (e. g. income), guarantees, assignment of life insurance claims, pledging of securities, assignment/pledging of deposits and mortgages.

Each collateral is assigned a valuation limit (loan-to-value ratio), which can be evaluated based on its properties and other factors. The allocation of collateral to the loan is carried out through a collateral agreement. The maximum limit for allocating collateral is the limit agreed for a short-term current account loan or the remaining and open limit of a loan for which the collateral is provided.

In the trading business, collateral primarily consists of derivative transactions and potential repo transactions. apoBank only conducts its repo business with Deutsche Bank and accepts cash for securities as collateral.

To reduce counterparty risks from derivative transactions, product-wide master netting agreements (netting of open items) are in place. Additionally, apoBank uses collateral management (hedging open items) for derivatives in order to prevent risks from increasing transaction volumes. The positive present value of all derivative transactions are collateralised through call items in collateral agreements. This occurs regardless of apoBank's and the counterparty's credit rating. The collateral amount does not change with rating changes.

Other types of collateral are uncommon in the trading business apart from a few exceptions. The collateral instruments deemed to be appropriate in the lending and trading businesses do not contain any risk concentrations.

Retail clients portfolio

The retail clients portfolio primarily consists of loans for health care professionals, cooperations in outpatient care and smaller companies in the health care sector, where the risk can be transferred to health care professionals.

To manage this portfolio, apoBank uses individual economic analyses and its internally designed rating system “apoRate”, which is specifically tailored to apoBank clients’ specifics. Combined with its excellent expertise in the health care segment, these instruments are ideal risk and early warning indicators. They represent a reliable basis for early detection of potential payment disruptions.

Intensive credit management and problem credit management processes have proven to be successful in the retail portfolio. Provided the detected risks have no visible impact on the management of the customer’s account, intensive management is used with the objective to transfer the customer back to standard management as soon as possible.

Problem credit management comprises a catalogue of measures developed jointly with the customer in order to resolve his or her liquidity or earnings problems. The customer is primarily managed by the regional credit management’s special customer service teams. They are responsible for assisting the customer during the period of financial recovery and - in the event that a recovery is not feasible - of terminating the exposure. The problem credit and loan management departments within the headquarter support the regional credit management team in asserting apoBank’s claims against non-payers.

Professional associations and large customers portfolio

The professional associations and large customers portfolio consists of loans to institutional health care organisations, large medical care structures, health care companies and other institutional customers.

Various rating models are applied since exposures to institutional health care organisations include loans to legal entities under public law, primarily to professional organisations and health care associations. According to the Capital Requirements Regulation (CRR), the portfolio belongs to the institutional exposure class and is rated accordingly with an internally designed rating model. Besides qualitative aspects, the rating model specifically takes into account the credit worthiness of the operator of the respective counterparty.

Health care company loans are primarily granted to companies producing or selling pharmaceutical, dental and medical products as well as to private invoicing centres in the health care sector. The rating model for corporate exposures offered by CredaRate GmbH is applied to assess the creditworthiness of those companies.

apoBank uses CredaRate GmbH’s Commercial Real Estate rating model for real estate financing exposures. The model evaluates all relevant real estate-specific risk factors in order to accurately assess a borrower’s creditworthiness.

Financial instruments portfolio

The financial instruments portfolio comprises money and capital market investments and derivative transactions. Investing free funds serves to manage apoBank's liquidity and balance sheet structure.

The financial instrument portfolio includes derivatives as well as conventional securities and money market instruments for managing liquidity. The Bank holds a limited number of positions in foreign exchange and securities trading in the customer business. It also invests in start-up financing or co-investments in fund products sold to customers to a limited extent.

apoBank is also continuously developing and fine-tuning its early-warning risk system. The established processes include ongoing and systematic monitoring of relevant risk indicators allowing for a direct and timely response, should any action be necessary.

Participations portfolio

This portfolio contains apoBank's participations. Depending on their business purpose, they are classified as strategic, credit-substituting or financial participations.

Market risks

apoBank's market risks are integrated into the general risk management framework, which is based on a differentiated risk measurement and control system. The Bank's market risks are primarily the Bank's overall interest rate risks (term structure risks) and the change of credit spreads in the financial instruments portfolio (valuation risks). We hedge currency risks as far as possible. All other market risks are of minor importance. The Bank's business and risk strategy does not include active trading to exploit short-term fluctuation in prices.

The Bank employs standard interest and currency derivatives to reduce market risks and to hedge transactions. The hedges are carried out both at Bank-wide level (strategic interest rate risk management) and transaction level (micro hedges).

At securities level, asset swaps are used as hedging instruments. To hedge interest rate risks for simply structured passive products we conclude micro hedges in the form of structured derivatives. Interest rate derivatives are concluded at Bank-wide level in line with the strategic risk management framework to achieve a strategic benchmark.

To avoid losses from currency fluctuations, apoBank hedges foreign currency positions with FX forward transactions.

Bank-wide interest risks

The Bank-wide strategic interest rate risk management pursues an integrated management approach which includes both periodic and present value parameters. The objective is to achieve a moderate interest rate risk position at Bank-wide level and to stabilise interest income. The interest rate risk position which results primarily from the Bank's customer business is long term-oriented and steered by the use of derivative control instruments.

To measure interest rate risks on a periodic basis, the impact of changes in the yield curve on the Bank-wide periodical interest result (term structure risks) is simulated.

A key instrument for monitoring interest rate risks from a present value perspective is the interest risk coefficient, which sets the present value loss in relation to regulatory capital in the event of an unexpected shock of +/- 200 base points.

Valuation risks of financial instruments

To measure the valuation risks of the financial instruments, we apply the value-at-risk method of historical simulation. While the parameters for the operating management of market developments are set for the past 250 days, valuation risks measured for the risk-bearing capacities are based on a crisis or stress period (stressed value-at-risk).

We also conduct stress tests and use backtesting procedures to validate the valuation risk models (mark-to-model backtesting and mark-to-market backtesting).

Liquidity risks

apoBank's liquidity risk management includes short- and long-term liquidity management. The basis of liquidity management is the ongoing analysis and comparison of cash inflows and outflows which are included and limited in a liquidity gap analysis. Liquidity management also involves structural and regulatory requirements, stress analyses and a liquidity contingency plan to ensure an adequate response in the event of a potential threat to the Bank's liquidity.

The objective of short-term liquidity management is to ensure the Bank's solvency at all times. Long-term liquidity management ensures that the bank's business model is refinanced at all times even in a stressed environment. The respective refinancing planning is linked to the business planning process and the objectives of the business and risk strategies. Key aspects of refinancing planning are maintaining an adequate maturity structure, sufficient diversification of the Bank's refinancing sources and compliance with regulatory requirements (liquidity ratio, liquidity coverage ratio and net stable funding ratio).

Refinancing risks, as components of the risk-bearing capacity, are calculated and limited based on the refinancing volume and costs assumed in a stressed environment.

apoBank has an internal funds transfer pricing system to ensure that the costs of the liquidity risks are allocated according to the originating products.

The Bank also holds an extensive liquidity buffer consisting of cash reserves and ECB-eligible securities which can be sold or pledged at any time. This gives apoBank sufficient liquidity in the event of a crisis and ensures compliance with the regulatory requirements. The costs relating to the liquidity reserve are borne by the business areas responsible in accordance with the internal funds transfer pricing system.

A key refinancing source for the Bank are covered bonds (Pfandbriefe). To ensure liquidity for all contractual payments due for covered bond issues, there is a daily monitoring and controlling process. Risks are limited on a conservative basis, exceeding regulatory requirements. The loans in the cover pool are selected defensively.

Business risks

The business risks of the Bank encompass sales risks and cost risks and other income statement-related risks.

Sales risks

Sales risks arise in segments where customer and commission contributions are generated. At apoBank these risks relate to retail clients, professional organisations and large customers as well as parts of the treasury business.

Sales risks are controlled according to established processes for the management of the income statement and sales and are monitored and reported on an ongoing basis.

Potential deviations from target figures relating to customer contributions of interest-bearing transactions and commission contributions are measured in sales risks. While customer contribution risks in interest income are calculated on the basis of an interest income risk simulation, commission risks are calculated according to the value-at-risk method (variance-covariance method).

Cost risks/other income statement risks

The cost and other income statement-related risks are measured according to the value-at-risk method (variance-covariance method).

Cost risks are constantly monitored and controlled through a defined cost management process.

Operational risks

The basis for controlling operational risks is the identification of potential operational risks by local risk managers in a self-assessment process. The local risk managers are also responsible for developing, implementing and monitoring measures to control all significant operational risks identified.

The results of these self-assessments are verified, merged and analysed by the Bank's Risk Controlling division and reported to the entire Board of Directors.

The essential data on the losses incurred from operational risks are recorded in the central management loss database.

Legal risks from standard operations are reduced using standardised contracts. The effects of insurable potential risks are reduced by concluding appropriate insurance policies.

The security and stability of the IT system is guaranteed by a number of technical and organisational measures. GAD, a specialised, quality-assured IT service provider, provides all services relating to the processing and storing of data and most of the data archiving services. The contractual agreements are based on the usual standards and ensure the secure and efficient operation of applications and IT services for apoBank.

To calculate unexpected losses from operational risks, apoBank applies the regulatory approach.

Risk reporting

apoBank has a comprehensive, standardised reporting system. Risk reporting on the risk-bearing capacity calculation, including limit monitoring of the significant risk types, is carried out on a monthly basis and reporting of market risk limit utilisation in the financial instrument portfolio to the Board of Directors is carried out daily. Early warning-related issues are reported via an established ad hoc process to a defined group of recipients.

The reporting system forms the basis for detailed analyses and for deriving and evaluating options as well as deciding on risk control measures.

As supervisory bodies, the Supervisory Board and the Audit, Loan and Risk Committee appointed by the Supervisory Board are regularly informed on the current risk situation as well as measures to control and limit risks. The Audit, Loan and Risk Committee also discusses significant investments, the sale and purchase of properties and the acquisition and divestment of long-term participations.

Organisation of risk management

Organisational principles

The functional and organisational separation of front office/sales functions from back office/risk management and risk control functions is implemented up to Board level to avoid conflicts of interest and maintain objectivity. The principle of dual control is also exercised up to Board level to enhance the reliability of the decision-making process.

Individual responsibilities are allocated as follows:

The entire Board of Directors is responsible for the business and risk strategy, the risk-bearing capacity concept, the derived limits and the appropriate organisation and structure of risk management.

The Board departments Retail Clients as well as Professional Associations, Large Customers and Markets are responsible for the front-office functions in the customer business. This includes the first-vote function and the management of assumed risks. The Treasury division in the Professional Associations, Large Customers and Markets Board department is responsible for the front office function for financial instruments.

The Treasury division is also responsible for the operational management of market and liquidity risks and apoBank's refinancing through mortgage Pfandbriefe etc. The overall strategic management of the interest rate risks of apoBank is based on the framework conditions adopted by the Board of Directors.

The Risk Controlling division within the Finance and Controlling Board Department has responsibility for the methods and models used to identify, measure and limit risks, for compliance with the defined general conditions and for independent monitoring and risk reporting at portfolio level for all risk types.

The Central Credit Control division, which is assigned to the Credit and Banking Operations Board department, is responsible for monitoring the credit risk at individual borrower level in the customer portfolios and financial instruments portfolio. In addition to individual credit assessments and second opinions on limit applications for customers, counterparties and issuers, this includes ongoing risk monitoring, responsibility for individual limits and organising the lending business as well as sole responsibility for problem credit management. Monitoring is also carried out by five regional credit management units in the retail clients portfolio.

Participations management continuously supports the development of apoBank's participations and is responsible for reporting on the participation portfolio.

The Internal Auditing division is an essential part of the Bank's independent monitoring system and subjects the organisational units involved in the risk management process and the agreed processes, systems and risks to a regular independent audit.

Compliance-relevant regulations of the German Securities Trading Act (WpHG) and capital market compliance as well as IT compliance are implemented in the Bank and the functions of the central office, money laundering officer, data security officer and WpHG compliance officer have been established. apoBank has also appointed a compliance officer in keeping with minimum requirements for risk management (MaRisk). The training, advisory and control processes of the compliance functions are also constantly adapted to the increasing regulatory requirements for banks.

Controlling and managing the accounting system

apoBank employs an internal control system (IKS) for accounting, which contains principles, methods and measures to ensure that the accounting system is effective and efficient, that the accounts are true and fair and that they comply with the relevant statutory regulations.

The internal control system (IKS) ensures that business transactions are always accurately recorded, prepared and assessed and properly entered into the accounts. apoBank's Internal Auditing division has a process-independent monitoring function. Besides ensuring the propriety and security of the processes and systems, the Internal Auditing division also assesses the effectiveness and appropriateness of the IKS.

New products and markets

Customer transactions as well as own transactions are only permitted for products and markets where a new product new market process (NPNMP) is defined and where the respective specialist departments are able to assess and monitor the risks and ensure efficient and appropriate processing.

Before such business activities in new products or markets are entered into which could have a major impact on the organisation, personnel, the necessary adjustments to the IT systems, the method for assessing risks and legal framework and contracts, an operational concept must be developed. This will reflect the economic benefit, risks-opportunities ratio and the feasibility of the new business operations for all specialist departments concerned. The operational concept also describes the impact on the Bank-wide risk profile and the key implications for risk management.

Details of the development of the risk situation in 2014

Risk-bearing capacity and stress tests

The Bank's risk-bearing capacity was guaranteed at all times.

As at 31 December 2014, the total risk cover pool amounted to €905.3 million (31 December 2013: €686.9 million) compared to risks of €404.0 million (31 December 2013: €347.1 million) in the base case risk-bearing capacity. This means that economic capital was less utilised at 44.6% at the end of the year compared to the previous year (31 December 2013: 50.5%). The total risk limit of €572 million derived from the total risk cover pool was therefore maintained at all times.

The lower utilisation of economic capital reflects two opposing developments. On the one hand, the total risk cover pool benefited from constantly rising members' capital contributions and the generated results. On the other hand, risks were impacted negatively by the first-time inclusion of the business risk as a significant risk type since the beginning of the year.

The regularly conducted Bank-wide stress tests also indicated a lower risk-bearing capacity utilisation. apoBank benefited from the significant strengthening of the capital base as well as the complete wind-down of the previous structured financial products sub-portfolio.

Risk-bearing capacity

as at 31 December 2014	in € million	Actual amount
		as % of total risk coverage
Total risk cover pool	905.3	100
Bank-wide risk limit	572.3	63.2
Bank-wide risk position	404.0	44.6

Significant risk types

as at 31 December 2014	Actual risk (UEL) ¹ in € million	Limit in € million	Limit utilisation %
Credit risks	110.6	180.0	61.5
Liquidity risks	9.0	30.0	30.0
Operational risks	61.0	62.3 ²	98.0
Market risks	67.1	130.0	51.6
Business risks	156.3	170.0	91.9

1) Unexpected loss measured on the basis of a 97% confidence level with a holding period of 250 days

2) Limit issued on the basis of regulatory risks value calculated once a year

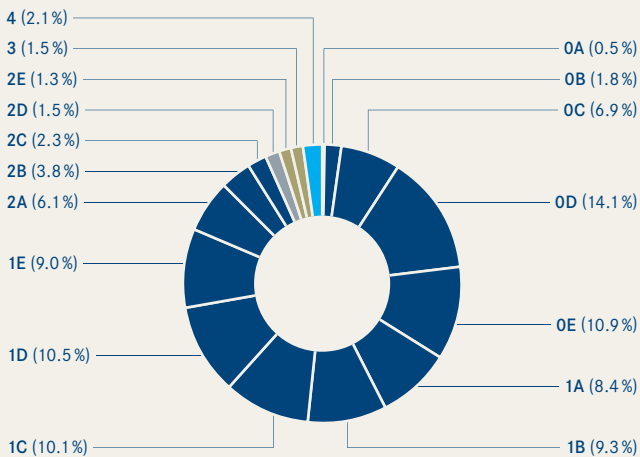
Credit risks

The credit risks of apoBank increased in 2014 particularly due to the regulatory-driven purchase of low-risk securities for the liquidity stock and moderate growth in the customer loan business. The complete wind-down of the structured financial products sub-portfolio helped to reduce the risks. The limit for credit risks derived from the risk-bearing capacity was maintained at all times in the reporting year.

The key developments in credit risks for the individual portfolios are as follows.

Rating class distribution in the retail clients portfolio

Volume distribution based on drawdowns
total of €25,227 million



Retail clients portfolio

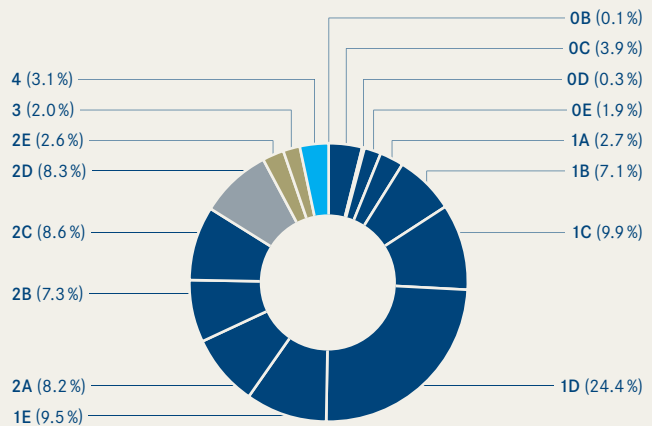
Due to the low interest rate environment, special redemptions in the retail clients portfolio remained high. Drawdowns in this portfolio, however, remained stable in 2014 at €25.2 billion (31 December 2013: €25.2 billion).

The rating structure shows a rating distribution with an emphasis on good and average rating classes, which is typical of this customer group. The rating coverage is very close to 100%.

The portfolio is highly diversified. With around 174,000 borrowers, the largest individual risk represents only around 0.1% of total drawdowns.

Rating class distribution in the professional associations and large customers portfolio

Volume distribution based on drawdowns
total of €2,780 million



In 2014, risk costs were significantly lower compared to the previous year. They confirm the above-average creditworthiness of the health care professionals as well as the Bank's comprehensive financing expertise and successful risk management.

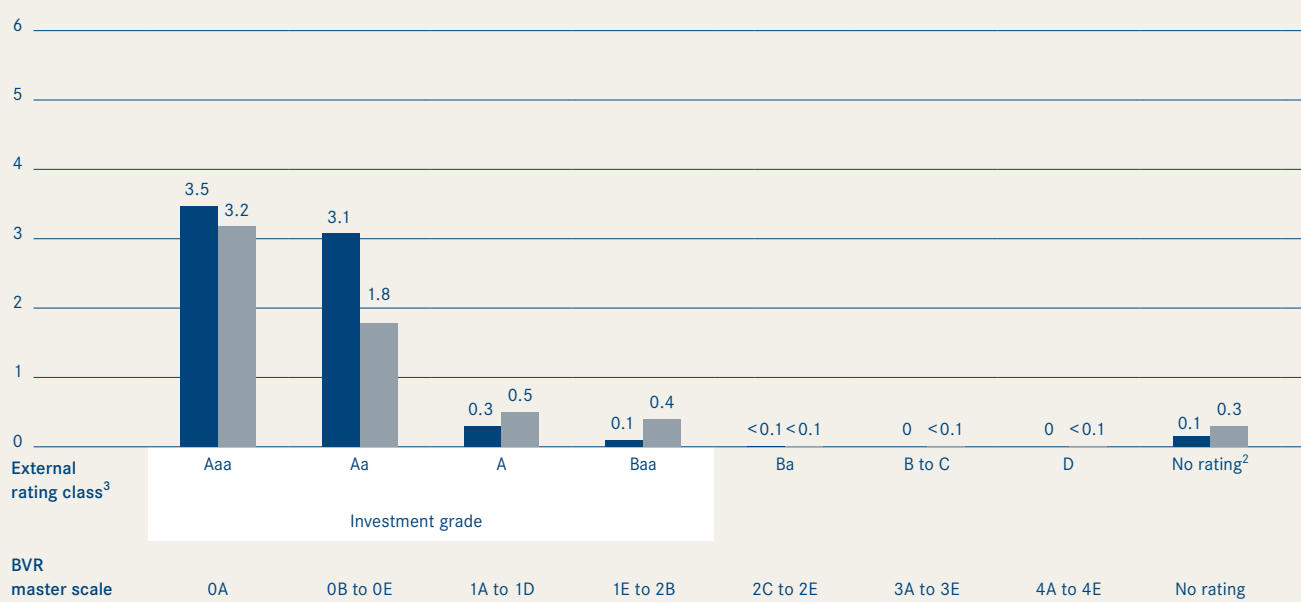
Professional associations and large customers portfolio

Drawdowns in the professional associations and large customers portfolio increased by €0.1 billion to €2.8 billion (31 December 2013: €2.7 billion). The rating distribution of the portfolio remains balanced. The rating coverage was very close to 100%.

The risk costs in 2014 for the professional associations and large customers portfolio were well above those of the previous year. This is primarily due to an individual precautionary measure.

Total exposure of financial instruments by rating¹

in € billion



■ 31 Dec 2014 ■ 31 Dec 2013

1) Total exposure is generally the book value (loan drawdowns or the credit equivalent amount) in consideration of provisions for contingent losses. Exceptions include credit default swaps (CDS), for which the nominal value of the reference entity is used. The underlying assets are disclosed in the overview contained in the total exposure information for the UIL (2013) and the INKA funds. The total exposure is defined here on a cost-value basis; for foreign currency items, total exposure is defined on the basis of the exchange rate at the time of transfer.

2) The unrated exposures are mainly composed of interbank and fund items.

3) The letter ratings shown here comprise all rating classes of the respective rating segment (i. e. Aa comprises Aa1 to Aa3, for example).

Financial instruments portfolio

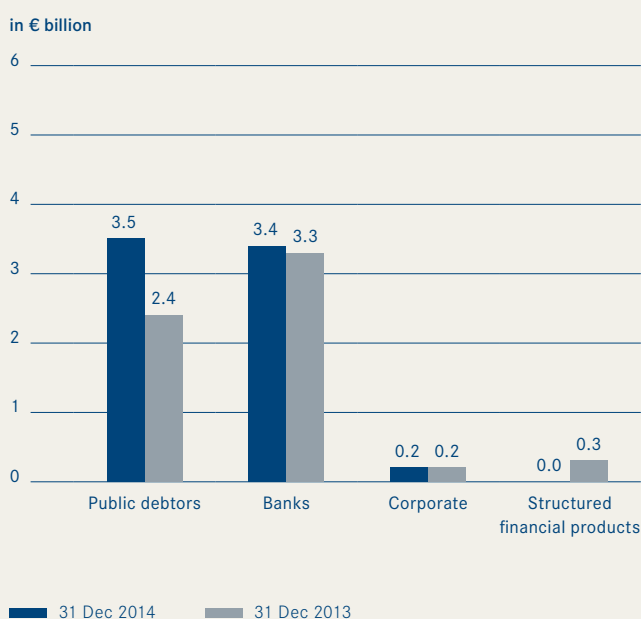
The risk volume of the financial instruments portfolio amounted to €7.1 billion as at the reporting date (31 December 2013: €6.2 billion). The increase is primarily due to security purchases in preparation for the liquidity stock regulatory requirements and higher balances in the inter-banking business.

The complete wind-down of the structured financial products sub-portfolio in the first half of 2014 involved the cancellation of the guarantee agreed with BVR.

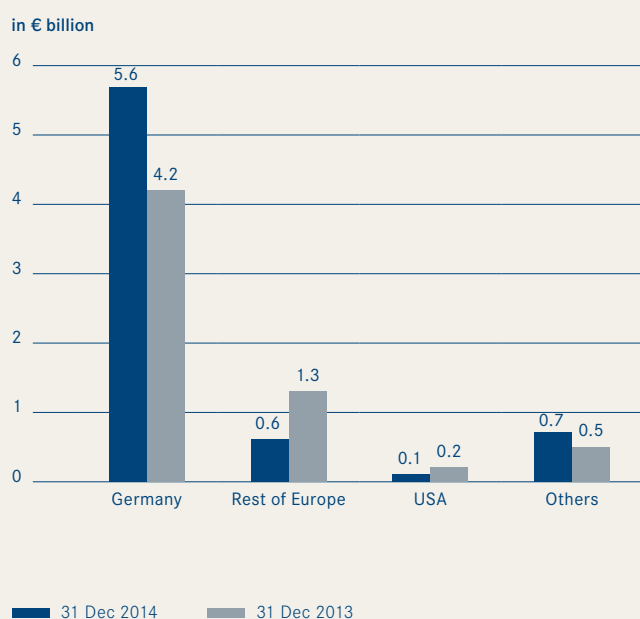
As at 31 December 2014, 98% of the financial instruments portfolio was rated within investment grade range (31 December 2013: 95%).

The risk costs for financing instruments were incurred in the 2014 financial year due to the premature wind-down of the structured financial products sub-portfolio, although to a lesser extent than in the previous year. This was overcompensated by value write-ups in non-structured securities.

Total exposure of financial instruments by sector



Total exposure of financial instruments by country



Participations portfolio

The participations portfolio underwent significant changes as described below.

The Bank has increased its participations in the central institutions of the cooperative FinanzGruppe, WGZ Bank AG and DZ Bank AG through capital increases of both banks.

In the reporting year we also expanded the capital contribution in GAD eG by 40% of the respective service revenues as part of a compulsory participation.

We also carried out value adjustments of €3.8 million in our participations portfolio.

Market risks

With the complete wind-down of the structured financial products sub-portfolio, valuation risks under the operating market risk management hit a record low at mid-year. New investments in securities for apoBank's liquidity stock led to an increase in risks in the second half of 2014, but the value-at-risk of the valuation risk was still below the figure at the end of 2013.

The backtesting results confirm the validity of the models applied.

The overall limit for market risks derived from the risk-bearing capacity, i. e. for (periodic) customer contribution risks derived from the risk-bearing capacity and for valuation risks of the financial instruments was maintained at all times in 2014.

The results of the present value regulatory stress calculations confirm moderate interest rate risks at Bank-wide level. The regulatory reporting threshold of 20% of the liable equity capital was never reached throughout 2014. The observed fluctuation reached maximum utilisation of 19.3% in June, but fell to 12.3% at the end of 2014.

Liquidity risks

The Bank's liquidity was secured at all times in 2014. The limits of the liquidity gap analysis were held and regulatory requirements fulfilled. The liquidity ratio was between 1.6 and 2.2 in the course of the year. The limits for liquidity risks both for the risk-bearing capacity and all limits relating to the Pfandbrief cover pool were constantly maintained throughout 2014.

The monthly liquidity coverage ratio (LCR) and quarterly net stable funding ratio (NSFR) were calculated, monitored and reported according to the Capital Requirements Regulation (CRR). The ongoing process of finalising CRR requirements for the LCR at European level is being closely monitored by apoBank's Risk Controlling division. apoBank expects to fulfil the regulatory liquidity requirements by a comfortable margin when the compliance of LCR becomes mandatory in October 2015.

Further increases in customer deposits contributed to the generally comfortable liquidity situation in the 2014 financial year.

Business risks

The limit for business risks derived from the risk-bearing capacity was maintained at all times in 2014. Fluctuations in customer contribution risks were largely offset by developments in term structure risks. Commission and cost risks were stable throughout the year.

Operational risks

Operational losses were primarily incurred by the reimbursement of processing fees for consumer loans as a result of the Federal Court of Justice ruling in October 2014 and were subsequently considerably higher than in the previous year. The other legal risks were lower year-on-year. The limit for operational risks derived from the risk-bearing capacity was maintained at all times in 2014.

Risk management declaration according to Article 435 Capital Requirements Regulation (CRR)

The risk management system of apoBank is based on its individual risk profile and the implementation of the risk strategy.

The risk management system including management and monitoring methods reflect apoBank's significant risks. Our risk management system is suitable to ensure that the risk guidelines of the risk strategy for various departments are complied with and that significant risks are identified, evaluated, limited and monitored. Our risk-bearing capacity concept takes into account all significant quantifiable risks which are then compared to the respective risk coverage potential available. This helps ensure the long-term existence of apoBank, the main objective of its risk policy.

We therefore judge our risk management system to be appropriate and effective.

The risk management objectives and the management of risks are described both on an overall bank level and in terms of significant risk types in the risk report, which is part of the management report. It also includes details on the risk profile and key figures. We therefore provide a comprehensive overview of our risk management activities and, in connection with our risk-bearing capacities, demonstrate the relationship between apoBank's risk profile and risk tolerance.

Outlook

Global economic growth remains weak

Global economic growth is likely to increase from 3.3% to 3.8% in 2015 on the back of the unexpectedly strong development in the USA, Japan and many EU countries. In Asia, the slight deceleration in economic growth in China is likely to be offset by an increase in the GDP of India and other smaller nations.

Global economic growth will not be unaffected by the ongoing geopolitical crises, especially in Ukraine, but we think the impact will be manageable. The affected regions are too insignificant for the global economy as a whole.

ECB launches bond purchase programme and keeps interest rates low

Inflation in the euro area was negative for the first time in six years, dropping to -0.2% in December 2014. At this level, inflation is still well below the ECB's target of 2%. In view of this, the ECB started an extensive bond purchase programme in January 2015. Over a period of at least 19 months, it will purchase public and private bonds for € 60 billion per month via national central banks; this corresponds to a total volume of € 1,140 billion. The objective of this measure is to end deflation in the euro area and meet the ECB's inflation target again. This monetary policy indirectly weakens the euro and has a positive impact on exports, even though it will not materially affect expected GDP growth. The weakening of the euro

is limited by the conceivable countermeasures of the other currency regions. This gives rise to the threat of a currency depreciation race. The ECB is likely to leave its key interest rates at their currently low level of 0.05% well after the year ends.

Slight growth in euro area

Besides a weak currency, the euro area is also benefiting from the sharp drop in energy prices. We assume that economic growth will continue in 2015. Economic institutes forecast GDP growth of 1%, which marks a modest increase compared to the previous year. While GDP in France is expected to improve marginally by 0.9%, the forecast for Spain is even higher at 2.0%. Italy is likely to emerge from recession in 2015 and achieve economic growth of 0.4%, although there are no clear signs of a trend reversal. GDP growth is expected to remain largely unchanged in Germany.

Good prospects for US economy

The USA is likely to benefit from a sustained improvement of the labour market, the main pillar of the country's all-important domestic demand. Surveys also indicate an ongoing high level of investment by US companies. Forecasts therefore predict GDP growth in the US of 3.2% in 2015. In view of this, most analysts believe that the US Federal Reserve is likely to begin to lift key interest rates gradually in the second half of 2015. The overall positive situation of the US economy indicates that such a step would be likely. However, the fact that inflation is still below the US Federal Reserve's target of 2% suggests otherwise.

Challenges in the health care sector

In the years ahead, the health care sector in Germany is likely to be exposed to trends outlined in the “Business and General Conditions” chapter. The decades-long distinction between outpatient and inpatient care has gradually become blurred.

The objective is still to find answers to the structural and economic challenges in medical care. In the current year, another health care reform is to be implemented under the health care structural reform act for statutory health insurances (GKV-VSG). Like preceding reforms, the focus is on securing outpatient care across the country. The measures planned by legislators include a prevention act and an e-health law. This is intended to more than double expenditure by health insurers for preventative treatment and establish secure digital communication between physicians and hospitals.

Ongoing trend towards professional cooperatives

We expect to see a further increase in salaried employment among physicians and dentists in the outpatient sector. Cooperatives will also gain ground and will generally result in larger-scale joint physician practices and dentist practices.

Stable earnings among pharmacists

In the current year, the prospects for stable earnings for pharmacists are good. An increase in annual earnings of € 40,000 (+ 2%) is likely. Given the higher expenditure for cost of goods and higher personnel costs, average operating income is expected to remain at the previous year's level.

Moderate fee increase for physicians and dentists

Physicians can expect moderate fee increases. According to the negotiations at federal level between the National Association of Statutory Health Physicians and the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), remuneration in contractual outpatient medical services should increase by approximately 1.4% in 2015. Physicians in primary care will benefit most from this. The exact increase will be determined in regional negotiations between the associations of panel doctors and health insurers. An amendment to the fee schedule for physicians (GOÄ) as a basis for the remuneration of services provided by private physicians is also targeted in 2015.

We also expect to see the good development in contractual dentists continue. Negotiations between associations of panel dentists and health insurers regarding fees for dental services are scheduled to take place in 2015.

Financial buffers for health insurers

Statutory health insurance got off to a good start in 2015 with a financial buffer. In the medium term, the development of the financial situation of health funds and health insurers will depend on the potential adjustment of the contribution rate, the development of health care expenditures and the general economic trend.

Health care market set for continued growth

Although cost-cutting measures are expected in the collectively financed part of the health care sector, it remains a growth market. Medical and technological progress, the demographic developments and the rising health awareness among the population will contribute to an increase in health care expenditure, from which the health care professions will also benefit.

General conditions remain tough

The general conditions in the German banking sector will remain tough in 2015. Low interest rates, fierce competition and the subsequent price war are eroding margins, which will lead to mounting pressure on the results of banks. The adoption of bank supervision activities by the ECB and the higher regulatory requirements involve additional process-related and financial costs. The effects of the European debt crisis are still being felt. The outcome of the elections in Greece is likely to spark new controversy at European level and the tense situation between Ukraine and Russia could negatively impact financial markets. Subsequently, many banks will continue to focus on costs and the efficient use of resources in 2015.

Efficient processes and lean structures remain a key feature of apoBank's customer proximity. We aim to constantly review and improve our processes to create a foundation on which we can further strengthen our position in the health care market and expand our already high market penetration.

Operating development marked by challenging environment

In view of the low interest rates, net interest income is likely to be low in 2015 and 2016. The planned increase in the volume of interest-bearing transactions is likely to have a positive impact, particularly in the lending business with retail clients. We plan to significantly boost net commission income. Increases over the next two years will primarily stem from the securities business with our retail clients, and we are on the right track with our new customer care concept. The expansion of our advisory capacities in sales should also provide positive impetus in the customer business.

Both personnel expenses and operating expenditure are likely to see a steady increase in 2015 and 2016. The further expansion of our advisory capacity is one of the reasons for the increase in personnel expenses. The planned increase in operating expenditure is the result of a wide range of individual measures that have an investment character, but are mainly due to the significantly higher regulatory requirements. Overall we expect the operating result, i. e. profit before risk provisioning, to be lower in 2015 and 2016 compared to 2014.

In the lending business we plan risk provisioning equal to standard risk costs for the next two years, and it is likely to be marginally lower than in 2014. We do not anticipate any significant risk costs in financial instruments.

Overall, we plan to achieve a slight increase in net profit for 2015, which should stabilise in 2016. This would allow us to further strengthen our reserves and pay out regular dividends to our members. At the same time, we continue to expand our reserves. By doing so, we ensure our ability to counter the challenging general conditions in the banking sector and make foreseeable investments for adjusting our IT infrastructure to meet rising regulatory requirements.

Comfortable capital and liquidity situation

We want to keep our regulatory capital ratios stable at a high level. Thus, we will clearly fulfil the ECB's minimum capital requirements. The planned increase in capital contributions and reserves will prove beneficial in this regard. Thanks to the targeted growth in the customer business, risk positions requiring equity will increase slightly again following several years of decline. apoBank expects the liquidity situation to remain comfortable on the back of the broadly diversified customer and investor base. The liquidity gap analysis is solid both on a long- and short-term basis.

Opportunities and risks of the business development

apoBank has enhanced its market approach through the integration of the new customer care concept and improved quality of our advisory service. We are also constantly working on increasing customer satisfaction and to secure the level of customer retention. All this provides us with opportunities to hone our business profile and substantially expand our market position.

The implications of the European debt crisis still harbour some uncertainty for our business development. Although apoBank has significantly scaled back its investments in these countries, additional risk provisioning is possible should the situation escalate again. Additional supervisory stipulations in the lending business are also feasible, such as another increase in regulatory capital requirements. The sustained trend of extremely low interest rates could also put the results of banks under increasing strain. On the other hand, the lending business bears upside potential should interest rates normalise sooner than expected.

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Balance Sheet

Assets

	(Notes)	31 Dec 2014 €	31 Dec 2013 €
1. Cash reserves		600,825,992.65	404,984,910.09
a) Cash on hand		42,488,823.12	39,883,297.74
b) Cash in central banks		558,337,169.53	365,101,612.35
Including: in the German Federal Bank (Bundesbank)		(558,337,169.53)	(365,101,612.35)
c) Cash in post office giro accounts		0.00	0.00
2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks		0.00	0.00
3. Loans and advances to banks	(2, 15, 16, 29)	1,007,763,373.78	1,127,650,149.31
a) Mortgage loans		0.00	0.00
b) Local authority loans		81,599,035.62	81,599,035.62
c) Other receivables		926,164,338.16	1,046,051,113.69
Including: due on demand		(485,623,228.91)	(591,520,479.43)
Including: lending against securities		(0.00)	(0.00)
4. Loans and advances to customers	(2, 15, 16, 19, 25, 29, 50)	27,036,649,068.96	26,794,440,066.35
a) Mortgage loans		6,295,335,452.20	6,522,476,766.95
b) Local authority loans		92,831,217.69	45,268,011.05
c) Other receivables		20,648,482,399.07	20,226,695,288.35
Including: lending against securities		(0.00)	(0.00)
5. Debt securities and other fixed-interest securities	(3, 5, 16, 17, 18, 19, 21, 25, 29, 50)	4,048,395,574.47	3,141,843,892.62
a) Money market papers		0.00	0.00
aa) of public issuers		0.00	0.00
Including: acceptable as collateral by the Bundesbank		(0.00)	(0.00)
ab) of other issuers		0.00	0.00
Including: acceptable as collateral by the Bundesbank		(0.00)	(0.00)
b) Bonds and debt securities		4,048,395,574.47	3,141,843,892.62
ba) of public issuers		1,632,574,044.29	1,054,910,954.27
Including: acceptable as collateral by the Bundesbank		(1,610,938,330.00)	(1,037,482,850.00)
bb) of other issuers		2,415,821,530.18	2,086,932,938.35
Including: acceptable as collateral by the Bundesbank		(2,379,055,700.00)	(2,049,816,187.00)
c) Own debt securities		0.00	0.00
Nominal amount		(0.00)	(0.00)
6. Shares and other non-fixed-interest securities	(3, 5, 18, 19, 20, 21, 25)	1,327,239,132.11	1,970,161,275.34
6a. Trading assets	(4, 18, 22)	157,365,143.89	110,792,995.10
7. Participating interests and capital shares in cooperatives	(6, 18, 23, 25, 37)	201,312,943.65	168,387,982.84
a) Participations		194,960,563.99	164,721,492.28
Including: in banks		(163,062,933.99)	(132,820,308.79)
Including: in financial services institutions		(14,755,031.03)	(14,755,031.03)
b) Capital shares in cooperatives		6,352,379.66	3,666,490.56
Including: in cooperative banks		(0.00)	(0.00)
Including: in financial services institutions		0.00	0.00
8. Shares in affiliated companies	(6, 18, 23, 25, 37)	9,363,179.61	9,363,179.61
Including: in banks		(0.00)	(0.00)
Including: in financial services institutions		(1,292,236.21)	(1,292,236.21)
9. Trust assets	(24)	2,744,134.31	2,744,913.51
Including: fiduciary loans		(6,613.68)	(7,392.88)
10. Compensation claims against the public sector including debt securities from their exchange		0.00	0.00
11. Intangible assets	(8, 25)	619,786.62	1,059,028.62
a) Internally-generated industrial and similar rights and assets		0.00	0.00
b) Concessions, industrial property rights and similar rights and assets acquired for a consideration, as well as licenses to such rights and assets		619,105.00	1,058,347.00
c) Goodwill		0.00	0.00
d) Payments in advance		681.62	681.62
12. Tangible assets	(7, 25)	182,257,358.01	196,203,917.82
13. Other assets	(26)	549,863,314.57	671,137,556.56
14. Prepayments and accrued income	(27)	4,764,069.70	96,063,912.03
a) from issuing and loan transactions		1,436,295.12	1,582,631.11
b) Others		3,327,774.58	94,481,280.92
15. Deferred tax assets	(28)	0.00	0.00
Total assets		35,129,163,072.33	34,694,833,779.80

Liabilities

	(Notes)	31 Dec 2014 €	31 Dec 2013 €
1. Liabilities to banks	(9, 37, 38, 49)	8,033,429,477.69	8,231,308,717.40
a) Registered mortgage Pfandbriefe issued		19,744,620.00	17,251,313.84
b) Registered public Pfandbriefe issued		0.00	0.00
c) Other liabilities		8,013,684,857.69	8,214,057,403.56
Including: due on demand		(687,467,646.08)	(1,194,601,902.79)
Including: mortgage Pfandbriefe and registered public Pfandbriefe delivered to the lender as collateral		(0.00)	(0.00)
2. Liabilities to customers	(9, 37, 38, 49)	21,737,166,298.76	20,121,631,705.39
a) Registered mortgage Pfandbriefe issued		765,067,678.42	816,545,749.36
b) Registered public Pfandbriefe issued		0.00	0.00
c) Saving deposits		123,202,434.81	70,501,561.48
ca) with an agreed notice period of three months		79,499,815.18	63,242,724.27
cb) with an agreed notice period of more than three months		43,702,619.63	7,258,837.21
d) Other liabilities		20,848,896,185.53	19,234,584,394.55
Including: due on demand		(15,772,664,545.67)	(14,252,703,948.16)
Including: mortgage Pfandbriefe and registered public Pfandbriefe delivered to the lender as collateral		(0.00)	(0.00)
3. Securitised liabilities	(9, 37, 38, 49)	2,293,691,660.85	2,945,842,405.81
a) Debt securities issued		2,293,691,660.85	2,945,842,405.81
aa) Mortgage Pfandbriefe		487,440,348.54	337,415,208.44
ab) Public Pfandbriefe		0.00	0.00
ac) Other debt securities		1,806,251,312.31	2,608,427,197.37
b) Other securitised liabilities		0.00	0.00
Including: money market papers		(0.00)	(0.00)
Including: own acceptances and promissory notes outstanding		(0.00)	(0.00)
3a. Trading liabilities	(4, 32)	28,605,885.80	16,164,072.42
4. Trust liabilities	(33)	2,744,134.31	2,744,913.51
Including: fiduciary loans		(6,613.68)	(7,392.88)
5. Other liabilities	(9, 34)	126,891,061.51	296,170,549.23
6. Prepayments and accrued income	(35)	16,123,313.01	21,179,264.45
a) from issuing and lending business		9,476,126.58	12,248,038.57
b) Others		6,647,186.43	8,931,225.88
6a. Deferred tax liabilities		0.00	0.00
7. Provisions	(10)	363,696,683.03	319,364,114.03
a) Provisions for pensions and similar obligations		153,042,036.00	138,287,246.00
b) Tax provisions		31,431,617.00	5,117,029.00
c) Other provisions		179,223,030.03	175,959,839.03
8. Subordinated liabilities	(9, 36, 37)	172,336,443.54	432,419,752.28
9. Participating certificate capital		80,000,000.00	110,000,000.00
Including: due within two years		(80,000,000.00)	(110,000,000.00)
10. Fund for general banking risks		428,789,970.29	353,685,021.98
Including: special items pursuant to Section 340e (4) of the German Commercial Code (HGB)		(1,820,069.29)	(1,715,120.98)
11. Capital and reserves	(39, 48, 52, 53)	1,845,688,143.54	1,844,323,263.30
a) Subscribed capital		1,295,665,703.84	1,313,444,975.59
b) Capital reserves		0.00	0.00
c) Revenue reserves		495,491,249.19	483,491,249.19
ca) Legal reserves		388,250,000.00	382,250,000.00
cb) Other revenue reserves		107,241,249.19	101,241,249.19
d) Balance sheet profit		54,531,190.51	47,387,038.52
Total liabilities		35,129,163,072.33	34,694,833,779.80
1. Contingent liabilities	(41)	525,641,088.34	848,438,173.99
a) Contingent liabilities from rediscounted, settled bills		0.00	0.00
b) Liabilities from guarantees and indemnity agreements		525,641,088.34	848,438,173.99
c) Liabilities arising from the provision of collateral for third-party liabilities		0.00	0.00
2. Other obligations	(14)	1,613,669,213.24	2,901,288,469.70
a) Obligations under optional repurchasing agreements		0.00	0.00
b) Placement and underwriting obligations		0.00	0.00
c) Irrevocable loan commitments		1,613,669,213.24	2,901,288,469.70

Income Statement

Income statement

	(Notes)	1 Jan – 31 Dec 2014 €	1 Jan – 31 Dec 2013 €
1. Interest income from	(45)	1,078,860,937.01	1,183,247,739.86
a) lending and money market transactions		1,061,318,474.29	1,159,436,730.03
b) fixed-interest securities and debt register claims		17,542,462.72	23,811,009.83
2. Interest expenses		- 392,577,054.99	- 515,065,429.35
3. Current income from		12,008,251.63	11,042,911.08
a) shares and other non-fixed-interest securities		0.00	192,409.26
b) participating interests and capital shares in cooperatives		9,119,734.98	8,064,454.75
c) shares in affiliated companies		2,888,516.65	2,786,047.07
4. Income from profit pooling, profit transfer agreements and partial profit transfer agreements		0.00	0.00
5. Commission income	(43)	184,923,675.25	170,499,959.39
6. Commission expenses		- 61,412,310.88	- 66,808,774.86
7. Net trading revenues	(44)	905,437.47	- 479,212.60
8. Other operating income	(45)	67,463,818.17	41,873,251.08
Including: from discounting		(296,406.78)	(512,067.74)
9. General administrative expenses		- 465,962,706.66	- 447,172,020.62
a) Personnel expenses		- 243,825,890.72	- 225,742,458.31
aa) Wages and salaries		- 198,761,088.89	- 189,989,475.66
ab) Social security contributions and expenses for pensions and benefits		- 45,064,801.83	- 35,752,982.65
Including: for pensions		(- 18,651,952.67)	(- 11,234,644.28)
b) Other administrative expenses		- 222,136,815.94	- 221,429,562.31
10. Depreciation, amortisation and write-downs in respect of intangible and tangible assets		- 12,589,098.92	- 13,516,068.29
11. Other operating expenses	(45)	- 74,527,249.63	- 48,784,090.78
Including: from discounting		(- 10,263,419.34)	(- 7,536,367.01)
12. Write-downs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks		- 138,976,525.78	0.00
13. Income from write-ups in respect of receivables and specific securities and release of provisions for credit risks		0.00	3,503,260.19
14. Write-downs and value adjustments in respect of participating interests, shares in affiliates and securities treated as fixed assets		18,839,272.87	12,022,363.30
15. Expenses from the assumption of losses		- 114,224.90	- 218,360.33
16. Operating result	(57)	216,842,220.64	330,145,528.07
17. Extraordinary income	(46)	1,558,594.55	0.00
18. Extraordinary expenses	(46)	- 9,603,433.21	- 124,878,280.05
19. Extraordinary result		- 8,044,838.66	- 124,878,280.05
20. Taxes on income	(47)	- 79,395,438.33	- 42,792,544.52
21. Other taxes not reported in item 11		119,580.37	873,025.32
22. Allocations to the fund for general banking risks		- 75,000,000.00	- 115,969,901.00
23. Net profit		54,521,524.02	47,377,827.82
24. Profit carried forward from the previous year		9,666.49	9,210.70
25. Balance sheet profit	(48)	54,531,190.51	47,387,038.52

Statement of Changes in Equity

Capital development

In the year under review, the amounts shown under liability item 11, 'Capital and reserves', developed as follows:

Capital development

	Subscribed capital		Capital reserves	Revenue reserves		Balance sheet profit/loss
	Members' capital contributions ¹	Contributions of silent partners		Legal reserves	Other revenue reserves	
	€ thous	€ thous	€ thous	€ thous	€ thous	€ thous
31 Dec 2013	965,745	347,700	0	382,250	101,241	47,387
Withdrawals	37,465	150,000	0	0	0	12,000
Additions	169,686	0	0	6,000	6,000	54,522
Distribution of annual result	0	0	0	0	0	35,378
31 Dec 2014	1,097,966	197,700	0	388,250	107,241	54,531

1) The changes in members' capital contributions are composed of disposals due to (partial) termination, (partial) transfer, death or exclusion as well as additions due to new memberships or participations.

Cash Flow Statement

Cash flow statement

	31 Dec 2014	31 Dec 2013
	€m	€m
Net profit	54.5	47.4
Non-cash items included in net profit and carry-forward to cash flow from operating activities		
Write-downs, value adjustments and write-ups in respect of financial and tangible assets	132.7	- 2.0
Changes in provisions	39.0	- 64.1
Changes to other non-cash items	75.1	117.7
Profit from the sale of financial and tangible assets	22.0	7.8
Other adjustments (on balance)	- 611.7	- 510.7
Subtotal	- 288.4	- 403.9
Change in assets and liabilities from operating activities after correction with non-cash components		
Loans and advances to banks	95.0	- 160.7
Loans and advances to customers	- 306.8	404.8
Securities (unless financial assets)	30.6	308.7
Other assets from operating activities	278.1	164.3
Liabilities to banks	- 185.6	- 1,445.6
Liabilities to customers	1,623.8	531.0
Securitised liabilities	- 629.0	- 2,459.1
Other liabilities from operating activities	- 213.1	- 10.0
Interest and dividends received	735.1	826.2
Interest paid	- 194.2	- 241.5
Extraordinary deposits	1.6	-
Extraordinary payments	- 9.6	- 25.6
Income tax payments	- 79.4	- 43.5
Cash flow from operating activities	858.1	- 2,554.9
Deposits from the sale of		
financial assets	1,145.0	3,178.4
tangible assets	9.4	3.7
Payments for the acquisition of		
financial assets	- 1,484.0	- 831.3
tangible assets	- 1.6	- 3.3
Fund changes from other investment activities (on balance)	-	-
Cash flow from investment activities	- 331.2	2,347.5
Payments from increases in equity capital	169.7	158.1
Dividend payments	- 35.4	- 33.4
Other payments to members	- 32.1	- 51.7
Fund change from subordinated capital and other hybrid capital (on balance)	- 433.3	- 70.7
Cash flow from financing activities	- 331.1	2.3
Cash and cash equivalents at the end of the previous period	405.0	610.1
Cash flow from operating activities	858.1	- 2,554.9
Cash flow from investment activities	- 331.2	2,347.5
Cash flow from financing activities	- 331.1	2.3
Changes to liquid assets due to foreign currency and valuation	-	-
Cash and cash equivalents at the end of the reporting period	600.8	405.0

Notes

A. General Information

1. Framework for the preparation of the annual financial statements

The annual financial statements of Deutsche Apotheker- und Ärztebank eG (apoBank), Düsseldorf, as at 31 December 2014 were prepared according to the regulations of the German Commercial Code (HGB), the Accounting Ordinance for Banks and Financial Services Institutions (RechKredV) as well as the Securities Trading Act (WpHG). At the same time, the annual financial statements meet the requirements of the Cooperative Societies Act (GenG), the German Pfandbrief Act (PfandBG) and the Articles of Association of apoBank.

Pursuant to Section 244 of the German Commercial Code (HGB), the annual financial statements are drawn up in German and in euros. apoBank takes advantage of the option to provide information through the notes rather than the balance sheet.

B. Accounting, valuation and translation methods

In preparing the balance sheet and income statement, the following accounting and valuation methods were used.

2. Loans and advances and risk provisioning

Loans and advances to banks and customers were carried at nominal value or acquisition costs, with the difference between the higher nominal value and the amount disbursed being posted to accruals and deferred income. Identifiable credit risks in loans and advances to customers are covered by individual loan loss provisions. apoBank made a general value adjustment in respect of inherent credit risks with consideration given to tax guidelines.

3. Securities

Securities in the liquidity reserve were valued according to the strict lower-of-cost-or-market principle, while fixed-asset securities were valued according to the moderate lower-of-cost-or-market principle. The exchange or market prices provided by Bloomberg or Reuters were taken as a basis.

Acquisition costs for securities of the same type were calculated using the averaging method.

Structured financial instruments that show significantly higher or additional (distinct) opportunities or risks compared to the underlying instruments on account of the embedded derivatives are broken down into their individual components and reported and valued individually pursuant to relevant provisions. These instruments are recognised separately if unconditional or conditional purchase obligations are intended for additional financial instruments.

The costs of acquisition of the separately reported capital and reserves components result from the breakdown of the costs of acquisition of the structured financial instruments in relation to the fair value of the individual components. In the event that the fair value of the embedded derivatives cannot be determined, the value is calculated as the difference between the fair value of the structured financial instruments and the fair value of the underlying instrument.

4. Trading assets and liabilities

Financial instruments in the trading portfolio are reported under balance sheet items trading assets, 6a, and trading liabilities, 3a, and are measured at fair value considering an adjustment for risk.

The fair value normally corresponds to the market price. According to the generally accepted accounting principles, trading assets should generally be valued at the lower bid price, and trading liabilities at the higher ask price. For the sake of simplicity, a valuation on the basis of the middle rate is also permissible. The Bank has made use of this simplification rule since trading assets and liabilities are generally of minor importance and the bid-ask spreads are usually very small. If the market price cannot be calculated reliably, the fair value is measured using generally recognized valuation methods. These models are used to value part of the securities as well as all derivatives and comprise market-based valuation parameters such as yield curves, credit spreads and foreign currency rates. The fair values are calculated in accordance with the valuation models used in internal risk control.

apoBank calculates the adjustment for risk on the basis of the value-at-risk (VaR) for a holding period of 250 days, a forecast interval with a confidence level of 97% and an effective historical observation period of 250 days.

The criteria defined internally for including financial instruments in the trading portfolio are unchanged year-on-year. The value of the derivative financial instruments in the trading portfolio is derived from the foreign exchange and interest rates.

Please refer to note 42 for details on the significant terms and conditions pursuant to Section 285 No. 20b of the German Commercial Code (HGB) that may affect the amount, timing and certainty of future cash flows from derivative financial instruments.

5. Valuation units (hedge accounting)

At apoBank, micro-hedge units and portfolio valuation units are formed to hedge risks. In this respect, micro-hedge units are used as part of asset swap packages and to hedge a part of own issuances. This hedges interest rate risks. apoBank uses portfolio valuation units to hedge currency risks in various, independently controlled portfolios. The principal hedging instruments are FX forward transactions and FX swaps.

If valuation units are taken into account on the balance sheet, a prospective and a retrospective effectiveness test is performed.

In the case of the micro-hedge units, the effective portion of the valuation units formed is presented according to the cost method. For part of the portfolio valuation units, the fair value method is applied.

In micro-valuation units, apoBank concludes the prospective effectiveness test using the critical terms match method. Effectiveness is assumed if the essential value drivers for the hedged risks of the underlying transaction and hedging instrument correspond with each other.

For micro-hedge units with underlying transactions on the asset side, market value changes to underlying and hedging transactions are determined and netted by comparison with the last reporting date. If there is an excess loss resulting from unhedged risks, a specific valuation allowance with respect to the underlying transaction is made in this amount.

For micro-hedge units with underlying transactions on the liability side, apoBank applies the fixed valuation as long as it is considered a perfect hedge. The own issuance is posted at the redemption value and is not valued. Accordingly, the hedging derivative is also not valued.

In portfolio hedges, the risks of multiple underlying transactions of the same type are covered by one or more hedging instruments. The underlying transactions are alike in terms of their appropriation (currency, maturity, coupon).

The portfolio valuation units concern FX forward transactions, FX swaps as well as syndicated loans in foreign currencies. A portfolio is formed for each currency and each underlying transaction in which the sums of the underlying transaction and hedging transaction in terms of volume and all payment flows or changes in value are balanced as a rule. This way, a 100% effectiveness is, in principle, guaranteed. Any negative effects that occur over time are recognised in profit or loss as a provision for valuation units.

As at the balance sheet date, the total volume of the risks hedged amounted to € 1,140 million (31 December 2013: € 910 million). These risks result from an omitted depreciation of assets, an omitted appreciation of debt or omitted provisions for contingent losses and are quantified based on the gross net present values of the derivative transactions.

As at the reporting date, apoBank had designated 686 micro hedges with a nominal value of € 8,288.3 million:

- 545 hedges on own issues against the interest rate risk with a nominal value of € 5,502.1 million, including
 - 12 caps with a nominal value of € 212.0 million
 - 14 floors with a nominal value of € 227.0 million
 - 38 swaptions with a nominal value of € 339.8 million
 - 481 swaps with a nominal value of € 4,723.3 million
- 141 asset swaps to hedge against the interest rate risk of 68 acquired securities with a nominal value of € 2,786.2 million

As at 31 December 2014, a volume of foreign currency swaps from FX trading was used in the amount of € 646 million as valuation units, of which € 624 million to hedge offsetting FX swaps and € 22 million to hedge syndicated loans in foreign currencies.

The FX swaps can be broken down based on their currency as follows:

- € 434 million in US dollars
- € 128 million in British pounds
- € 65 million in Japanese yen
- € 19 million in other currencies

At the reporting date, apoBank had a volume of FX forward transactions of € 61 million as valuation units to hedge offsetting FX forward transactions. The FX forward transactions can be broken down based on their currency as follows:

- € 49 million in US dollars
- € 4 million in British pounds
- € 4 million in Swiss francs
- € 4 million in other currencies

6. Participating interests and shares in affiliated companies

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

7. 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. Low-value assets within the meaning of Section 6 (2) of the Income Tax Act (EStG) were completely written off.

8. Fixed assets/intangible assets

Intangible assets were valued at cost of acquisition and depreciated on a straight-line basis according to plan. The underlying useful life is three and five years.

9. Liabilities

All liabilities were generally carried at their repayment amounts. Differences between the lower issue price and the repayment amount of liabilities were reported under 'Prepayments and accrued income' and written back on an accrual basis. Zero bonds and commercial papers were carried as liabilities at their issuance price plus accrued interest.

10. Provisions

The provisions for pension liabilities as at 31 December 2014 were calculated based on the actuarial tables 'Richttafeln 2005 G' (Heubeck) using the projected unit credit method on the basis of an interest rate of 4.54%, a wage increase trend of 3.00% and a pension increase trend of 1.75%. apoBank recorded the releases and allocations in the balance sheet items 'Provisions for pensions and similar obligations' in relation to the interest effect in other operating income and as a net item under 'Personnel expenses'. Pension provisions and the provision for deferred compensation have been netted with the corresponding plan assets at their fair value, which is equivalent to the acquisition costs, in the amount of € 10,879 thousand pursuant to Section 246 (2) 2 of the German Commercial Code (HGB). The difference between income of € 1,375 thousand and expenses of € 1,108 thousand in connection with the reinsurance for pension obligations was netted with the expenses from the discounting of pension provisions amounting to € 7,026 thousand.

The provisions for part-time retirement and anniversary payments were also made on the basis of an interest rate of 4.54% and a wage increase trend of 3.00%.

Provisions with a remaining term of more than one year were discounted or compounded pursuant to Section 253 (2) of the German Commercial Code (HGB). The current profit/loss from discounting and compounding is posted to 'Other operating income' or 'Other operating expenses'.

apoBank also made adequate provisions for other uncertain liabilities.

11. Derivative financial instruments

Derivative financial instruments are generally valued individually in accordance with the general valuation provisions of German commercial law (Sections 252 et seqq. of the German Commercial Code (HGB)) 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 or the derivatives are used for the control of the overall bank interest rate risk.

Provisions for contingent losses are recorded if apoBank anticipates a claim.

Pursuant to IDW RS HFA 22, apoBank treats separable embedded derivatives from structured financial instruments as primary derivatives.

Within overall bank control, apoBank generally uses all interest rate derivatives. They are used to hedge the interest rate risks in the banking book and manage interest income.

Pursuant to IDW RS BFA 3, apoBank is required to provide proof of a loss-free valuation of interest

rate-related banking book transactions. For all interest rate-related financial instruments (on-balance sheet and off-balance sheet) in the banking book proof was provided that overall no losses will occur in future as a result of contracted interest rates. The test was based on the net present value/book value method, which compares the book values of the interest rate-related transactions of the banking book with the net present values attributable to interest rates, taking account of credit risk and portfolio management costs. As a result, apoBank did not identify any need for provisioning.

12. Currency translation

apoBank translates items based on amounts in foreign currency or which were originally based on foreign currency into euros as follows: Items denominated in foreign currencies are in principle valued pursuant to Section 340h in conjunction with Section 256a of the German Commercial Code (HGB). Valuation units are formed for material holdings in foreign currencies pursuant to Section 254 of the German Commercial Code (HGB).

apoBank considers the special coverage pursuant to Section 340h of the German Commercial Code (HGB) as given when the total item is economically balanced in respect of every foreign currency as at the balance sheet date. If special coverage existed, income and expenditure from currency translation are shown in the income statement in the items 'Other operating income' or 'Other operating expenses'.

13. Guarantee

The guarantee agreement granted by the Federal Association of German Cooperative Banks (BVR) amounting to a maximum of originally € 640 million for the structured financial instruments previously in the UIL fund no longer exists (31 December 2013: € 30 million). The fund was dissolved in June 2014.

Based on the guarantee agreement, benefits from the guarantee paid in the form of cash over time were repaid by the Bank.

14. Irrevocable loan commitments

The decline in irrevocable loan commitments is due to the new contractual construction when issuing credit cards. These have been issued by cooperation partner WGZ Bank since 2014. Unlike as at 31 December 2013, the loan commitments offered in this context are no longer classed as irrevocable loan commitments pursuant to the framework agreement.

C. Notes to the balance sheet

Notes to assets

15. Breakdown of loans and advances by residual terms and other items

The receivables shown in the balance sheet have the following maturities:

Breakdown of loans and advances by residual terms

	Loans and advances to banks (A3)		Loans and advances to customers (A4)	
	€ thous		€ thous	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Accrued interest	340,625	365,449	4,826	8,062
Up to 3 months	584,565	682,201	859,364	812,185
More than 3 months to 1 year	80,000	0	2,038,326	1,782,999
More than 1 year to 5 years	0	80,000	8,123,851	8,167,054
More than 5 years	2,574	0	14,102,048	14,181,620

Loans and advances to banks (assets, 3) include € 366,995 thousand (31 December 2013: € 503,944 thousand) of receivables from the relevant central cooperative bank (WGZ BANK AG).

The loans and advances to customers (assets, 4) include € 1,908,234 thousand (31 December 2013: € 1,842,520 thousand) of loans and advances with unspecified maturities.

16. Affiliated and associated companies

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

Affiliated and associated companies

	Loans and advances to banks (A3)		Loans and advances to customers (A4)		Debt securities and other fixed-interest securities (A5)	
	€ thous		€ thous		€ thous	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loans and advances to affiliated companies	0	0	0	0	0	0
Loans and advances to associated companies	577,232	680,454	249,716	296,503	5,004	0

17. Debt securities and other fixed-interest securities

Of the debt securities and other fixed-interest securities (assets, 5) stated in the balance sheet, € 1,010,975 thousand (31 December 2013: € 217,261 thousand) will mature during the financial year following the balance sheet date. These amounts do not include accrued interest.

18. Non-negotiable, negotiable, quoted and unquoted securities as well as negotiable securities not valued at the lower of cost or market

The items 'Debt securities and other fixed-interest securities', 'Shares and other non-fixed-interest securities' and 'Trading portfolio' are comprised as follows:

Non-negotiable, negotiable, quoted and unquoted securities as well as negotiable securities not valued at the lower of cost or market

	Debt securities and other fixed-interest securities (A 5)		Shares and other non-fixed-interest securities (A 6)		Trading assets and liabilities (A 6a)	
	€ thous		€ thous		€ thous	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Non-negotiable	0	0	1,327,239	1,970,161	0	0
Negotiable	4,048,396	3,141,844	0	0	128,479	95,145
Quoted	4,048,396	3,141,844	0	0	54,442	58,887
Unquoted	0	0	0	0	74,037	36,258
Negotiable securities not valued at the lower of cost or market	308,974	664,680	0	21,855		

	Participating interest and capital shares in cooperatives (A 7)		Shares in affiliated companies (A 8)	
	€ thous		€ thous	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Non-negotiable	150,773	133,173	9,363	9,363
Negotiable	50,540	35,215	0	0
Quoted	2	2	0	0
Unquoted	50,538	35,213	0	0

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

19. Securities portfolio/receivables by purpose

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

Securities portfolio/receivables by purpose

	31 Dec 2014 €thous	31 Dec 2013 €thous
Loans and advances to customers		
Fixed assets	16,690	17,498

	31 Dec 2014 €thous	31 Dec 2013 €thous
Debt securities and other fixed-interest securities		
Fixed assets	3,610,494	2,626,366
Liquidity reserve	437,901	515,478
Total	4,048,395	3,141,844

	31 Dec 2014 €thous	31 Dec 2013 €thous
Shares and other non-fixed-interest securities		
Fixed assets	75,137	718,059
Liquidity reserve	1,252,102	1,252,102
Total	1,327,239	1,970,161

20. Shares in special investment funds

apoBank holds more than 10% of the shares in domestic investment funds in accordance with Section 1 (10) of the German Capital Investment Code (KAGB) or comparable international investments.

Shares in special investment funds

Name of fund	Investment objective	Value in accordance with Section 278 of the KAGB in conjunction with Section 168 of the KAGB or comparable international regulations € thous	Difference to book value € thous	Distributions made for the total financial year € thous	Restriction of redemption
APO 1 INKA	Domestic and international bonds	836,034	83,932	0	no
APO 2 INKA	Domestic and international bonds	282,750	32,750	0	no
APO 3 INKA	Domestic and international bonds	282,750	32,750	0	no
arsago STIRT 2 XL	Domestic and international bonds	4,127 ¹	0	0	yes
Master fund coinvestments	Domestic and international equities, domestic and international bonds, FX forward transactions, futures	58,900	3,900	0	no

1) For these special funds issued outside Germany, the official calculation of the share value according to the regulations comparable to Section 278 of the German Capital Investment Code (KAGB) in conjunction with Section 168 of the German Capital Investment Code (KAGB) has been suspended until further notice. The values stated were determined by the Bank using internal valuation models based on available market indicators and in part on model prices by looking through on the assets held by the fund.

21. Financial instruments classified as fixed assets

Financial instruments classified as fixed assets¹

	Book value as at 31 Dec 2014 € thous	Fair value as at 31 Dec 2014 € thous	Omitted depreciation € thous
Banks	35,000	34,983	17
Public debtors	272,400	271,391	1,009
Companies	6,200	5,781	419
Total	313,600	312,155	1,445

1) Includes only financial instruments classified as fixed assets that show hidden burdens at the balance sheet date

Impairments are not regarded as permanent if they can be attributed to increased market interest rates and a deterioration in market liquidity.

22. Trading assets

The balance sheet item 'Trading assets' can be broken down as follows:

Trading assets	31 Dec 2014 ¹ € thous	31 Dec 2013 ¹ € thous
Derivative financial instruments		
Caps	0	0
FX forward transactions	1,460	2,418
FX swaps	27,710	14,464
Loans and advances to banks	0	0
Debt securities and other fixed-interest securities	128,479	95,145
Shares and other non-fixed-interest securities	0	0
Less VaR adjustment	-284	-1,234
Total	157,365	110,793

1) The fair values are shown.

The nominal values of the derivative financial instruments included in the item 'trading assets' were composed of caps amounting to € 20,000 thousand (31 December 2013: € 20,000 thousand), FX forward transactions amounting to € 61,312 thousand (31 December 2013: € 177,894 thousand) and FX swaps amounting to € 623,958 thousand (31 December 2013: € 668,942 thousand).

23. List of holdings

apoBank holds capital shares amounting to at least 20% in the following companies:

List of holdings

Gesellschaft	Share in company capital on 31 Dec 2014	Year	Capital and reserves of the company € thous	Result of the past financial year € thous
	%			
Apo Asset Management GmbH, Dusseldorf	70	2014	5,840	2,234
APO Beteiligungs-Holding GmbH, Dusseldorf	100	2014	4,164	0 (-114) ²
APO Data-Service GmbH, Dusseldorf ¹	100	2013	3,721	439
Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin ¹	26	2014	213	- 8
medisign GmbH, Dusseldorf ¹	50	2014	116	-171
aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	67	2013	9,507	2,590
aik Management GmbH, Dusseldorf ¹	100	2013	70	45
CP Capital Partners AG, Zurich	24	2014	530	72
Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne	25	2013	9,285	5,517
Finanz-Service GmbH der APO-Bank, Dusseldorf	50	2013	1,528	15
IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster	26	2014	52	9
PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	24	2014	5,109	3,083
Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	26	2013	28,076	2,301
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Dusseldorf	50	2014	6,644	2,280

1) Indirect participations

2) Before profit transfer or loss assumption

Participations in corporations with limited liability pursuant to Section 340a (4) of the German Commercial Code (HGB) with more than 5% of voting rights existed with respect to Treuhand Hannover GmbH, Steuerberatungsgesellschaft, Hanover, Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne, and Deutsche Zahnärztliche Rechenzentrum GmbH, Stuttgart.

24. Trust transactions

The trust transactions shown in the balance sheet are fiduciary loans totalling € 7 thousand (31 December 2013: € 7 thousand) and contributions held in trust totalling € 2,737 thousand (31 December 2013: € 2,738 thousand).

Trust assets comprise the following balance sheet items:

Balance sheet items

	31 Dec 2014	31 Dec 2013
	€thous	€thous
Loans and advances to banks	7	7
Participations	2,737	2,738
Total	2,744	2,745

apoBank holds in trust its limited partner's interests for the holders of share certificates in various Medico funds.

25. Development of fixed assets

The item 'Tangible assets' (assets, 12) includes:

Tangible assets

	31 Dec 2014	31 Dec 2013
	€thous	€thous
Owner-occupied land and buildings	141,899	151,646
Office furniture and equipment	38,609	42,759

Development of fixed assets

	Acquisition/ production costs €thous	Changes in the reporting period					Subtotal €thous
		Additions €thous	Write-ups €thous	Transfers €thous	Disposals €thous	Subsidies €thous	
Intangible assets	47,683	111	0	0	3	0	47,791
Tangible assets							
Land and buildings	273,168	79	0	0	7,952	0	265,295
Office furniture and equipment	100,076	1,364	0	0	1,487	0	99,953
Receivables from customers	19,735	0	0	0	3,535	0	16,200
Fixed-asset securities	3,348,273	1,453,789	1,893	0	1,144,972	0	3,658,983
Participating interest and capital shares in cooperatives	186,810	36,729	0	0	0	0	223,539
Shares in affiliated companies	9,942	0	0	0	0	0	9,942
Total	3,985,687	1,492,072	1,893	0	1,157,949	0	4,321,703

	Carried forward €thous	Amortisation/ depreciation (accumulated) €thous	Amortisation/ depreciation in the reporting year €thous	Book values at the balance sheet date €thous
Intangible assets	47,791	- 47,171	- 550	620
Tangible assets				
Land and buildings	265,295	-121,646	- 6,754	143,649
Office furniture and equipment	99,953	- 61,344	- 5,285	38,609
Receivables from customers	16,200	0	0	16,200
Fixed-asset securities	3,658,983	- 2,335	0	3,656,648
Participating interest and capital shares in cooperatives	223,539	- 22,226	- 3,804	201,313
Shares in affiliated companies	9,942	- 579	0	9,363
Total	4,321,703	- 255,301	- 16,393	4,066,402

26. Other assets

The 'Other assets' item includes the following larger amounts:

Other assets

	31 Dec 2014	31 Dec 2013
	€ thous	€ thous
Capitalised premiums from options	440,133	504,203
Tax receivables	69,228	94,126
Including: corporation tax credit pursuant to Section 37 (5) of the Corporation Tax Law (KStG)	(49,821)	(66,149)

27. Prepayments and accrued income (assets)

The prepayments and accrued income items include discount amounts from assumed liabilities of € 1,436 thousand (31 December 2013: € 1,583 thousand) as well as premiums for swaptions exercised of € 247 thousand (31 December 2013: € 90,411 thousand) and upfront payments of € 2,187 thousand (31 December 2013: € 2,990 thousand).

28. Deferred tax assets

The option to capitalise deferred tax assets under Section 274 (1) 2 of the German Commercial Code (HGB) was not exercised.

As at 31 December 2014, a net deferred tax asset existed. This deferred tax asset was essentially due to differences between the valuations in the trading and tax accounts for shares and other non-fixed-interest securities, loans and advances to customers, provisions for pensions as well as intangible assets.

The net deferred tax assets amounted to € 173.3 million, thereof deferred tax assets of € 173.4 million and deferred tax liabilities of € 0.1 million.

A tax rate of 31.3% was applied for calculating deferred taxes.

29. Subordinated assets

Subordinated assets are included in the items 'Loans and advances to banks' with € 2,584 thousand (31 December 2013: € 0 thousand) and 'Loans and advances to customers' with € 29,494 thousand (31 December 2013: € 29,409 thousand). The item 'Debt securities and other fixed-interest securities' included subordinated assets of € 5,004 thousand as at 31 December 2014 (31 December 2013: € 0 thousand). Subordinated assets amounted to a total of € 37,082 thousand (31 December 2013: € 29,409 thousand).

30. Repurchase agreements

Repurchase agreements did not exist at the balance sheet date.

31. Foreign currency items

Assets include foreign currency items with a value of € 259,090 thousand (31 December 2013: € 222,153 thousand).

Notes to liabilities

32. Trading liabilities

The balance sheet item 'Trading liabilities' includes, based on the fair value of the assets:

Trading liabilities

	31 Dec 2014 €thous	31 Dec 2013 €thous
FX forward transactions	1,438	2,322
FX swaps	27,168	13,841
Caps	0	1
Total	28,606	16,164

The nominal values of the derivative financial instruments included in the item 'trading liabilities' were composed of caps amounting to € 20,000 thousand (31 December 2013: € 20,000 thousand), FX forward transactions amounting to € 61,218 thousand (31 December 2013: € 176,927 thousand) and FX swaps amounting to € 623,838 thousand (31 December 2013: € 645,277 thousand).

33. Trust liabilities

Trust liabilities are subdivided into the following balance sheet items:

Trust liabilities

	31 Dec 2014 €thous	31 Dec 2013 €thous
Liabilities to banks	7	7
Liabilities to customers	2,737	2,738
Total	2,744	2,745

apoBank holds in trust its limited partner's interests for the holders of share certificates in various Medico funds.

34. Other liabilities

The 'Other liabilities' item includes the following larger amounts:

Other liabilities	31 Dec 2014 €thous	31 Dec 2013 €thous
Premiums from options and caps carried as liabilities	65,757	101,900
Liabilities to the BVR due to the guarantee	0	121,441

35. Prepayments and accrued income (liabilities)

'Prepayments and accrued income' (liabilities) include:

Prepayments and accrued income (liabilities)	31 Dec 2014 €thous	31 Dec 2013 €thous
Premium from liabilities (securitised or unsecuritised)	149	172
Discount from claims	9,327	12,076
Other prepayments and accrued income	6,647	8,931

36. Subordinated liabilities

Expenses of € 18,291 thousand were incurred in the past financial year (31 December 2013: € 25,398 thousand). Early redemption of the subordinated liabilities is excluded.

Subordination has been arranged as follows: In the event of the insolvency or liquidation of apoBank, these liabilities are repayable only after all higher-ranking creditors have been satisfied. The liabilities, most of which are due for repayment by 2019, have a residual term of one to 13 years.

Subordinated liabilities with a nominal value of € 167.5 million (31 December 2013: € 420.8 million) carry the following rates of interest:

- Subordinated bearer bonds with a 6-month Euribor variable rate plus 1.00%
- Subordinated promissory note bonds with fixed interest rates of 6.50% to 7.47%

There were no borrowings exceeding 10% of the balance sheet item as at the balance sheet day (31 December 2013: € 47,369 thousand).

37. Liabilities due from affiliated or associated companies

The liabilities due from affiliated or associated companies can be broken down as follows:

Liabilities due from affiliated or associated companies

	Liabilities to affiliated companies		Liabilities to associated companies	
	€ thous		€ thous	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Liabilities to banks (P 1)	0	0	452,145	739,747
Liabilities to customers (P 2)	11,026	8,029	71,229	40,665
Securitised liabilities (P 3)	0	0	0	0
Subordinated liabilities (P 8)	0	0	0	0

38. Breakdown of liabilities by residual terms and other items

The liabilities shown in the balance sheet have the following maturities:

Breakdown of liabilities by residual terms

	Liabilities to banks (P 1)		Saving deposits (P 2c)		Liabilities to customers without saving deposits (P 2a, 2b, 2d)		Securitised liabilities (P 3)	
	€ thous		€ thous		€ thous		€ thous	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Accrued interest	82,134	94,415	1	0	98,357	106,668	17,898	41,064
Up to 3 months	1,556,549	1,383,173	90,318	63,342	16,787,745	14,876,974	593,727	464,018
More than 3 months to 1 year	915,947	723,622	17,009	4,281	865,332	900,817	713,743	1,259,243
More than 1 year to 5 years	2,643,379	2,729,203	11,649	2,717	3,084,230	2,447,239	696,323	1,101,517
More than 5 years	2,835,420	3,300,896	4,226	162	778,300	1,719,432	272,000	80,000

Liabilities to banks include € 8,765 thousand (31 December 2013: € 119,578 thousand) of liabilities to the relevant central cooperative bank (WGZ BANK AG).

Of the liabilities to banks, € 6,190,809 thousand (31 December 2013: € 6,358,357 thousand) are secured by transfer of assets. These liabilities are mainly publicly funded loans.

Further securities with a book value of € 307.0 million (31 December 2013: € 347.0 million) have been pledged as additional security for public refinanced loan programmes. Irrespective of an assigned liability, we deposited cash collaterals of € 107.5 million (31 December 2013: € 26.3 million) within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of € 494.7 million (31 December 2013: € 535.2 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 (liabilities, 3.a)), € 1,306,502 thousand (31 December 2013: € 1,722,234 thousand) will mature in the financial year following the balance sheet date.

39. Capital and reserves

The amounts shown under 'Subscribed capital' (liabilities, 11.a)) are structured as follows:

Subscribed capital

	31 Dec 2014	31 Dec 2013
	€ thous	€ thous
Contributions of silent partners	197,700	347,700
Members' capital contributions	1,097,966	965,745
Of remaining members	1,080,864	943,291
Of departing members	13,628	18,621
Of terminated cooperative shares	3,474	3,833
Compulsory contributions due on shares in arrears	3	4

In the context of the regulatory changes and in line with the participation contract, apoBank terminated the silent participation in the amount of € 197.7 million issued to Capital Issuing GmbH (ISIN XF0000QBA760) in 2010 as at 31 December 2014. It will be repaid on 31 July 2015, in line with contractual terms and conditions.

The revenue reserves (liabilities, 11.c)) developed as follows in 2014:

Revenue reserves

	Legal reserves	Other revenue reserves
	€ thous	€ thous
As at 1 Jan 2014	382,250	101,241
Transfers		
from balance sheet profit of the previous year	6,000	6,000
from net profit of the financial year	0	0
Withdrawals	0	0
As at 31 Dec 2014	388,250	107,241

40. Foreign currency items

Foreign currency items with an equivalent value of € 236,377 thousand (31 December 2013: € 185,747 thousand) are included in liabilities and with an equivalent value of € 130,379 thousand (31 December 2013: € 167,691 thousand) in off-balance-sheet contingent liabilities and other obligations.

41. Contingent liabilities

Acute risks of claims in connection with off-balance-sheet contingent liabilities are covered by provisions. The liabilities shown mainly refer to contracts of guarantee or open loan commitments to customers. The risks were assessed in the context of an individual evaluation of the creditworthiness of these customers. They are subject to the risk identification and controlling procedures which apply to all loan agreements and guarantee a timely identification of the risks.

Derivative financial instruments

42. Derivative financial instruments

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market risk arising from open positions, and in the event of counterparty default also from closed positions, amounted to € 37,225 million as at 31 December 2014 (31 December 2013: € 43,923 million). As at 31 December 2014, the following types of transactions were included therein:

Distribution of traded derivatives/types of transactions

Interest rate-related transactions

- Interest rate swaps
- Swaptions
- Caps/floors

Currency-related transactions

- FX forward transactions
- FX swaps

Stock-related transactions

- Stock options

apoBank enters into these forward transactions, which are subject to fluctuations as regards interest rates, exchange rates and market prices, for the purpose of hedging positions, for asset liability management as well as for strategic purposes within the scope of participation management. Existing derivatives contracts are broken down according to their risk structure in the table on the following page. The nominal volumes are stated in accordance with standard international practice; however, these figures are not the same as the default risk value.

apoBank calculated the fair values shown using the following valuation models: Interest rate swaps were measured at their net present value on the balance sheet date. The various interest payment flows were calculated with forward rates derived from the current interest structure curve and then discounted with the swap curve in the same way as fixed payment flows. Swaptions and interest limit agreements were measured on the basis of the Black model for interest rate options.

The fair value of the FX forward transactions and the FX swaps was calculated from the net present values of the opposing payment flows (in foreign currency and in euros) using the interest structure curve of the respective currency.

apoBank measures stock options from structured financial instruments by comparing unstructured bonds from the same issuers with the same appropriation. The difference between the two financial instruments corresponds to the implied value of the option.

Risk structure

	Nominal value €m		Fair value €m	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Interest rate-related transactions¹				
Time to maturity up to 1 year	12,299	10,437	443	261
more than 1 year to 5 years	13,743	22,321	253	588
more than 5 years	11,158	10,714	-140	208
Subtotal	37,200	43,472	556	1,057
Currency-related transactions				
Time to maturity up to 1 year	22	136	0	1
more than 1 year to 5 years	0	0	0	0
more than 5 years	0	0	0	0
Subtotal	22	136	0	1
Stock-related transactions¹				
Time to maturity up to 1 year	0	0	0	0
more than 1 year to 5 years	0	0	0	0
more than 5 years	3	0	0	0
Subtotal	3	0	0	0
Credit derivatives				
Time to maturity up to 1 year	0	250	0	1
more than 1 year to 5 years	0	65	0	0
more than 5 years	0	0	0	0
Subtotal	0	315	0	1
Total	37,225	43,923	556	1,059

1) Interest rate- and stock-related transactions are reported under the items 'Other assets' (€ 440 million), 'Prepayments and accrued income (assets)' (€ 2 million) as well as under the items 'Other liabilities' (€ 1 million) and 'Prepayments and accrued income (liabilities)' (€ 1 million).

Most of the derivative financial instruments are used to hedge interest rate or currency fluctuations as part of a valuation unit (see note 5) as well as within the scope of asset/liability management.

D. Notes to the income statement

43. Commission income

Commission income includes insurance brokerage services rendered for third parties amounting to € 15,952 thousand (31 December 2013: € 12,755 thousand).

44. Net trading result

In addition to the foreign currency result and the valuation of trading portfolio securities, the net trading result also includes valuation differences for derivatives in the trading portfolio including risk discounts/surcharges applied.

apoBank calculated a reserve under Section 340g of the German Commercial Code (HGB) pursuant to Section 340e (4) of the German Commercial Code (HGB) as at 31 December 2014. An adjustment to the net trading result of € 105 thousand was made on account of the net trading result (31 December 2013: € 0 thousand). Current interest income and expenses from the trading portfolio are included in interest income.

45. Other operating expenses and income or expenses and income related to other periods

Other operating income of € 67,464 thousand (31 December 2013: € 41,873 thousand) include, among other things:

Other operating income

	31 Dec 2014	31 Dec 2013
	€ thous	€ thous
Rental income	3,565	3,891
Release of reserves (related to other periods)	51,080	25,295
Accounting gains from the disposal of fixed assets and intangible assets (related to other periods)	1,545	2
Interest income from tax refunds (related to other periods)	1,092	870
Income from discounting	296	512
Income from currency translation	1,676	930

Other operating expenses of € 74,527 thousand (31 December 2013: € 48,784 thousand) result primarily from the following items:

Other operating expenses

	31 Dec 2014	31 Dec 2013
	€ thous	€ thous
Provisions for litigation costs ¹	42,653	28,286
Accounting losses from the disposal of fixed assets and intangible assets (related to other periods)	281	634
Interest expenses from tax arrears (related to other periods)	2,102	1,706
Expenses from compounding	10,263	7,536
Expenses from currency translation	2	74

1) Litigation risks include € 24.0 million for apoBank's legal risks from possible claims to the repayment of loan processing fees.

The item 'Interest income from lending and money market transactions' include additional material income related to other periods of € 13,785 thousand for prepayment penalties.

46. Extraordinary expenses and income

Extraordinary income of € 1,559 thousand (31 December 2013: € 0 thousand) result from compensation payments for structured Lehman Brothers securities. Extraordinary expenses of € 9,603 thousand (31 December 2013: € 124,878 thousand) account for payments to BVR for reimbursement of guarantee claims by the UIL fund.

47. Taxes on income

Income taxes are related almost exclusively to the profit from ordinary business activities of the current period and to tax audits of the previous years. Taxes on income were calculated largely on the basis of actual figures and the current tax rate.

48. Proposal for the appropriation of balance sheet profit

In 2014, apoBank recorded a net profit of € 54,522 thousand; the profit carried forward from the previous year amounted to € 10 thousand. The Supervisory Board and Board of Directors will propose the following appropriation of profit at the Annual General Meeting:

Appropriation of balance sheet profit

	31 Dec 2014 €	31 Dec 2013 €
Net profit	54,521,524.02	47,377,827.82
Profit carried forward from the previous year	9,666.49	9,210.70
Balance sheet profit	54,531,190.51	47,387,038.52
Allocations to legal reserves	7,000,000.00	6,000,000.00
Allocations to other revenue reserves	7,000,000.00	6,000,000.00
Dividends (4%)	40,523,707.37	35,377,372.03
Carried forward to new account	7,483.14	9,666.49

E. Other notes

49. Disclosure pursuant to Section 28 of the German Pfandbrief Act (PfandBG)

The following information is provided with respect to the mortgage Pfandbriefe included in the items 'Liabilities to banks', 'Liabilities to customers' and 'Securitised liabilities' pursuant to Section 28 of the German Pfandbrief Act (PfandBG):

Total amount and maturity structure

	Total amount of outstanding Pfandbriefe		Total amount of cover pool		Overcollateralisation	
	€m		€m		%	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Nominal value	1,247	1,144	3,455	3,192	177	179
Net present value	1,392	1,261	3,918	3,466	181	175
Risk net present value ¹	1,344	1,314	3,743	3,630	178	176

	Maturity profile of outstanding Pfandbriefe		Maturity profile of cover pool	
	€m		€m	
	31 Dec 2014	31 Dec 2013 ²	31 Dec 2014	31 Dec 2013 ²
Up to 6 months	174		181	
More than 6 months to 12 months	10	107	198	353
More than 12 months to 18 months	0		151	
More than 18 months to 2 years	38	184	172	443
More than 2 years to 3 years	95	38	308	284
More than 3 years to 4 years	126	70	390	275
More than 4 years to 5 years	415	126	346	290
More than 5 years to 10 years	382	620	1,441	1,275
More than 10 years	8	0	268	272

1) The risk net present value is calculated on the basis of the dynamic method pursuant to the Pfandbrief Net Present Value Regulation (PfandBarwertV).

2) Lower degree of detail in 2013, aggregate values

The cover pool comprises no derivatives.

Composition of the cover pool

Total amount of receivables used as cover	€m	€m	Share in the total amount of cover pool	
	31 Dec 2014	31 Dec 2013 ¹	31 Dec 2014	31 Dec 2013
				%
By size class				
Up to € 300 thousand	2,791	2,583	---	---
More than € 300 thousand to € 1 million	288		---	---
More than € 1 million to € 10 million	160	392	---	---
More than € 10 million	0	0	---	---
By type of use (I) in Germany				
Residential	2,808	2,616	---	---
Commercial	431	360	---	---
By type of use (II) in Germany				
Flats	762	691	22	22
Single- and two-family homes ²	1,696	1,521	49	48
Multi-family homes ²	350	404	10	13
Office buildings	0	0	0	0
Retail buildings	0	0	0	0
Industrial buildings	0	0	0	0
Other commercially used buildings	431	360	13	11
Unfinished new buildings not yet ready to generate a return as well as building sites	0	0	0	0
Thereof: building sites	0	0	0	0

1) Aggregated value of more than € 300 thousand to € 10 million in 2013

2) Two-family homes were allocated to multi-family homes in 2013.

There are no mortgage cover assets outside Germany.

Summary of overdue claims

	31 Dec 2014	31 Dec 2013
	€m	€m
Total amount of claims being more than 90 days past due	0	0
Total amount of the impaired receivables, provided that the respective arrears amount to at least 5% of the receivable	0	0

Other data

	Residential		Commercial	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Number of pending forced auctions and forced administrations	0	0	0	0
Number of forced auctions carried out in the financial year	0	0	0	0
Number of real estate taken over in the financial year to prevent losses	0	0	0	0
Total amount of overdue interest payments in €m	0	0	0	0

50. Cover statement mortgage Pfandbriefe

Cover statement mortgage Pfandbriefe

	31 Dec 2014	31 Dec 2013
	€thous	€thous
Loans and advances to customers		
Mortgage loans	3,238,741	2,975,651
Tangible fixed assets (land charges on the Bank's own property)	0	0
Debt securities and other fixed-interest securities (book value as at 31 Dec 2014: € 235,000 thousand, 31 Dec 2013: € 240,000 thousand)	216,500 ¹	216,000 ¹
Total cover assets	3,455,241	3,191,651
Total of mortgage Pfandbriefe requiring cover	1,246,900	1,143,900
Overcollateralisation	2,208,341	2,047,751

1) In the cover statement, apoBank takes account of the Bank's own safety discount in the amount of 10% of the nominal value.

51. Average number of employees

The average number of employees in 2014 was 2,077 (31 December 2013: 2,036) full-time and 360 (31 December 2013: 316) part-time employees. In addition, apoBank employed an average of 81 apprentices (31 December 2013: 85).

52. Changes in membership

Changes in membership

	Number of members	Number of cooperative shares	Uncalled liabilities € thous
Beginning of 2014	104,092	628,876	943,314
Additions 2014	4,219	113,124	169,686
Departures 2014	2,447	21,403	32,105
End of 2014	105,864	720,597	1,080,896

53. Cooperative shares and uncalled liabilities of members

Cooperative shares and uncalled liabilities of members

	31 Dec 2014 € thous	31 Dec 2013 € thous
The capital contributions of the remaining members increased in the year under review by	137,572	132,136
Uncalled liabilities increased in the year under review by	137,582	132,138

The value of the company share and the value of the uncalled liabilities amount to € 1,500 each.

54. Auditors' fee

The expenses for the audit of the annual financial statements, other certification services, tax advice and other services of the auditor, RWGV (Rheinisch-Westfälischer Genossenschaftsverband e.V.), were € 1,888 thousand in the year under review (31 December 2013: € 1,471 thousand).

The expenses can be broken down as follows:

Auditors' fee

	31 Dec 2014	31 Dec 2013
	€thous	€thous
Audit of the annual financial statements	1,198	992 ¹
Other assurance services	690	473
Tax advice	0	0
Other services	0	6

1) In the year under review, the provisions formed in 2013 were fully utilised.

55. Remuneration of Board members

According to Section 285 (1) 9a of the German Commercial Code (HGB), the total remuneration granted to the Board of Directors amounted to € 4,882 thousand in 2014 (31 December 2013: € 4,936 thousand); the performance-related share of this total remuneration was 40.4% (31 December 2013: 40.5%). The total remuneration paid to Board members in 2014 amounted to € 3,744 thousand (31 December 2013: € 3,511 thousand).

According to the remuneration structure for members of the Board of Directors agreed upon by the Board of Directors and the Supervisory Board, variable remuneration is paid to Board members on top of the basic salary. This amounts to 35% of the aggregate salary if all goals are achieved. If the agreed goals are exceeded or not met, the variable payment for the year is increased or decreased accordingly. However, if the results fall short of the goals by more than 50%, no variable remuneration will be paid, and if the goals are exceeded by more than 50%, the variable remuneration will not increase further.

A remuneration structure that takes account of the legal and regulatory requirements – in particular the provisions of the German Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (InstitutsVergV) – has been agreed upon.

The total remuneration for former members of the Board of Directors and their surviving dependants amounted to € 1,829 thousand (31 December 2013: € 1,431 thousand). Pension provisions for this group of persons as at 31 December 2014 amounted to € 23,752 thousand (31 December 2013: € 24,528 thousand).

The total remuneration for members of the Supervisory Board was € 852 thousand (31 December 2013: € 769 thousand), which was divided up as follows: annual remuneration € 506 thousand (31 December 2013: € 497 thousand), attendance fees € 339 thousand (31 December 2013: € 265 thousand) and other remuneration € 7 thousand (31 December 2013: € 7 thousand).

56. Amounts due from Board members

On the balance sheet date, the liabilities assumed from Board members were as follows:

Amounts due from Board members

	31 Dec 2014	31 Dec 2013
	€ thous	€ thous
Members of the Board of Directors	155	167
Members of the Supervisory Board	2,699	2,957

57. Additional notes pursuant to Section 26a of the German Banking Act (KWG) and the breakdown of income by geographic markets

Deutsche Apotheker- und Ärztebank eG, 40547 Dusseldorf, Germany

The purpose of the cooperative is the economic promotion and support of its members and especially members of the health care professions, their organisations and associations. Its business includes carrying out transactions customary in banking within the framework of legal provisions for members as well as non-members. The head office, the branches and the advisory offices of Deutsche Apotheker- und Ärztebank are all located in Germany.

Revenue of € 815.6 million resulted from the profit from ordinary business activities, excluding risk provisioning and administration expenses. Deutsche Apotheker- und Ärztebank's profit from ordinary business activities amounted to € 216.8 million based on HGB accounting.

The number of salaried employees as at 31 December 2014 was 2,437.0 full-time equivalents.

Pre-tax profits of € 208.8 million as at 31 December 2014 were largely generated in Germany. Taxes in income on this amount came to € 79.4 million.

apoBank does not receive any public aid.

58. Additional notes pursuant to Article 434 (2) of the Capital Requirements Regulation (CRR)

Some of the disclosures required pursuant to Part 8 of the Capital Requirements Regulation (CRR) (Articles 435 to 455) are included in the management report. apoBank will publish the remaining disclosures in a separate disclosure report in the Federal Gazette (Bundesanzeiger) as well as on its website.

59. Board of Directors

Members of the Board of Directors

- Herbert Pfennig, Spokesman
- Harald Felzen
- Eckhard Lüdering
- Dr. Thomas Siekmann
- Ulrich Sommer

60. Supervisory Board

Members of the Supervisory Board

- Hermann Stefan Keller, Chairman, pharmacist
- Wolfgang Häck¹, Deputy Chairman, bank employee
- Ralf Baumann¹, bank employee
- Fritz Becker, pharmacist
- Martina Burkard¹, bank employee
- Mechthild Coordt¹, bank employee
- Dr. med. dent. Peter Engel, dentist
- Sven Franke¹, bank employee
- Eberhard Gramsch, physician
- Klaus Holz¹, trade union secretary
- Dr. med. Andreas Köhler, physician
- Walter Kollbach, tax consultant/auditor
- Ulrice Krüger¹, bank employee
- Prof. Dr. med. Frank Ulrich Montgomery, physician
- Sigrid Müller-Emsters¹ (until 27 June 2014), bank employee
- Dr. med. dent. Helmut Pfeffer, dentist
- Robert Piasta¹ (since 27 June 2014), bank employee
- Dr. med. dent. Karl-Georg Pochhammer, dentist
- Christian Scherer¹, bank employee
- Friedemann Schmidt, pharmacist
- Ute Szameitat², bank employee

1) Employee representative

2) Representative of the executive staff

61. Seats held by members of the Board of Directors and by employees on supervisory boards

In 2014, members of the Board of Directors and employees of the Bank held seats on the supervisory boards or comparable boards of the following joint-stock companies pursuant to Section 267 (3) of the German Commercial Code (HGB) or comparable organisations:

Name	Company	Function
Herbert Pfennig	Alliance Healthcare Deutschland AG, Frankfurt	Member of the Supervisory Board (until 2 July 2014)
	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Chairman of the Administrative Board
	DFV Deutsche Familienversicherung AG, Frankfurt	Member of the Supervisory Board
	GML Aktiengesellschaft für Medizintechnik und Logistikmanagement, Neu-Isenburg	Member of the Supervisory Board, until 31 March 2014
	PEIKER acoustic GmbH & Co. KG, Friedrichsdorf	Deputy Chairman of the Supervisory Board
	PEIKER Verwaltungsgesellschaft mbH, Friedrichsdorf	Deputy Chairman of the Supervisory Board
	WGZ Bank AG, Dusseldorf	Member of the Supervisory Board (since 24 June 2014)
Harald Felzen	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Deputy Chairman of the Supervisory Board
	Finanz-Service GmbH der APO-Bank, Dusseldorf	Chairman of the Supervisory Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Deputy Chairman of the Supervisory Board
Eckhard Lüdering	APO Data-Service GmbH, Dusseldorf	Chairman of the Supervisory Board
	CP Capital Partners AG, Zurich	Member of the Administrative Board
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
Dr. Thomas Siekmann	CredaRate Solutions GmbH, Cologne	Member of the Supervisory Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board
	ZA Zahnärztliche Abrechnungsgesellschaft AG, Dusseldorf	Member of the Supervisory Board
Ulrich Sommer	Apo Asset Management GmbH, Dusseldorf	Chairman of the Supervisory Board
	aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	1st Deputy Chairman of the Supervisory Board, since 24 February 2014, previously: 2nd Deputy Chairman
	Börse Düsseldorf AG, Dusseldorf	Member of the Exchange Council
	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board
	Internationale Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
Mirko Engels	aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
Georg Heßbrügge	patiodoc AG, Berlin	Deputy Chairman of the Supervisory Board
Steffen Kalkbrenner	ARZ Haan AG, Haan	Member of the Supervisory Board (since 28 August 2014)
Dr. Lars Knohl	APO Data-Service GmbH, Dusseldorf	Member of the Supervisory Board
Dr. Hanno Kühn	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board, inactive since 1 January 2014
	aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
Carsten Padrok	Finanz-Service GmbH der APO-Bank, Dusseldorf	Member of the Supervisory Board
Dr. Barbara Schwoerer	ARZ Haan AG, Haan	Deputy Chairwoman of the Supervisory Board

62. Name and address of the responsible auditing association

RWGV
Rheinisch-Westfälischer Genossenschaftsverband e.V.
Mecklenbecker Straße 235 – 239
48163 Münster
Germany

Dusseldorf, 20 March 2015
Deutsche Apotheker- und Ärztebank eG
The Board of Directors



Herbert Pfennig



Harald Felzen



Eckhard Lüdering



Dr. Thomas Siekmann



Ulrich Sommer

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Report of the Auditing Association

We have audited the annual financial statements comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes, together with the financial accounts and the management report of Deutsche Apotheker- und Ärztebank eG, Dusseldorf, for the business year from 1 January 2014 to 31 December 2014. The financial accounting and the preparation of the annual financial statements and the management report in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the Articles of Association are the responsibility of the Board of Directors of the cooperative. Our responsibility is to express an opinion on the annual financial statements together with the financial accounts and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (German Institute of Certified Auditors). Those standards require that we plan and perform the audit in such a way as to enable us to detect with reasonable assurance any misstatements materially affecting the presentation of the earnings, asset and financial position in the annual financial statements in accordance with the generally accepted accounting principles and in the management report. Knowledge of the business activities and the economic and legal environment of the cooperative and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosure in the financial accounts, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal regulations and the supplementary provisions of the Articles of Association and give a true and fair view of the earnings, asset and financial position of the cooperative in accordance with the generally accepted accounting principles. The management report is consistent with the annual financial statements and as a whole gives a true and fair view of the position of the cooperative and suitably presents the opportunities and risks of future development.

Dusseldorf, 27 March 2015

On behalf of
Rheinisch-Westfälischer Genossenschaftsverband e.V.

Ludwig Lippes
Certified Auditor

Thomas Kulina
Certified Auditor

Responsibility Statement by the Legal Representatives

To the best of our knowledge we assure that the annual financial statements give a true and fair view of the net assets, financial position and results of the company in accordance with the applicable accounting principles and that the management report gives a true and fair account of the development of the business including the company's performance and position, as well as the material opportunities and risks associated with the company's expected development.

Dusseldorf, 20 March 2015
Deutsche Apotheker- und Ärztebank eG
The Board of Directors



Herbert Pfennig



Harald Felzen



Eckhard Lüdering



Dr. Thomas Siekmann



Ulrich Sommer

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Page 14: Rudiger Nehmzow

This annual financial report is available at www.apobank.de

Information about apoBank's locations is available online at
<https://www.apobank.de/ueber-uns/filialen.html>

This report is available in German and English.
The German version is legally binding.

