2007

deutsche apotheker- und ärztebank

Annual Financial Report 2007

Balance Sheet Figures (€ million)	2007	2006	Changes in %*
Balance Sheet Total	**37,070**	32,950	+ 12.5
Customer Loans	**22,035**	20,662	+ 6.6
Customer Deposits	**14,567**	12,346	+ 18.0
Securitised Liabilities	**10,455**	10,188	+ 2.6
Liable Equity Capital	**2,583**	2,532	+ 2.0

Earnings Development (€ million)			
Net Interest Income	**506.6**	491.9	+ 3.0
Net Commission Income	**171.3**	142.0	+ 20.6
General Administrative Expenses	**378.3**	357.8	+ 5.7
Operating Profit before Risk Provisioning	**314.0**	291.6	+ 7.7
Risk Provisioning[1)]	**186.8**	161.0	+ 16.0
thereof balance of loan loss provisions	46.9	81.9	
thereof depreciation and value adjustments on financial instruments	188.5	1.4	
thereof balance others	- 48.6	77.7	
Net Income after Taxes	**113.4**	113.3	+ 0.1

Selected Key Figures		
Return on Equity	**8.6 %**	14.7 %[2)]
Cost-Income Ratio	**55.4 %**	55.8 %
Equity Ratio[3)]	**13.5 %**	10.7 %
Core Capital Ratio[3)]	**8.6 %**	6.7 %

Ratings[4)]		
Standard & Poor's	**A+/A-1 Outlook stable**	A+/A-1 Outlook stable
Moody's	**A2/P-1 Outlook stable**	A2/P-1 Outlook stable
FitchRatings (Verbundrating)	**A+/F-1 Outlook stable**	A+/F-1 Outlook stable

Other data			
Number of Employees	**2,124**	2,036	+ 4.3
Number of Members	**100,212**	100,982	- 0.8
Number of Customers	**306,600**	298,000	+ 2.9

* Deviations due to rounding differences

1) Balance from risk provisioning for the lending business, for financial instruments and investments as well as provisioning reserves pursuant to § 340 of the German Commercial Code (HGB)

2) Before one-off special effects

3) 2006 according to Principle I, 2007 according to Solvability Regulation without regard to the temporary provision

4) As at: 27 March 2008

Deutsche Apotheker- und Ärztebank

Annual Financial Report 2007

Dear Members, Customers and Business Partners,

The economic expectations of the Germans were largely fulfilled in 2007. Growth forces remained strong, although they lost some of their momentum compared to the previous year. This was mainly due to the following factors: In the first half of the year, the impact of the increase in value-added tax on private demand; in the following months, the worldwide financial crisis, the high Euro exchange rate against the US dollar, and the sharp rise in energy and food prices.

In contrast to the expectations, which turned rather pessimistic in the course of the year, the growth trend remained intact. In the third quarter, the upward movement was even intensified. However, hopes that the improved economic situation and the associated relaxation in the labour market would have an effect on private consumption were hardly fulfilled. The unfavourable development of the inflation rate adversely affected not only the current budgets of private households, but also their income prospects. The impending demands for wage increases in many collective bargaining sectors are likely to contribute to the acceleration in prices.

As in the previous years, external demand continued to be a key driver of the upswing. Apart from capital goods, the traditional focus of export, foreign sales of consumer goods also improved, demonstrating the broad international basis of the economic upswing as well as the favourable market position of German companies, above all in the Euro area.

Especially with the start of the third quarter, financial markets worldwide were heavily influenced by the crisis in the subprime segment of the American mortgage market. In the wake of a revaluation of credit risks, market participants' risk aversion increased so strongly that trading with complex credit products such as collateralised debt obligations dried up almost completely. The turbulences in the money and capital markets spread also to the foreign exchange markets, placing particularly strong pressure on the exchange rate of the US dollar. In Germany, the far-reaching crisis of confidence turned into a massive liquidity crisis, whose impact was only partially alleviated through a series of interventions by the European Central Bank.

Despite this difficult economic environment, Deutsche Apotheker- und Ärztebank (apoBank) achieved its forecast balance sheet profit of Euro (2006: 113.3) 113.4 million, thus matching the record result of its most successful year to date. This enables the Bank to add Euro 65.5 (2006: 65.0) million to general reserves, and to pay out a relatively high, unchanged dividend of 6 percent to its approximately 100,000 members. Our Bank was not spared from the international financial crisis either; we have made extensive provisions for all discernible risks according to conservative standards.

The extreme market situation required restructuring measures for individual leveraged funds (LAAM funds). In this context, we benefited from the very high creditworthiness of the underlying assets. Since all investments are subject to the complete loan decision process within the framework of our risk policy, we were able to optimally assess their structures and quality. Of course,

F. l. t. r.:
Claus Harald Wilsing,
Gerhard K. Girner,
Günter Preuß,
Günther Herion,
Werner Albert Schuster

fluctuations in value are unavoidable in such times of crisis. However, since the Bank generally acts as a buy-and-hold investor and usually holds its investments until the end of maturity, we can assume that these value corrections are largely of a temporary nature.

The financial market crisis has proved to be the most serious crisis of the post-war period for the international banking system. Over the past year, the banking business was largely determined by this crisis, but strategic developments were also promoted. For apart from the repercussions of the mortgage crisis in the United States, other important hurdles were cleared as well. In retrospect to the year under review it must not remain unmentioned that apoBank was one of the first eight banks in Germany to have received the approval of apoRate, the internal rating system in the business with private customers and small companies, under the so-called “IRB approach” (IRBA) according to Basel II already at the start of the new Solvability Regulation on 1 January 2007. As a result, in the year under review considering the capital charges as much as more than 60 percent of the loan portfolio were already valued according to the Basel II criteria.

Apart from the further development of our risk management, the approval of apoRate is above all relevant in view of the expected capital relief. After all, capital adequacy is of great importance for an expanding bank. Growth is expressed, among other things, in the number of customers, which crossed the 300,000 mark in May 2007; ten years earlier, in 1997, it had stood at 200,000. We view this as a positive response from the medical sector to apoBank, although this development puts great demands on our organisation to ensure a smooth customer service.

Further projects demanded by legal regulations and requiring extensive human and financial resources included the implementation of the “Market in Financial Instruments Directives” (MiFID) for harmonisation of the European financial market, which came into effect on 1 November 2007, as well as the preparation for group accounting in accordance with the “International Financial Reporting Standards” (IFRS), which our Bank will use as an additional accounting principle in drawing up the balance sheet as from 2008.

One of the Bank’s biggest projects, apart from transition to the Euro, was implemented in 2007 under the name of “WP2”. This abbreviation stands for the migration of securities trading to a new standard, which was introduced when the life cycle of the former procedure was coming to its end. The new system is much more professional and, above all, more user-friendly.

In order to enable our Sales department to react more quickly to market changes as well as to strengthen the self-reliance of our branches, we stopped dividing Germany into five regions in the year under review, after many years. To this end, the autonomy of our branches was strengthened, among other things. The expectation that our sales power would substantially improve in this way was confirmed by the results obtained after only a short while. In addition, the initiated measures are aimed at intensifying the cooperation between the Sales Private Customers department and the Sales Organisations and Large Customers department. In doing so, we want to respond to the much fiercer competition, particularly in our customer segment, and to take adequate account of the changes in the health care sector.

With the introduction of the Statutory Health Insurance Modernisation Act (GKV-Modernisierungsgesetz) in 2004, health policy initiated a process of structural changes, which has been consistently continued with the Panel Physicians Amendment Act (Vertragsarztrechtsänderungsgesetz) and the Statutory Health Insurance Competition Strengthening Act (GKV-Wettbewerbsstärkungsgesetz), both of which came into force in 2007. For the German health sector, but above all for outpatient care, this means substantial and irreversible change. Unlike in earlier times, it is no longer primarily a matter of cost containment measures: The interventions have the clear objective of creating new market structures in the field of medical services; they are changing the medical profession landscape – i. e., our market environment – as drastically as never before.

However, we do not only see dangers in the initiated structural measures, but also diverse opportunities, which we want to make use of – in accordance with our promotion task – together with the members of the health professions as well as their organisations and commercial associations. There will certainly be more than one way to do this; individual situations and the large number of structuring possibilities will demand from us a high degree of creativity and innovative power. It is and remains our goal to be a reliable partner to the medical professions, particularly during a phase of significant changes in regulatory politics, as *the* bank in the health care sector.

Being firmly established in the world of the medical professions for more than 105 years, both through ownership and through our business policy as a niche bank, a repositioning in the health care sector is only possible on the basis of a strategy which our committees have agreed on. The primary aim of this strategy must be to partner our traditional clients on their way into a dramatically changing future. This serves the medical professions and thus the Bank's interests as well. As a result we will, to the best of our belief, help our customers be successful even in a changing health market, thereby staying on the path to success ourselves.

Yours sincerely

Deutsche Apotheker- und Ärztebank

Günter Preuß

Gerhard K. Girner

Günther Herion

Werner Albert Schuster

Claus Harald Wilsing

Agenda

of the Annual General Meeting
on Friday, 13 June 2008, 15.00 hours, Maritim Hotel Düsseldorf,
Flughafenstraße 110, 40474 Düsseldorf

Words of Welcome

1. Report of the Board of Directors for the 2007 Financial Year
2. Report of the Supervisory Board
3. Report on the Legal Audit, Statement by the Supervisory Board, Resolutions
4. a) Resolution on the 2007 financial statements
   b) Resolution regarding the appropriation of distributable profit in 2007
5. a) Ratification of the Actions of the Board of Directors in the 2007 Financial Year
   b) Ratification of the Actions of the Supervisory Board in the 2007 Financial Year
6. Election of the Supervisory Board
7. Any other business

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

Günter Preuß
Düsseldorf
Spokesman

Dr. rer. pol. Franz Georg Brune (until 30 April 2007)
Düsseldorf

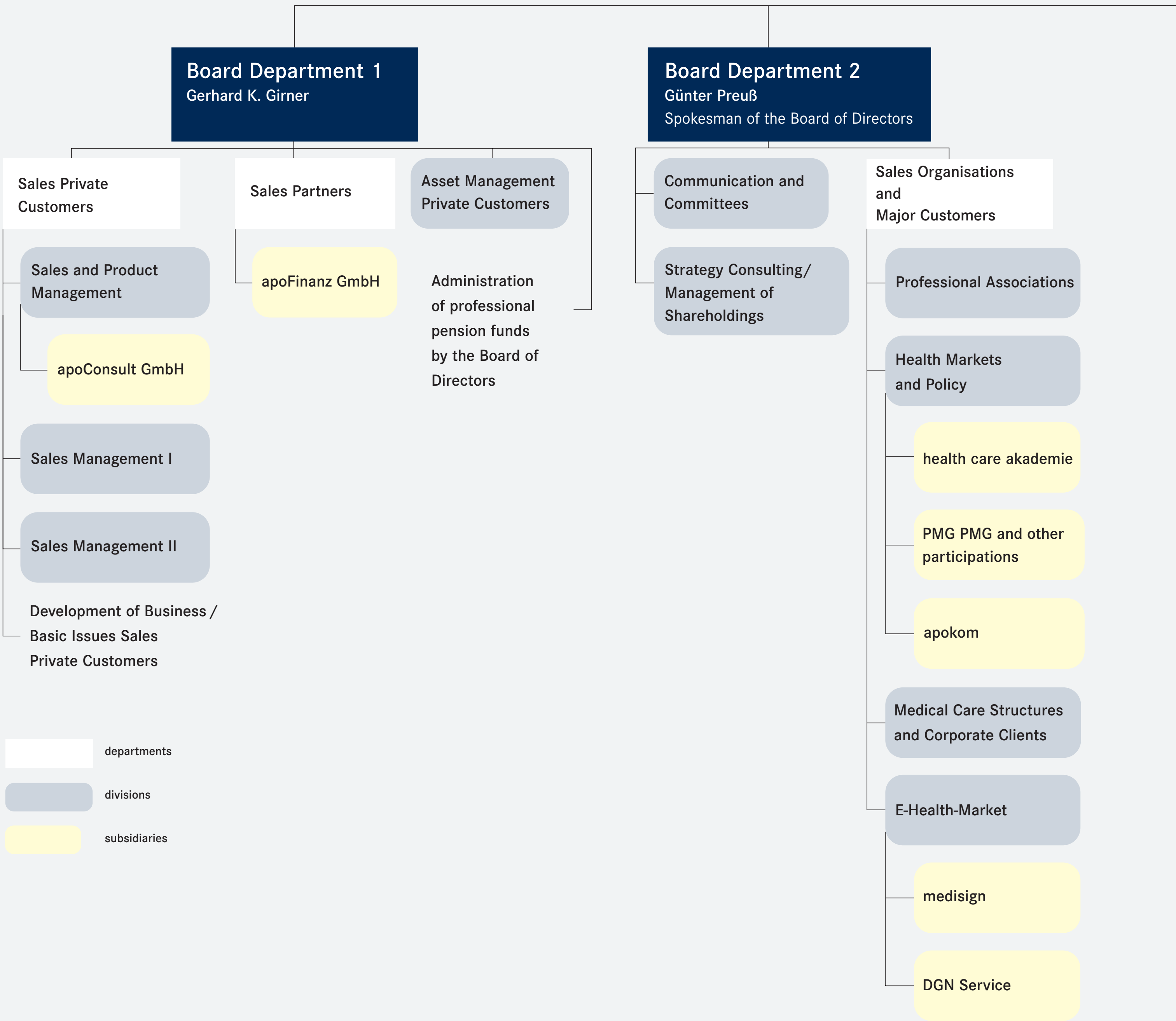
Gerhard K. Girner
Düsseldorf

Günther Herion
Düsseldorf

Werner Albert Schuster
Düsseldorf

Claus Harald Wilsing (from 1 October 2007)
Düsseldorf

Organisational Chart
Deutsche Apotheker- und Ärztebank



Board Department 3
Claus Harald Wilsing

- Securities/ Institutional Investors
  - AC Capital Partners Ltd.
  - apoAsset
  - APO Immobilien-KAG
- Corporate Planning/ Treasury
  - Corporate Planning
  - Treasury/ Liquidity Management

Board Department 4
Werner Albert Schuster

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

Board Department 5
Günther Herion

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

Dr. med. dent. Wilhelm Osing, Düsseldorf, Chairman
Wolfgang Häck, Neuss*, *, Vice-Chairman (from 15 June 2007)
Norbert Hinke, Düsseldorf*, Vice-Chairman (until 15 June 2007)
Karin Bahr, Kiel* (from 15 June 2007)
Ralf Baumann, Düsseldorf*
Hans-Jochen Becker, Düsseldorf* (from 15 June 2007)
Berthold Bisping, Neuss* (until 15 June 2007)
Dr. med. dent. Wolfgang Eßer, Mönchengladbach
Sven Franke, Braunschweig* (from 15 June 2007)
Hans-Günter Friese, Pharmacist, Fröndenberg (until 15 June 2007)
Erich Gottwald, Töging* (until 15 June 2007)
Eberhard Gramsch, Göttingen (from 15 June 2007)
Thomas Höll, Düsseldorf* (until 15 June 2007)
Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, Düren
Uschi Jaeckel, Mülheim/Ruhr*
Hermann Stefan Keller, Pharmacist, Mainz
Dr. med. Andreas Köhler, Berlin
Dr. med. Ulrich Oesingmann, Dortmund
Dr. med. dent. Helmut Pfeffer, Wohltorf
Gerhard Reichert, Pharmacist, Hengersberg
Christian Scherer, Neustadt*
Friedemann Schmidt, Pharmacist, Leipzig (from 15 June 2007)
Michael Sell, Düsseldorf* (until 15 June 2007)
Roland Wark, Heusweiler*
Loni Wellert, Koblenz* (from 15 June 2007)
Dr. med. Wolfgang Wesiack, Hamburg (until 15 June 2007)

* elected by employees

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

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

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

Report of the Board of Directors

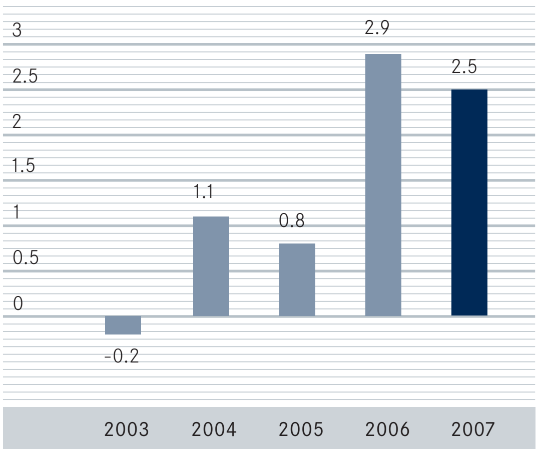
Management Report 2007

Economic Environment

World economy continues to expand strongly

The dynamism of the world economy has remained high throughout 2007. Nonetheless, economic risks have increased as a result of the subprime crisis in the United States. From a European point of view, the economic development in the past year was a positive surprise. In the light of only moderately optimistic expectations, gross domestic product (GDP) rose by a pleasing 2.6 %, an increase almost equal to last year's. Japan showed a similarly positive picture, whereas economic activity in the United States slowed down: As of February, there were increasing signs of problems in residential real estate financing. In early summer, the outlook seemed to have improved, as the two summer quarters were characterised by strong growth. Then, in August, the subprime crisis reached its first climax, leading to a change of mood among investors and consumers alike.

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

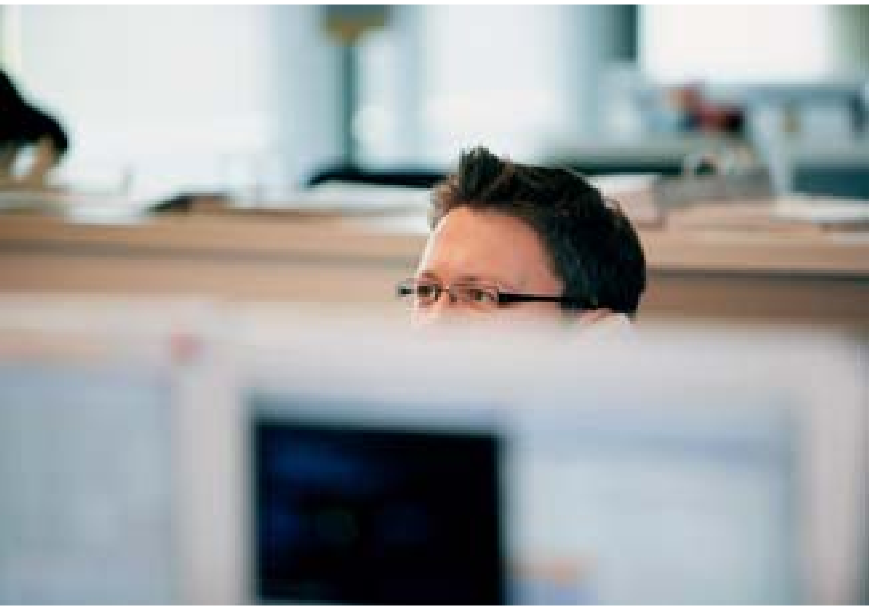


For the year 2008, some cooling of global growth has to be expected. Interest rate hikes and the liquidity crisis have significantly deteriorated the financing conditions for companies and consumers. Their full effect will probably be felt only at the beginning of 2008 and bring down the mood of companies and consumers. In addition, energy and raw material prices have increased. As a consequence, Euroland will also face an economic headwind, combined with a slowdown in growth to around 2 %.

Economic growth in Germany unabated

Similarly to the rest of Europe, the German economy performed much better than expected in 2007. At the end of 2006, in particular the impending increase in value-added tax had been a source of concern. Consequently, growth was expected to reach only 1.3 %. Compared to that, the German economy performed twice as good with an increase of 2.6 %. Private consumption remained weak due to the increase in energy prices and fears of inflation. On the other hand, investments grew by almost 10 %, and the unemployment rate decreased by 1.8 % instead of the expected 0.7 %. Once again, the strong performance of German exports contributed to this development.

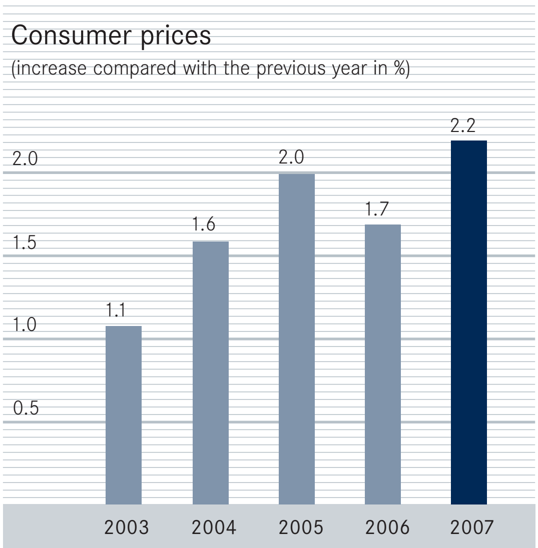
Only a moderate slowdown in economic growth to 1.8 % is to be expected also in 2008. Hopes rely on consumption; the expectation is supported by the continued positive development in the labour market. The number of employed people has risen significantly since the beginning of 2006. A greater propensity to consume is expected of those who have been permanently



employed, because their jobs have become more secure. Higher prices for energy and some foodstuffs are having a negative impact, but the perception of the actual development is mostly exaggerated. All in all, private consumption in Germany might increase by almost 2 % in 2008, after last year's stagnation.

Dollar decline continues

The upward trend in the Euro continued to gain momentum also in the past year: Starting at 1.30 US dollar at the beginning of the year, it reached the expected value of 1.40 US dollar already in September. Parallel to the aggravation of the crisis in the US real estate market, the exchange rate kept going up to 1.50 US dollar. In addition, the US central bank (Fed) lowered its key interest rate in three steps from 5.25 % to 4.25 % in view of a looming economic slump as a result of the crisis. The European Central Bank (ECB), in contrast, raised its main refinancing rate by 0.25 percentage points two times to 4 %.



In the first half of the year, the bond market was largely determined by the good economic situation and latent inflationary fears.
The yields on 10-year Federal Government Bonds rose from just under 4 % at the beginning of the year to over 4.6 % in June.
The German bond index (REX) lost 0.7 %.
Corporate bonds and other market segments with credit risk recorded moderate gains.
In the second half of the year, however, Government Bonds benefited significantly from emerging economic concerns in connection with the subprime crisis. Yields declined to around 4 %, and German Government Bonds gained almost 6 % from their low in mid-June to their peak in mid-December. All other bond segments lagged more or less behind.

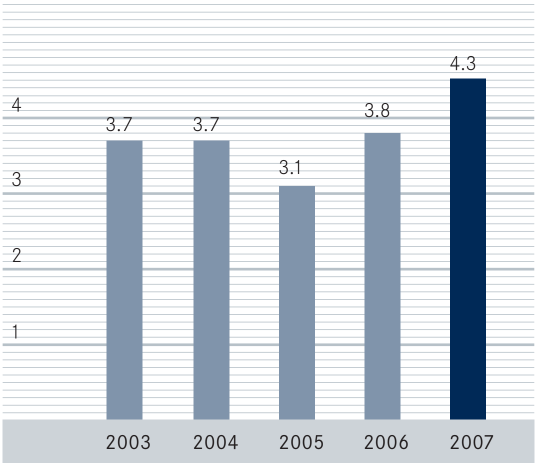
German stock index with top performance

The calendar year 2007 was a gratifying year for shareholders, but not as positive as the 22.3 % rise in the DAX, the German benchmark index, seems to indicate. The German stock market was one of the few exceptions; worldwide, stock markets experienced rather low, if not negative, returns. For instance, the worldwide MSCI index only rose by 2 % on a Euro basis. Investors in European stocks (Stoxx 50) suffered slight losses, which even reached the single-digit percentage range for US investors (in Euro terms). As in the previous year, Japan brought up the rear. The Nikkei 225 index closed with a loss of almost 15 %.

The positive development in the first half year was decisively determined by the continued stability of the global economy as well as by sustained corporate profit growth. Neither the new record highs of the oil price, nor the ever stronger Euro, nor the situation in the US real estate market could spoil the good mood. Instead, most indices moved up a gear between mid-March and mid-July, compensating or even overcompensating for the losses of the minor correction at the end of February/beginning of March. Nervousness in the capital markets increased only when the crisis of the financial sector became ever more apparent, sending share prices tumbling – especially in the financial sector.

The further development in 2008 depends on how fast the stock markets will overcome the subprime crisis and on whether a contagion of the crisis to other sectors can be prevented. Investors are increasingly discussing whether the United States will slide into recession in the year of the presidential election.

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



Social
Project of
apoBank
Here: Construction of
a children's playground
in Berlin-Marzahn, 2007

Creating something new together is the most pleasant task.

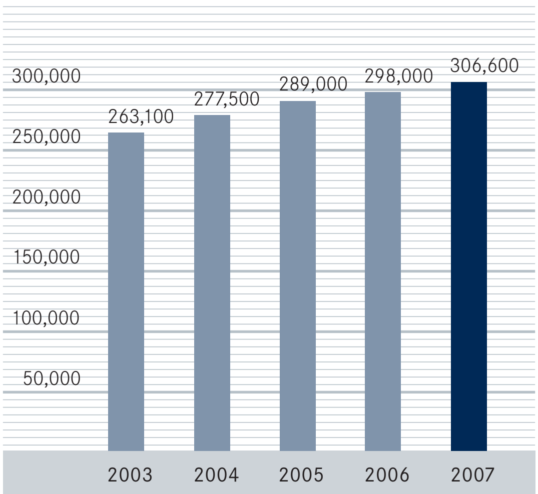
To promote big - and small - things, you need people with enthusiasm and commitment. The basis is respect for each other as well as open cooperation, organised beyond hierarchical structures. Good results are our best reward.

Summary of Business Development

On a steady course despite financial market turmoil

The 2007 financial year, which was adversely affected by the international financial market crisis, was a successful year for Deutsche Apotheker- und Ärztebank, although due to the market conditions, we did not manage to achieve all of our goals to the extent originally planned. Nevertheless: Operating profit before risk provisioning – i. e., the income of the operating business - increased for the sixth time in a row. Balance sheet profit reached the planned volume. The allocation of general reserves as well as the distribution of the dividend remained at the high level of the previous year. In spite of expenses for regulatory projects, the efficiency of internal processes remained at a very high level. Our sales strength in private banking was optimised and expanded in the field of care structures. Good progress was made in positioning apoBank as the bank of the health care system. New products and new service technologies were successfully established in the market. The number of our customers crossed the 300,000 mark in 2007 – only 10 years after we welcomed our 200,000th customer.

Number of clients



Thus, despite the negative impact of the worldwide confidence and liquidity crisis, apoBank is able to refer to an overall satisfactory development in the 105th year of its existence. Certain restrictions in the assessment of the annual results are attributable to the general increase in refinancing costs affecting the Bank's profitability, as well as to value adjustments that had to be made in the wake of the financial market turmoil. We made significant increases in risk provisions for the Financial Instruments sub-portfolio, which is worth around Euro 16.2 billion.

Using the strict lower of cost or market principle, we made value adjustments of some Euro 128.1 million. In addition, there were write-offs and value adjustments in the amount of Euro 61.2 million on securities allocated to fixed assets. Thanks to the good performance of the operating business and the considerable reserves built up over the past few years, our Bank has no problem handling the risk provisions.

Since our own investments are usually held to their final maturity, we assume that the effects are largely of a temporary nature and that we can expect revaluations in the following years. In the lending business, the risk situation continues to be very moderate; new risk provisions are below the standard risk costs.

Stable earnings development

After a somewhat restrained beginning at the start of the year, the demand for our profession-specific financing expertise showed remarkable dynamism as from the second quarter. This was due, on the one hand, to the net increase in customer numbers by 8,600 to 306,600; on the other hand, the financing demand from the existing customer base was adding to this. In combination with the strong credit expansion of the last few years, this contributed to an increase in net interest income of 3.0 % to Euro 506.6 million.

With a volume of Euro 171.3 million, net commission income exceeded the previous year's figure by 20.6 %. The continued pleasing increase in the securities business with private customers, including asset management and closed-end funds, made a substantial contribution to this development. This can certainly be viewed as a result of the efforts to strengthen the Bank's position as

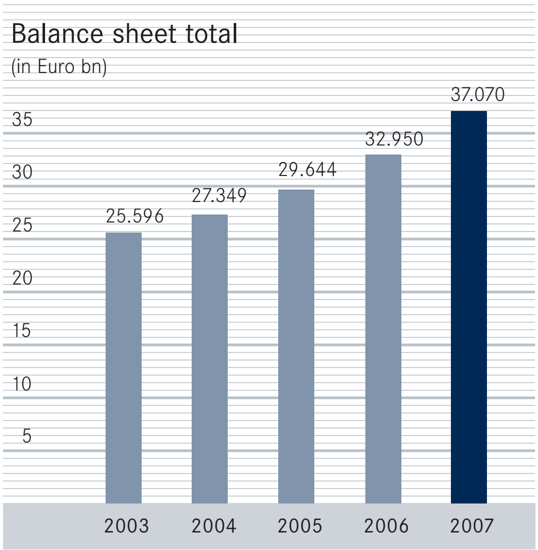
a competent partner in asset and investment advice through strategic measures and an attractive product range.

Administrative expenses heavily influenced by projects

In the year under review, administrative expenses including depreciation on tangible and intangible assets increased by 5.7 % to Euro 378.3 million. At Euro 170.9 million, personnel expenses were Euro 3.5 million lower than in 2006, but the comparison with the previous year is affected by the interest rate adjustment made in 2006 following a review of provisions for pensions and service anniversary bonuses. Without this one-time effect, personnel expenses exceeded the previous year's level by 6.4 % due to new appointments of staff and wage increases. Operating expenses, at Euro 186.3 million, were 12.7% higher than in the previous year, which was primarily attributable to strategic and legally required projects. In particular, the MiFID, which are described elsewhere in this Annual Report, the preparations for IFRS and the conversion of the securities settlement system have to be mentioned in this context. The good cost-income ratio of 55.4% continues to show that the increase in administrative expenses is acceptable from a commercial and business policy point of view; our ratio is 0.4 percentage points better than last year and significantly better than the sector average.

Visible success of the operating business

Since the growth in the earnings components clearly overcompensates the increase in the cost items, the complex influencing factors of the operating business are reflected in another improvement in the operating profit before risk provisioning by 7.7 % to Euro 314,0 million. Net income after taxes is reported as Euro 113.4 (2006: 113.3) million for the 2007 financial year. This again allows an appropriate build-up of equity as well as the payment of an unchanged high dividend to the more than 100,000 members of the Bank.



Strong balance sheet expansion

The balance sheet total increased by 12.5% to Euro 37.1 billion compared to the end of the previous financial year. Although the balance sheet volume per se is not of particular importance to us, because the business policy of our Bank is oriented towards earnings figures, we are pleased to note that with the size achieved, apoBank has been the largest primary cooperative bank by far since 1974.

In view of the operating business, the balance sheet expansion is primarily driven by the demand for loans for business start-ups and real estate financing as well as for projects in the health sector and for other investments. Compared to the previous year, customer loans grew by 6.6% to Euro 22.0 billion.

Our already distinct market leadership in the financing of business start-ups was further strengthened. As already in the previous years, refinancing of the loans occurred by accepting customer funds and increasingly by issuing certificated liabilities.

The expansion of the balance sheet total is also the result of restructuring measures in the wake of the financial crisis. For economic reasons we thought it sensible to restructure some funds in which the Bank was invested, which led to the integration of these assets with very good credit into our own books.

Additional new recruitments

For years, we have been able to cope with the considerable increase in business volumes to a large extent through permanent optimisation of procedures and processes

Fitness and new perspectives

"When my job at apoBank allows for it, I enjoy going for long walks, spending hours in natural surroundings. My most relaxing moments are spent in the park or in the nearby woods. Taking a deep breath, letting thoughts wander, enjoying the silence. For me, this means re-creation through vitality. Not only during my leisure time, but also in my function as a Board Member of apoBank, fitness and new perspectives are an indispensable enrichment."

Claus Harald Wilsing, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank

without hiring additional employees. Nevertheless, the continued improvement of our advisory services, the steady increase in service quality, new fields of business in care structures and the creation of jobs with special skills necessitated the further recruitment of additional employees – also in the year under review. On balance, the number of employees rose by 4.3% to 2,124. Including trainees, staff on short-term contracts, employees of subsidiaries as well as temporary workers, the so-called effective number of employees is 2,471 (2006: 2,328). Our employees work in 46 outlets and branches, four agencies, seven advisory centres as well as our subsidiaries and the head office. Further agencies and advisory centres are planned. In addition, 80 advisors of our mobile sales arm “apoFinanz” ensure the provision of service to customers in areas far from the next branch.

Bank in the health care sector: Claim and mission

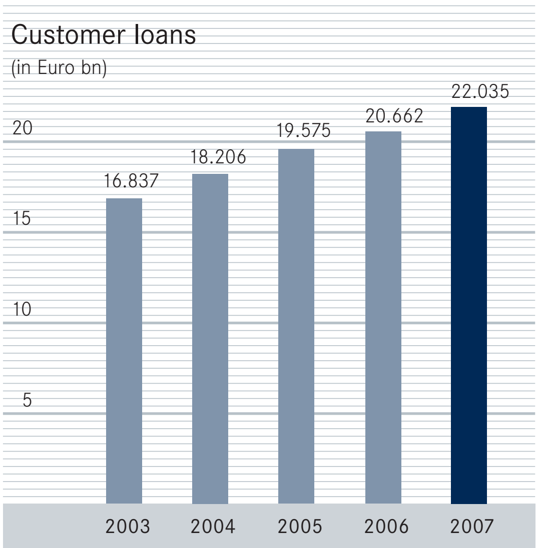
We can certainly regard the continued increase in the number of new customers as a positive response on the part of pharmacists, physicians, psychotherapists, dentists and veterinarians to the range of services offered by their professional bank. However, it is also an indication that they particularly appreciate the partnership with a bank with specific job-related expertise – not least in view of the increasingly difficult general conditions in the medical sector. In our opinion, familiarity with the concerns of the medical professions and the special know-how gathered over many years are important values, especially in a period of fundamental change in the health care sector. We want to make use of them as a competent partner to our customers on the way into the newly developing care structures, sounding out the chances and risks of their intentions together with them.

By no means will we give up our identity as the “Bank in the health care sector”, which has grown over many years and which has made an essential contribution to the Bank’s success. On the contrary: We will remain faithful to our clients, strengthening and expanding our number one position as the leading financial services provider in the medical sector. However, in this period of structural change this will only be possible if we anticipate new developments in health policy in good time and are open to adapt to changes. We see this as our chance to be successful in a market that we are convinced will remain a growth market in the future.

Lending Business

Financing specialist for the academic medical professions

The expansion of the balance sheet total generated in the operating business was characterised by the high levels of new lending business also in 2007. The Bank's highly specialised financing expertise in the three business areas of business start-up financing, real estate financing and investment financing/personal loans was again in strong demand from academic health professionals. The growth of the customer loan portfolio by Euro 1.4 billion to Euro 22.0 billion and the total volume of credit – including contingent liabilities and irrevocable loan commitments – of Euro 27.8 billion impressively reflect the response of academic health professionals to the profession-specific range of offers.



New advances in the loans sector showed a positive development, increasing by 1.8 % compared to the previous year to a volume of Euro 3.3 billion. Given the substantial changes in the structural framework conditions in the German health care sector and in view of the fierce predatory and pricing competition, this high level must be highlighted as particularly positive. The structure of the new business in the private customer segment is as follows: Business start-up financing accounts for 22 %, real estate financing for 48 % and investment financing/personal loans for 30 %. Apart from the traditional core business of business start-up financing, in particular the business area of real estate financing showed a gratifying positive development.

apoBank's target-group-specific business model may continue to be regarded as a central success factor in the lending business. Our decades of experience and the exclusive orientation of our financing solutions to the academic health professions give us a central positioning advantage in an increasingly fierce competitive environment. Our focus here is on individual financing advice, which has been tailor-made to suit the specific needs of the academic health professions and which is appreciated and intensely demanded by our customers.

Despite substantial repayments, the loan portfolio grew by 6.3 % to Euro 19.9 billion in 2007. The volume of advances on current accounts increased by 10.5 % to Euro 2.1 billion.

Product innovation "apoExistenzgründung mit Airbag"

Also in 2007, the market for business start-up financing was significantly affected by the structural changes in the health care sector. As in the previous two business years, apoBank's volume of new business was reduced due to a lower number of business start-ups in the health sector as well as the continued drop in prices for practice acquisitions. Despite the renewed decline in the market as a whole, we were able to successfully maintain our position as market leader. Our customer advisors' comprehensive technical advisory competence in the development of individual financing solutions for medical professionals who want to set up their own practice remains the key success

Social Project of apoBank

Here: Construction of a children's playground in Berlin-Marzahn, 2007

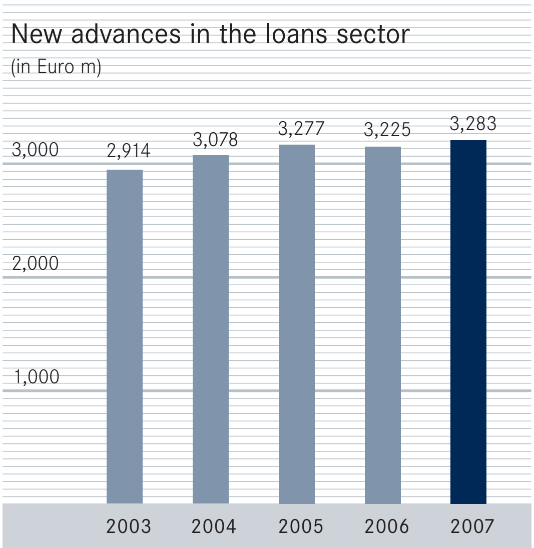
Commitment means: undertaking things together.

In a company such as ours, real understanding of values and readiness for social commitment can only play a role if these values are not only accepted, but lived by each and everyone. Sometimes this just means: getting down and helping out.

factor here. This specialisation advantage, but also apoBank's innovative strength are impressively reflected in the concept of "apoExistenzgründung mit Airbag" ("apo start-up financing with airbag"), which was launched on the market at the beginning of 2007. As experience shows, the first steps into self-employment are the most difficult ones; therefore, apoBank's new financing product hedges part of the start-up risk at the initial stage. In the event that insolvency proceedings are opened, apoBank waives to file any claims regarding the business start-up loan of up to Euro 500,000 within the first three years after the setting up of the business, via the so-called "airbag". This measure aims at supporting economically independent, entrepreneurial activities in the health professional sector as a basis of the health care sector.

Real estate financing successfully expanded

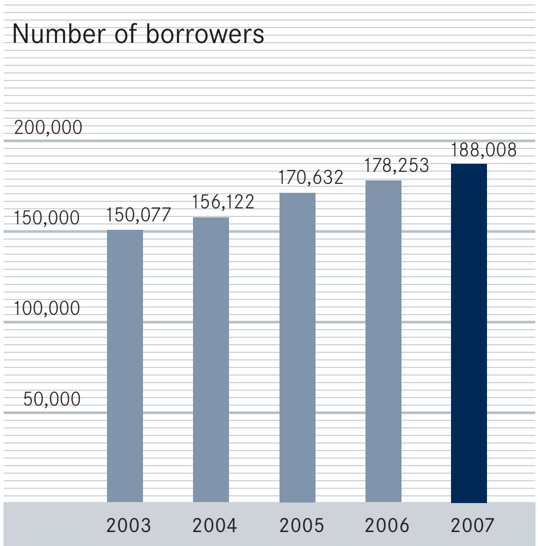
Also in the year under review, apoBank proved its growth potential in the business area of real estate financing. Although the market as a whole was characterised by continued fierce pricing and predatory competition, particularly from direct banks and mortgage brokers, the average loan portfolio



of real estate financing increased by 7.4 % to Euro 8.4 billion. A total of about 6,700 real estate financings with a volume of new business amounting to Euro 1.76 billion were granted.

Apart from the increased placement of publicly funded loans of the KfW Förderbank programs in the areas of energy conservation, CO_2 reduction and restoration of old buildings, the growth momentum is above all due to the introduction of new pricing options of the "apoZinscap" interest rate cap loan. This type of loan is especially popular in real estate financing, for apart from the high repayment flexibility, the interest rate hedge offers our customers a manageable interest burden as well as the opportunity to benefit from declining interest rates in the long run.

Our cooperation with the company PlanetHome, which started at the beginning of 2007, also showed a pleasing development. With approximately 2,000 properties sold per year, PlanetHome is one of the largest and leading real estate agents in Germany – and thus one of the best companies for the purchase and sale of real estate. Apart from the expansion of our portfolio of property services, we are now developing the fast-growing and high-yield segment of financing investment properties with "one-stop solutions".

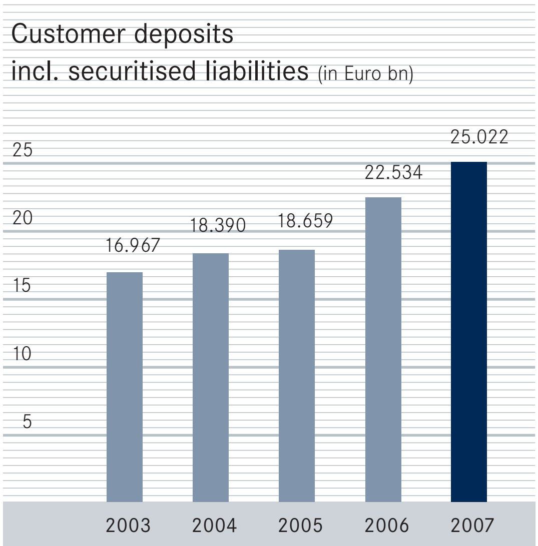


Deposit Business

Current-account full-service package further improved

In the year under review, the total volume of deposits increased by 11.0 % to Euro 25.0 billion. This growth was due not only to client deposits in the narrower sense, but also to the issue of bearer bonds, whose placement is explained in the “Treasury/Liquidity Management” section.

Deposits on demand rose by 55.1 % to Euro 7.4 billion, which was due to both closing-date disposals by institutional clients and the new call account “apoZinsPlus” (see below). The average volume of demand deposits of private clients, which allows analysis independent of the closing date, declined by approximately 4 % compared to the previous year, which is mainly attributable to customers switching into interest-bearing investments. The reason for this is that investors’ interest has grown as a result of the continued increase in interest rates.



Our current-account full-service package with attractive services helps our clients to make disposals from their current account. This package includes freedom from banking charges for accounts kept in credit, no postage charges for monthly bank statements, a versatile and efficient credit card service rounded off by electronic banking and the “apoDialog” range of services described in more detail elsewhere in this report. In order to strengthen our position as a house bank, we have made it easier to withdraw cash with the “apoBankcard” as of 1 January 2008. Until then, only clients with monthly bank statements benefited from our extensive fee refunds for the use of domestic ATMs of up to Euro 48 per year. Now, all clients are refunded the fees for transactions at ATMs of banks participating in the "BankCard-ServiceNetz" (bank card service network) of the Volksbanken and Raiffeisenbanken as well as Sparda-Banken. With almost 19,000 ATMs, the BankCardServiceNetz is the second largest ATM network in the Federal Republic of Germany. Transactions at other ATMs are charged a fee of 1 % of the transaction amount, at least five Euro.

Since the beginning of 2007, our customers can use a significantly improved call account under the name of "apoZinsPlus", which offers an attractive tiered interest rate structure for short-term investments. In 2007, the average volume more than tripled compared to the previous year, from around Euro 0.7 billion to around Euro 2.5 billion. This clearly showed that investors are more interested in investing – especially in money market accounts – when interest rates are rising. However, this growing investor interest was partly also the result of switching from our demand, term and savings deposits.

Attractive dual credit card service: "apo GoldenTwin"

Our dual credit card service VISA GOLD and MASTERCARD GOLD without annual credit card fees is meanwhile being used by almost 120,000 people. In the year under review, there were some 800 orders per month by our customers for the attractive twins, which had been introduced in 2000. Furthermore, the card package offers flexible liquidity on the one hand through an optional credit facility called "apo CashCredit", but also an investment facility for demand deposits of up to Euro 25,000.

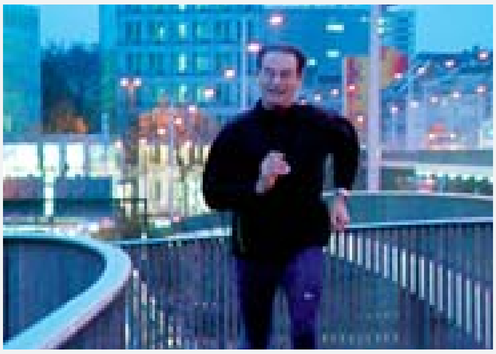
Private clients switch out of term deposits

The increase in term deposits by 2.3% to Euro 3.9 billion compared to the previous year largely resulted from the activities of our institutional clients. For regarding our private customers, the desired concentration of the deposits to the newly introduced call account “apoZinsPlus” reduced the term deposit portfolio as of 31.12.2007 by approximately Euro 675 million compared with the end of the previous year. Switching from savings deposits took place at a slightly slower pace; their volume declined by approximately Euro 450 million compared to the prior-year balance sheet date. As at the end of the financial year under review, Euro 69 million were held in term deposits and Euro 110 million in savings deposits.

A free mind and a healthy ambition

“Staying in motion, increasing efficiency, reaching goals - these principles are valid for me not only in my function as a Board Member of apoBank. I am an all round sportsman; apart from climbing, surfing and football, I do marathon races, and I keep my body and mind fit through daily jogging along the banks of the River Rhein. For me, running is not just training, but above all stress management. A free mind and a healthy ambition help me to set and reach new goals, both for my own sporting activities and for apoBank.”

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



Asset Management

Expectations exceeded

In 2007, the financial markets went through a roller coaster ride of an intensity they had hardly experienced before. Starting against the backdrop of a robust global economy with just a tinge of inflationary dangers, the markets ended the year in agony about the further fallout of the US subprime and global financial crisis. This change of mood is reflected in the development of the stock and bond markets. While stocks were gaining and bonds were losing ground until mid-year, the picture changed in the second half of the year. In the end, stocks recorded a moderate loss of 0.4 % (Stoxx 50 Price Index), whereas bonds yet still ended the year up 2.5 % (REX Performance Index).

Against this background, it is particularly gratifying that performance, increase in assets under management and earnings contributions in private banking were ahead of our expectations. We stuck to our “best advice approach”, offering our customers a balanced and attractive selection of investment products from the most competent partners in Europe in addition to our own products.

Yield-oriented closed-end funds in demand

Thanks to the initiators’ adaptability, the results of our brokerage business with closed-end funds improved again, despite renewed predictions that the sector would be affected by the lapse of the loss set-off facilities. For instance, the switch to yield-oriented models was completed and, as in the previous years, the majority of sales were based on after-tax-oriented yield models. The focus here was in the field of domestic and foreign real-estate funds as well as investments in ships.

Our strategic approach of giving priority to conservative product concepts proved worthwhile for our customers and was again confirmed by the positive business development. In the financial year 2008, we will maintain our conservative business orientation and accordingly further expand our cooperation with efficient partners and well-known companies.

Social Project of apoBank

Here: Construction of a children's playground in Berlin-Marzahn, 2007

We want to create enduring values with great care for details.

To create something that will last beyond the day, you need to keep an eye on every little detail without losing sight of the big picture. Therefore, sustainability is a key concept for us when it comes to social responsibility. This requires motivation – and precise work.

Asset management rated as excellent

Our asset management business also had a successful year with further growth. Customers' trust in our asset management is justified, which is also confirmed by the independent and renowned German Institute for Asset Accumulation (Institut für Vermögensaufbau). This institute has examined the portfolio strategies of our asset management business and has certified that the yield-risk ratio is excellent.

Business with institutional clients expanded again

In the year under review, the business with our institutional clients showed a satisfactory performance. As already in the previous years, our core business, the depositary banking business, developed quite positively. The volume of funds held by our Bank increased from around Euro 9 billion to almost Euro 10 billion. In the year under review, we acquired two additional master fund mandates, which is proof of our ambition, as a depositary bank, to be able to handle even complex, international master fund structures. To this end, our Bank has various interfaces with the investment companies and international asset management units selected by our customers; all necessary transactions in securities and foreign exchange can be settled on this basis.

Owing to the increased demand for securities lending, we offered this service for our customer portfolios for the first time in the year under review, together with our cooperation partners. As a result of the very volatile interest rate environment and the, from our customers' point of view, persistently low level of interest rates, investments focused on the segment of structured bonds also in 2007. Despite the difficult and highly competitive environment, we succeeded in maintaining our market position as a trading partner for these products. This positive development was supported by the comprehensive advisory services our Banks offers on these products.

Additional staff was employed in our Consulting group last year in order to meet the increased requirements and strong demand for these services. Of particular interest was the RBM model, which was developed together with our customers and provides for the risk-oriented management of the asset allocation of customer portfolios. In combination with our asset liability model, our customers can use an extensive set of tools for independent management of their asset allocation, both during the year and in the long run, as well as for valuing all assets on a market value basis. The close cooperation with our subsidiary APO Immobilien-Kapitalanlagegesellschaft mbH (aik) enables us to include almost all asset classes, and thus also our apoAsset

customers' real estate assets, in our presentations and calculations. We view this as a decisive competitive advantage of our model as compared to the models of other providers.

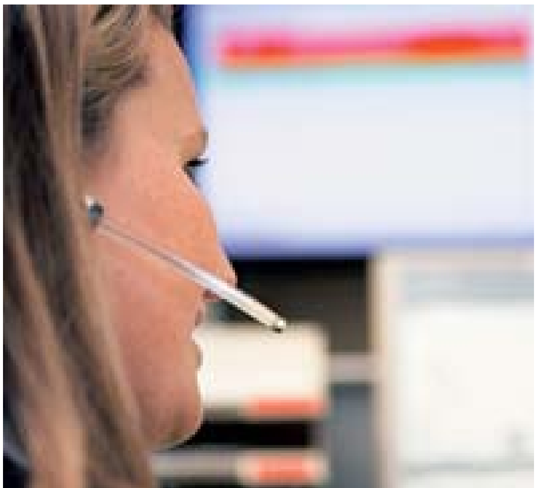
The direct portfolio management services offered by our Bank - i.e., direct investments that are usually managed by the customers themselves are outsourced to the Bank - continues to enjoy good demand. As a result, we were able to gain another three mandates, so that ten mandates with a volume of almost Euro 1.3 billion are already managed by our specialist team today.

apoAsset well positioned

Our subsidiary Apo Asset Management GmbH (apoAsset) also showed a continued satisfactory business development. In a difficult capital market environment, the company managed 35 mandates with a volume of more than Euro 3 billion at the end of the year under review. Strict cost management and a slight increase in the average margin led to a further profit improvement, so that the amount to be distributed to the shareholders increased again.

As far as stocks are concerned, we succeeded in winning further institutional investors for our European stock product, which invests according to strict quantitative rules. Time and again it has been seen that our selection process leads to portfolios which are of a higher quality (in terms of essential key ratios such as price-earnings ratio, net asset value and dividend yield) than the market average.

Last year, the "apoDachfonds" funds of funds benefited from their defensive positioning compared to the competition. Despite certain outflows in direct investment and the very poor performance of the capital markets, their volume remained above the Euro 1.3 billion mark because of the continued high inflows from fund-related life insurance and saving schemes. The apoDachfonds are still among the five most important products of their kind in the German market. By developing a completely new quantitative statistical fund analysis system, whose first version was



developed upon the start of the funds of funds, apoAsset will further strengthen its good position in this field.

On the bond side, the company achieved a respectable result thanks to its maturity decisions regarding government loans and its very defensive stance regarding corporate bonds in the investment grade category. Parallel to that, the development of a new product was continued, which is exclusively based on quantitatively supported maturity decisions in the field of government bonds and mortgage bonds with a good credit rating. A first assessment of the procedure by a consultant took place in the second half of 2007 and showed a promising result. The market launch is scheduled for 2008.

The money market product of apoAsset was characterised by a very steady price development in 2007, also in comparison to the competition. It is largely based on floating rate bonds of good to very good quality. In 2007, the fund benefited from the European Central Bank's interest rate policy, but also from the strong increase in money market rates during the financial market turmoil. Our "apo Geldmarkt Plus" fund once again proved to be a highly competitive product when compared to the competition.

apoAsset manages a number of mandates that invest in stocks from the health care market, including, in particular, stocks of generic drug makers. Owing to their good portfolio management and the defensive qualities of these stocks in comparison with the competition, but also in comparison with overall market indices, these mandates achieved convincing results. This applies also to the apo Medical Opportunities fund, which is managed in cooperation with the Munich-based specialist Medical Strategy. apoAsset remains committed to its goal of expanding this business into a mainstay of growth, thereby asserting the apoBank Group's expertise in all aspects of the health care market.

Very successful business year for aik

Since its foundation in 1999, APO Immobilien-Kapitalanlagegesellschaft mbH (aik) has successfully established itself as the real estate investment company for professional pension funds and positioned itself as a successful real estate asset manager. Thanks to its concentration on the real estate investment business and its professional real estate asset management, aik had a very positive year in 2007. The company manages a total of nine special real estate funds, whose investors mostly belong to the group of professional pension funds. aik is currently designing a new product “with the character of a public fund”, which is first of all aimed at smaller and medium-sized institutional investors.

The company’s favourable position in the German real estate markets was successfully used for the sale of a total of 32 real properties. For portfolio optimisation purposes, a Frankfurt-based corporate head office and a portfolio of 12 properties were disposed of by way of structured marketing processes. Another portfolio of 19 properties in Germany, the Netherlands and France was sold to an international investor within a marketing period of only three months. At the same time, the company acquired many properties classified as special assets in the year under review; due to the strong investment year, these properties were predominantly located in Germany, but also abroad. The investments were largely made in attractive office and commercial buildings, but one high-yield residential building project was also added to the mix.

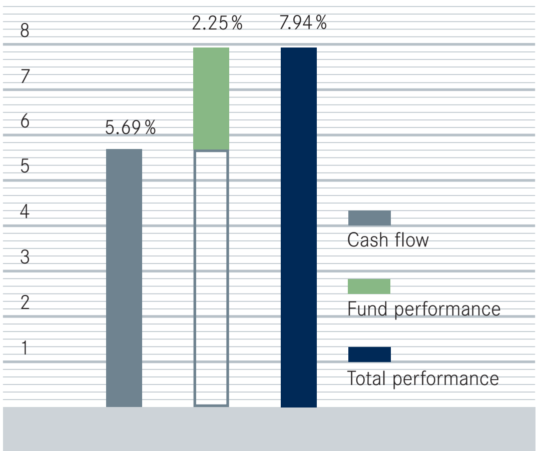
After the restructuring, about 60% of aik’s real estate portfolio is currently invested in Germany, and 40% in the rest of Europe, namely in London, Paris, Brussels, Amsterdam, The Hague, Rotterdam and Vienna. Through active management of the properties at home and abroad, the company

succeeded in achieving remarkable results for the individual funds. The yield-oriented management focused on rental management and portfolio development in order to exploit value-added potentials. Development measures are carried out to keep the buildings up-to-date and to ensure their marketability at any time. Among other things, the project development of a retail real estate, including demolition and complete new construction, was realised; planning for the revitalisation of an office and commercial building has been completed.

Active rental management led to another improvement in rental performance compared to the previous years. Thanks to a proven tenant key account management, follow-up lease agreements were concluded in many cases upon the termination of lease agreements. In addition, numerous new lease agreements were entered into as a result of the development of renting strategies for reletting empty properties. Overall, 63 commercial lease agreements for around 50,000 m^2 of space with an annual rental volume of Euro 7.17 million were signed last year. In addition, 107 residential lease agreements with an annual rental volume of approximately Euro 525,000 were concluded. Thus, the letting ratio at the end of the year was more than 97%, which is extraordinarily high compared to the sector.

All of aik's current funds generated average distributions of 5.5% in the respective financial years ended. These were earned by management in the form of ordinary net income amounting to around 5.69% on average. Together with average value enhancements of 2.25%, the total performance amounted to over 7.94%.

Average fund performance
of aik real estate funds in 2007



Treasury/Liquidity Management

Strategic interest rate risk management

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

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

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

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

interest rate risks, we carry out a present-value analysis under various interest rate scenarios at the overall bank and portfolio level.

As expected, the treasury activities within the scope of our strategic interest rate risk management contributed to our risk hedging and result improvement in the 2007 financial year. In addition, global hedging measures for the future have already been taken on the basis of simulations.

Own investments

The Treasury/Liquidity Management division is responsible for own investments, operating liquidity management and refinancing activities by means of securitised liabilities. On the one hand, investments in securities are carried out in the "liquidity reserve" portfolio. This portfolio includes positions which the bank entered into in connection with its interest rate book – above all with regard to profit and loss and liquidity management. Investments are made in bonds, promissory note loans, funds and securitised money market products (commercial papers). As a rule, maturities in this segment are up to 15 years. Most issuers of the securities in this portfolio are countries (including federal states, regions and communities), banks and insurance companies. A fixed share of the bonds are covered bonds (Pfandbriefe). The amount of the investment volume in this portfolio is particularly dependent on the development of the assets and liabilities volumes of the customer business as well as on the requirements of the regulatory liquidity principle and of liquidity management.

On the other hand, investments in financial instruments with higher credit spreads are made in order to achieve earnings improvements through additional interest income in the own investment portfolio. The investments are mainly made in bonds, promissory note loans (governments, banks, companies), structured financial products and through risk assump-

tions by means of credit derivatives. In addition, the Bank has made capital-guaranteed and non-capital-guaranteed fund investments.

The management of the entire Treasury portfolio is carried out in strict compliance with a narrowly defined risk management concept. In addition to the external ratings from established rating agencies, all financial investments undergo a profound internal credit analysis process, which must confirm the good external rating. As a result of this risk policy, our Treasury portfolio generally contains only high-quality securities with a good credit rating.

The turmoil in the money and capital markets triggered by the US subprime crisis as well as the worldwide liquidity crisis have led to value corrections also in the Treasury portfolio of our Bank. Given the high quality of the securities and in view of the fact that apoBank, as a buy-and-hold investor, usually holds securities until their final maturity, we assume that this effect will be largely temporary.

Liquidity management

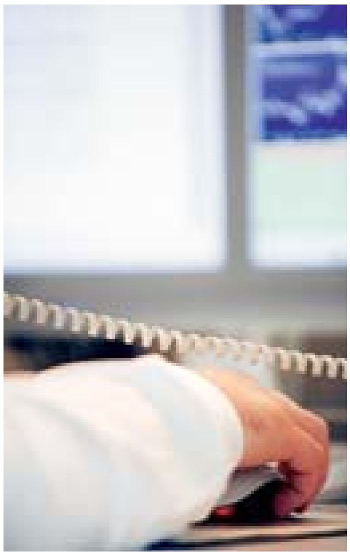
The main objective of the Bank's liquidity management is to guarantee permanent solvency and to meet the regulatory liquidity principle. Within the department of Corporate Planning/Treasury, the money market business is responsible for the operating management of short-term liquidity, which is carried out via traditional interbank operations, refinancing operations by the Deutsche Bundesbank/ECB, commercial papers as well as repurchase agreements. Compliance with the regulatory liquidity principle is monitored and managed on the basis of projected calculations including stress tests and worst-case considerations.

The medium and long-term liquidity and the balance sheet structure are managed in close cooperation with the Corporate Planning and Treasury/Liquidity Management department. Together with the Controlling division, these two divisions form the Liquidity Committee. Both the regulatory liquidity ratio and the default risk - measured as the potential maximum outflow of liquidity within certain periods in relation to the corresponding funding potential - are independently monitored and regularly reported. The refinancing risk is considered as increased interest expenditure due to unexpected spread expansion within the framework of the risk bearing ability.

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

Capital market-oriented refinancing activities

For the refinancing of the lending business at matching maturities, apoBank placed long-term issues and promissory note loans with a total volume of Euro 1.9 billion in the capital market in the financial year 2007.



Of this, Euro 600 million was placed very successfully with national and international investors via a benchmark bond.

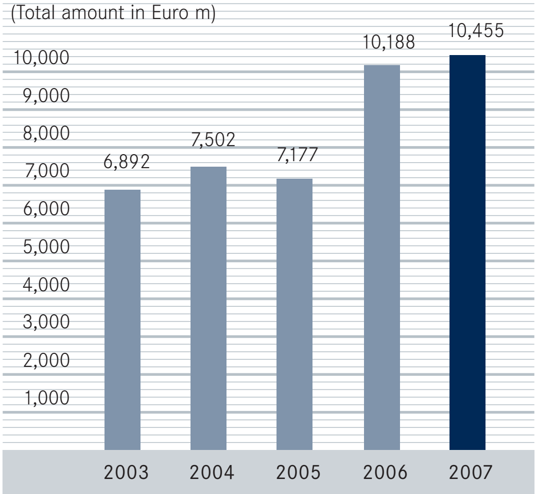
To keep ensuring adequate refinancing in the future, the existing “Debt-Issuance-Program” was increased to Euro 15 billion in 2007. The outstanding volume of the programme amounted to around Euro 7.8 billion at the end of the year. In addition to this, promissory note loans of some Euro 5.2 billion were placed with national and international investors and banks.

Refinancing is rounded off by the issue and placement of retail-targeted bonds issued by apoBank. The bonds have maturities between one and five years and are offered to our retail clients through our own sales network. The contribution of the retail customers business remained successfully stable, with its volume remaining approximately constant at about Euro 1 billion. For short-term funding requirements, we use a “European Commercial Paper Program”, which was increased from Euro 1 billion to Euro 5 billion in 2006. This program ensures permanent liquidity at attractive interest rates and offers a higher degree of flexibility for the liquidity management. The average outstanding volume was at approximately Euro 1.2 billion in 2007.

In the second half of 2007, the Bank’s refinancing activities were strongly influenced by the financial crisis and the high volatility in the markets, so that we took more cautious refinancing measures with a view to the Bank’s solid liquidity position. From our point of view, the widening of refinancing spreads which has taken place since August 2007 will not be reduced to the level of the previous years in 2008. Therefore, we expect an increase in refinancing costs.

In 2008, we aim to broaden our product and investor base once again. The passing of the new Pfandbrief Act, for example, enables apoBank to fund itself by issuing mortgage bonds (Pfandbriefe). On 19.12.2007, apoBank received a letter from the German Financial Supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) granting it the license to issue mortgage bonds (Pfandbriefe). The first mortgage bonds (Pfandbriefe) are to be placed on the capital market within the first six months of 2008 in order to benefit from the corresponding refinancing advantages in the capital market.

Securitised liabilities
(Total amount in Euro m)



AC Capital Partners Ltd.

In the year under review, the Dublin-based Irish investment management company AC Capital Partners Ltd., which operates solely as an asset manager and in which our Bank owns a 51 % stake, further expanded its business with institutional clients until the onset of the financial market crisis. Once the market turmoil has subsided, the international customer base is to be expanded through the acquisition of new customers, particularly in Western Europe. The range of potential investors includes savings banks and banks, pension funds and insurance companies, companies, family offices, investment banks and other asset managers. Product activities were focused on the ABS and CDO businesses as well as the fund of funds business. The range of products has been and will be adapted to new market conditions.

Despite the extremely difficult market environment, AC Capital delivered a very pleasing annual result only slightly below that of the previous year. The dividend paid to shareholders in 2008 for the 2007 financial year is even slightly higher than the dividend paid one year ago.

Sales Channels

Further improvement of advisory services and accessibility

Also in the year under review, the individual sales channels of apoBank were further expanded. Our customers still appreciate the personal contact with their advisors, but they also want to use the possibilities of communication and information by electronic media or telephone. In view of the importance of personal advice, the number of advisors in the branches was further increased. In this way, the Bank was able to meet the quantitative and qualitative demands of individual customer advice in 2007.

We responded to the changes in the health care sector and the increased demands on qualified investment advice by launching new products as well as further education and training measures for our advisors. Of course, the Bank also meets the requirements of the EU directive, MiFID, which was implemented on 1 November 2007. The purpose of this directive is to ensure the best possible execution of security orders as well as high transparency and advisory quality.

The agencies that have been set up so far offer a comprehensive range of services, with the exception of over-the-counter-business and safe deposit boxes, and have been very well accepted by our customers. In 2008, we will open up additional agencies in order to be able to offer the Bank's services over an even wider area.

apoFinanz: apoBank's mobile field service

The advisors of Finanz-Service GmbH der apoBank, or apoFinanz for short, have been successfully serving our customers with mobile field services for a decade now. In order to still be able to guarantee the usual advisory quality even when the number of customers increases, we increased the number of our financial consultants to 80. In accordance with our business strategy, the financial consultants in the year under review focused very successfully on those customers who had rarely been able to benefit from personal advice so far because they live further away from the next branch. As a result, our Bank extended existing business relations and gained new customers. The apoFinanz

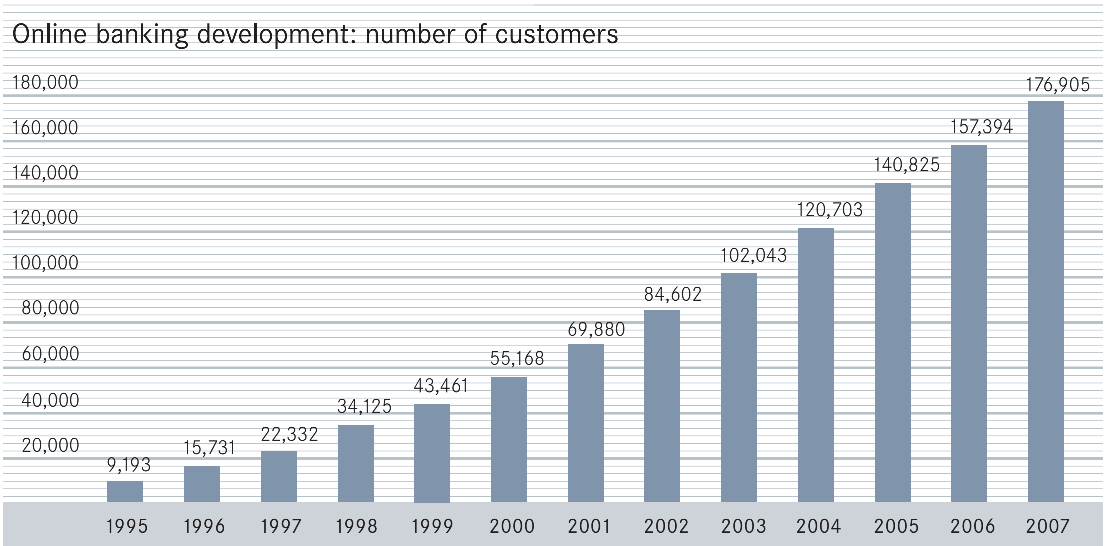
customers of our financial consultants are offered the same services as in the branches and also the entire product range of apoBank.

To meet the increased demands of our customers, nearly half of the financial consultants were trained as financial or heritage planners. With the support of the bank advisors, these certified financial or heritage planners now offer comprehensive financial planning services to all customers. Apart from the usual documents, these comprise a detailed overview of all aspects and possibilities regarding investment, hedging and financing transactions, including aspects of tax law, and are followed by sustained activities on the part of the advisor.

New internet banking system established

The new internet banking system, which has been available to our customers since 10 February 2007 via our website, www.apobank.de, offers a wider range of functions and improved ease of use. The continued significant increase in the number of new users shows that our new service is very well accepted by our customers.

The new technology was associated with the conversion of apoBank's accounts in StarMoney apoEdition to the HBCI communication and security procedure. This conversion was successfully carried out with an especially developed conversion assistant. As a result of the conversion to HBCI, we were able to discontinue our previous "old" PC banking service on 13 November 2007.



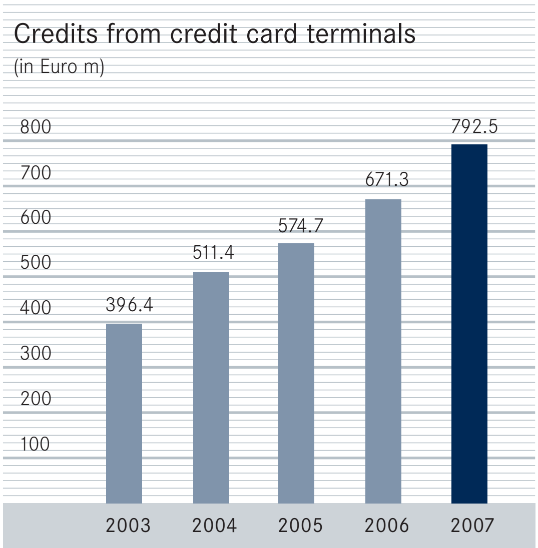
Continued demand for online banking: Increase in the number of online banking users from 157,400 to 176,900 (as at December 07)

Social Project of apoBank

Here: Construction of a children's playground in Berlin-Marzahn, 2007

We can achieve more if we all work together.

Corporate culture cannot be imposed from above. It is established and developed in a common process, which must continually respond to changes and new challenges. This can only be successfully achieved if all employees pursue the same goals – and work together hand in hand.



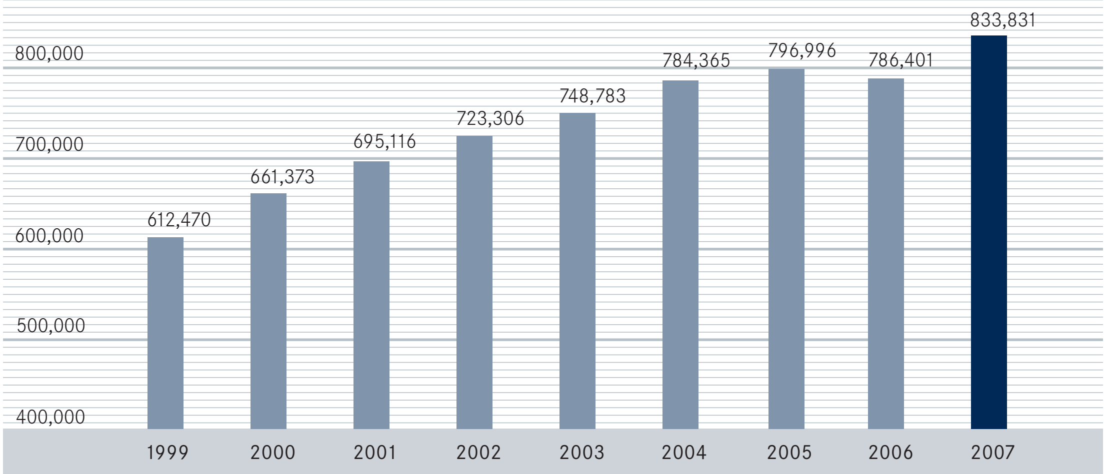
Cashless payment in practices and pharmacies

The trend towards credit card payment in practices and pharmacies continued also in 2007. Our service is already being used by a total of approximately 10,100 customers. Overall, 13.1 million credit card payments were settled and a volume of Euro 793 million was credited to our customers' accounts through the credit card payment systems provided by our Bank. Thus, credit card payment can now be regarded as an established form of payment for patients and customers in practices and pharmacies.

apoDialog: online banking hotline and more

Our online banking hotline, which is part of the apoDialog telephone service, is available for questions regarding electronic account management via the Internet and StarMoney. In 2007, the hotline was particularly used by customers who had questions about the conversion to HBCI and the functions of our new online banking system. As an important addition to our customer service, apoDialog also provides information regarding the current account and other products of the Bank. The range of services also includes transfer orders and the transfer/investment on the

Total of apoDialog business transactions



apoZinsPlus call account. Within the framework of our apoBrokerage-Service, apoDialog accepts securities orders by telephone.

The apoDialog telephone service is available to our customers outside the opening hours of the branches. In particular during the noon and evening hours, call-back and consulting requests to the branch's customer advisors are accepted. Overall, our customers made more than 830,000 transactions via the apoDialog sales channel in 2007.

Well-established communication with our customers

The Customer Communications department, which belongs to the Communications and Committees division, has been successfully practising an efficient complaint management for many years, focusing on the interests of our customers. Every complaint is seen as an opportunity to further increase customer loyalty. At the same time, the complaints help to identify improvement potential in order to further improve our Bank's service and product quality or to adapt our services and products to the needs of our customers. Our customers' response clearly shows that they appreciate the possibility of consulting central contact persons in order to settle problems or to remove deficiencies.

Partner in the Health Care Sector

Cooperation in a changing health Sector

As a bank in the health sector, we have traditionally focused on a close cooperation with the professional associations and organisations of pharmacists, physicians, psychotherapists, dentists and veterinarians. The partnership is based on mutual trust and is a fundamental element of the Bank. In times of change in the health care sector, this is all the more important.

Social welfare legislation is establishing the sustained political will to change the traditional care structures. This does not leave the professional groups unaffected, which find themselves more and more exposed to structural and economic uncertainties. In close cooperation with the professional association, we will therefore endeavour to manage the largely legally induced issues of contract, remuneration, care and insurance structures as well as Health Telematics.

Prepared for changes in the health care sector

Just over a year after the law amending the panel doctor law (Vertragsarztrechtsänderungsgesetz, VändG) and the GKV-Wettbewerbsstärkungsgesetz (the “law to strengthen competition” in the health care sector, GKV-WSG) went into effect, there can no longer be any doubt about the intention of social welfare legislation, and thus about the future orientation of the health care sector: Subtle competition between health insurance funds and care providers, approval of non-personal care providers, closer networking of inpatient and outpatient medicine and the growing importance of cost-benefit consideration in the context of new medical and pharmaceutical procedures are pointing towards economy-oriented, institutionalised and industrialised medicine. Thus, the laws passed within the framework of the health reform bring with them many irreversible structural changes, particularly for pharmacists and physicians.

Obviously, the trend is toward larger, integrated units of professional practice and organisation in medical care; also, in outpatient care, these units are no longer necessarily based on panel doctors. In connection with the increasing number of employed health professionals, this trend requires a broader view of the self-employed status. Moreover, this leads to a radical change in the medical supply chain; the relative shares of the respective care providers in this supply chain will be redefined in the future. Given the

foreseeable "demography of physicians" and the resulting shortage of medical care, increasing "academisation" of the non-medical health professions is becoming more and more likely.

Without exaggeration, the structural trend breaches initiated by the VÄndG can be described as a paradigm shift. This health reform offers both academic health professions and non-involved third parties the full range of social-law instruments in order to initiate cooperation, centre, franchise and chain-like systems of medical and pharmaceutical service provision. In this way, former catchwords such as "brand medicine" and "health industry" are suddenly gaining practical relevance. This is accompanied by growing pressure on traditional, individual medical practices. The individual practice is increasingly considered to be a phase-out model. Sooner or later, most physicians will have to deal with the question of whether and how to respond to this – whether they like it or not. In any case, it is obvious that there is a clear trend towards cooperation and joint service provision, applying to both the self-employed and the employed.

The described development in the medical profession is accompanied by the above-mentioned GKV-WSG, which is driving forward the fundamental changes in the health care landscape. It has initiated the transition to more integrative medical care and more selective contracts. In the medium term, an increasing proportion of ordinary care will be replaced by direct contracts between the health care provider and the health insurance company. This will be of particular benefit to those medical service providers who know how to make use of the new forms of contract and remuneration.

Although the new social law, together with the new EBM, does not generally remove the cap on doctors' fees, it does offer more flexibility to health professionals with entre-

preneurial thinking. Nationwide presence, setting up of branches, employment of additional physicians, etc., make it possible for economically self-employed physicians to assert themselves in competition with other market participants, e.g. medical care centres, hospitals, etc. Moreover, the varied forms of cooperation offer new possibilities to optimise both cost and earnings structures. However, this would require interested physicians and pharmacists to get rid of outdated thinking in care and sector categories, and to start acting as entrepreneurs.

Irrespective of the structural change in the area of outpatient medical service provision promoted by health policy, the health care sector as a whole continues to be the growth market of the future. While the share of health care spending determined by the statutory health insurance system will steadily decline in the light of demographic burdens and progressing technological innovation, the share financed by patients themselves is likely to increase disproportionately in both relative and absolute terms. Demand for services with the potential to not only fight diseases but also to offer health and quality of life benefits will increase rapidly. In the context of the health-economically reasonable transition from a disease care system to a health care system, high-quality integrative medical care will become the unique selling point and competitive advantage from the patients' perspective.

We wanted to be prepared for this anticipatable trend breaches also in terms of organisation and personnel. Therefore, we established the "Health Markets and Health Policy" and "Medical Care Structured and Corporate Clients" divisions within the Sales Organisation and Large Customers department already several years ago. On the one hand, these divisions have the task of analysing the health care sector and health policy in order to identify the structural and health economic changes that are relevant for the Bank and its clients, and of bringing about the necessary consequences, if required. On the other hand, they are responsible for offering innovative advisory and financing concepts along the entire medical supply chain. Thus, the integration of medical care, which is promoted by health policy and induced by the health economy, is automatically transformed into our health market-oriented business model. As the "Bank in the health care sector", we view the change potentials as an opportunity, both for ourselves and for the academic health professions, to maintain our current positions and to continue our success as entrepreneurs. In the sense of this identity-establishing self-image, we pursue our strategy of steadily increasing personnel resources in the above-mentioned divisions.

apoKom

apokom provides advisory services in our target market

The outlined development of a heterogeneous health care and contract landscape will be promoted by both social welfare legislation and innovative market participants. Medical professionals who also want to take advantage of the opportunities offered by these change potentials often have more questions than concrete answers. In this context, we have registered significant demand for advisory services resulting from the complex and interdependent connections.

Since the year 2000, our subsidiary Kooperations- und Organisationsmanagement GmbH (apoKom) has provided interested market participants with its expertise as well as its technical and management competence in the development and support of cooperative business models and organisation forms. If desired, we provide this support from the first project idea to its realisation in actual practice. The advisory services are meant as an addition to the advisory activities of the professional associations, because some of the issues (investment and financing, tax law, company law, etc.) are not included in their range of services.

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

health care akademie provides management competence

Innovative forms of cooperation often lack competent temporary or permanent support with management issues. The health care akademie was founded in 2000 by the Federal Board of Physicians (Bundesärztekammer), the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung) and apoBank to counteract this development. It is the health care akademie's task to provide management knowledge for new care, contract and remuneration models in the health sector. The offers of the health care akademie have already been very popular for years, so that 14 management courses have meanwhile taken place.

E-health market offers innovative solutions

Modern information and communication systems have profoundly changed processes in the health sector, thus contributing decisively to making routine business processes more efficient and to facilitating electronic imaging of new cooperation forms. Our Bank has responded to this development by offering support and suitable solution packages to cope with the requirements made on medical professionals and their associations.

Our subsidiaries, medisign GmbH and DGN Service GmbH, offer the corresponding basic technologies and product batches for securing internet processes in the health sector and online transactions with apoBank, such as secure network platforms, Internet access and signature cards.

Both subsidiaries are market leader in their respective market segments. The customer-oriented offer is geared to concrete applications, and through the reduction of process costs it provides the opportunity to further improve the efficiency of administration processes, e.g. through safe use of technologies. Apart from apoBank's electronic TAN (eTAN) procedure, the online billing in the area of statutory and private health insurance is of particular importance here, which is offered by the medical billing service "Privatärztliche Verrechnungsstellen" and also increasingly by the associations of panel dentists and panel doctors.

Telematics service provider dgnservice

Our subsidiary DGN Service GmbH (or dgnservice for short) is a system house specialised in E-health and a leading provider for the academic medical professions in the German health market. Core services include the successful intranet services for health professionals, D/G/N Deutsches Gesundheitsnetz, DZN Deutsches Zahnarzt-Netz and aponet Professional. They offer physicians, dentists and pharmacists a particularly protected online access and safe use of modern telematics applications.

On top of that, dgnservice is successfully expanding its competences in the consulting and project business. Among the customers are professional associations and companies operating in the German health market. The range of services includes the conception, realisation and operation of functional portals and telematics platforms as well as the optimal implementation of the respective electronic business processes. With its solutions for physician networks and medical care centres, dgnservice also supports new forms of co-operation in the health sector.

As an additional service, dgnservice offers (qualified) electronic certificates and technical services for the preparation of signature cards in its in-house trust centre. Thus, as a supplier to the Bank's subsidiary medisign, dgnservice is bundling its technical competencies to produce cards and to operate technical infrastructures. In August 2007, our subsidiary was granted the accreditation to operate as a certification service provider (CSP) according to the German Signature Act (Signaturgesetz, SigG) by the Federal Network Agency (Bundesnetzagentur). Thus, dgnservice is one of only a few providers who are allowed to issue qualified electronic certificates for the legally binding settlement of online transactions. These certificates form the basis for the qualified electronic signature, which has the same legal validity as a traditional signature on paper and enables the card holder to carry out legally binding online transactions.

Qualified signature cards will be in great demand when the electronic Health Professional Card is introduced on a large scale. Already in the current testing phase, dgnservice has proved its technical expertise also in this special area by producing Health Professional Cards for a majority of the test participants in the pilot regions of Bochum-Essen (North Rhine-Westphalia), Ingolstadt (Bavaria), Löbau-Zittau (Saxony), Heilbronn (Baden-Württemberg), Trier (Rhineland-Palatinate) and Wolfsburg (Lower Saxony).

medisign GmbH further expands market position

Since April 2004, apoBank has been issuing the medisign card together with its partner, the medical billing service “Privatärztliche Verrechnungsstellen”. Thus, as a sales organisation, medisign performs all sales activities around “signature cards in the health care sector” under its own name. The sister company dgnservice provides the technical services for producing the cards, managing the certificates and operating the infrastructure. In this context, medisign has consistently pursued the approach of marketing the signature card with an attractive bundle of partner services, thus further expanding the market leadership for signature cards in the health care sector also in 2007. Meanwhile, a total of 6,000 physicians, dentists and pharmacists rely on medisign’s security technology in their online communications. The combination of several practical applications secured by the medisign card offers a direct benefit to physicians, dentists and pharmacists, leading to steady growth in the customer base and a higher profile. medisign’s product range is continuously expanded; apart from the signature card, it also includes the appropriate identity management for application suppliers.

Online billing platforms are increasingly being used by medical professionals with their own practices. For 2008, first associations of panel doctors have announced that they will use medisign signature cards to safeguard their platforms for the online communication with their members. medisign is preparing for this growing market, in which the electronic billing of GKV payments is of growing importance - similar to the dental sector. The rollout of major projects in the dental sector is proceeding rapidly; further professional associations have been persuaded to provide their members with signature cards according to the ZOD (Zahnärzte Online Deutschland, Dentists Online Germany) standard of the Federal Association of Panel Dentists. The migration path on the Health Professional Card as approved by the German Federal Ministry of Health (Bundesministerium für Gesundheit, BMG) guarantees all participants the protection of their investment throughout the useful life of the product.

Importance of corporate clients business in the health sector continues to grow

Apart from the support of new forms of cooperation and care in outpatient medicine and at the interface to inpatient care, the business with companies in the health sector is continuously and steadily becoming more important. In the corporate clients business, we offer all current and innovative banking services and financing solutions for companies in the health sector. We maintain extensive business relationships in this field with companies from the area of pharmaceutical wholesale, from the pharmaceutical and medical technology industry as well as with other companies offering products or services in the health sector. Our customers also include companies from the area of acute and custodial inpatient care as well as private billing companies in the medical professions sector.

In the past years, we steadily increased our nationwide service capacities in the Medical Care Structures and Corporate Clients division, particularly with regard to the corporate

clients business. Thanks to our extensive knowledge of the health sector and our complete range of products, we are a well-established partner in the corporate clients business.

apoConsult economic seminars

The legal changes in the health sector have led to strong demand for information, in particular about the law amending the panel doctor law (Vertragsarztrechtsänderungsgesetz, VändG) and its impacts. We have responded to this demand by expanding our seminar programme, adding topics such as "Current news: Law amending the panel doctor law 2007" or "How to use new opportunities in the health market and be successful in competition". Among the business management and liquidity-oriented seminars offered, those on the subject of "Quality management in physicians' and dentists' practices" were particularly popular because of the requirement for quality assurance.

Very high demand was registered again for seminars on the subject of "Ways of setting up your own practice" and "Success in selling your practice". Overall, apoConsult and apoKom organised 155 training events in the year under review, most of them in cooperation with the associations of panel dentists or panel doctors as well as some professional associations. The seminars were attended by approximately 6,000 participants.

The Bank continues to support tax consultants within the framework of the services provided to their clients in the medical sector. The positive response to seminars for tax consultants in the previous years led us to offer these seminars again in 2007. Due to the changed market situation, seminars on the subject of business management consultancy for health professionals attracted particularly wide interest.

On top of this, the service package offered by the Bank to all members of the medical professions includes a comprehensive file on those giving up their practice. This file comprises about 430 practices for sale nationwide. Via the Bank's own intranet, this data is used in the course of a counselling interview in order to find a suitable practice.

Banking Operations

Smooth processes

The functional units of the Banking Operations division provide for smooth processes and the necessary infrastructure of the operating business. Also in 2007, the close cooperation between Banking Operations and the other divisions contributed substantially to the success of our Bank. For instance, the back office processing for the branches in the areas of payment transactions including account management, deposit business and the settlement of securities and foreign exchange transactions forms an essential basis for the efficient processing of the ordinary banking business.

In addition, the Banking Operations division includes IT and organisation as a unit for appropriate new and further development of our technical infrastructure in the form of software, networks and hardware equipment. Apart from the innovation task, the IT and organisation unit is also responsible for the provision of resources for smooth processes in the daily and periodic transaction accounting and settlement tasks, which are characterised by availability, efficiency and security.

Facility management, which is also part of this division, is responsible for the administration of our properties, purchase, and general internal services.

The year 2007 was characterised by consolidation and optimisation measures of the settlement systems. Activities focused on improving the customer service and expanding the infrastructure.

Structure optimisation of the back office processing continued

Our subsidiary apoData Service GmbH (apoData) is responsible for the back office processing - i. e., payment transactions including account management and deposit business. The further structural development of apoData is based on a comprehensive several-year strategy. This strategy organically continues the banking strategy and develops existing strengths. Its main goal is the creation of a competitive internal service provider, in particular for the back office tasks of the branches, in order to cope with the challenges from our customers' quality demand on banking services, but also with regard to the market development and the legal requirements.

With its range of activities, apoData contributes significantly to promoting the focus of agencies, branches, and outlets on customer care and sales services. Also in 2007, the implementation of this concept was at the centre of the optimisation activities of back office processing.

The structure of our back office processing is oriented to the future. It focuses on five locations, which are spread nationwide and thus have optimal logistic accessibility for the branches. In the year under review, we further centralised the business processes between the locations and provided for a uniform, cross-location orientation. In April 2007, we successfully transferred the settlement of international payment processes to a central settlement/organisation unit at our Düsseldorf location. The same measures were taken in our cash card and credit card business. Parallel to the concentration of tasks, the further automation and standardisation of all business processing procedures was promoted.

An important milestone of the new strategy was reached with the successful implementation of the outsourcing of paper-based payments in 2007. We hope this will lead to further improvements in productivity and cost structures. The image-based cheque collection procedure (Imagegestütztes Scheckeinzugsverfahren, ISE) was successfully introduced nationwide in September 2007. Under this procedure, cheques for amounts of Euro

6,000 and above do no longer have to be physically presented, but are sent to Deutsche Bundesbank in the form of an electronic image.

The international high-value payments system TARGET2, a requirement for all banks for urgent customer payments, was introduced in November 2007. In contrast to the national procedure, TARGET2 establishes a connection to the SSP (Single Shared Platform) at the European level with the aim of providing fast, cost-effective and efficient payment settlement.

Apart from that, one of the challenges of EU harmonisation had to be implemented at the end of 2007: The introduction of the "Single Euro Payments Area" (SEPA), an integrated European retail payments market in which all payments are treated as domestic transactions, was decided for international payment transactions. Unlike in the past, SEPA makes no distinction between national and cross-border payments. This makes it comfortable and easy for our customers to make cashless Europe-wide payments from a single bank account. We were able to complete our preparations for the introduction and implementation of SEPA according to plan on 28 January 2008.

Milestone for new core banking system reached

With the successful introduction of the new KORDOBA version in March 2007, apoBank has taken a leading role in the strategic KORDOBA development group in view of the new "KORDOBA Core24" core banking system. From the aspect of active technology management, the target is to replace the previous manufacturer-specific technological platform by a standard Unix product in 2010.

Our specialist departments are supported in their daily work through comprehensive functional improvements. Our clients may benefit from this investment because it will enable them to look at current information on account balances and on pending accounting entries at any time in the course of the day. The next step in 2008 will create further technical preconditions for carrying out the conversion to one of the most modern accounting and settlement systems available in the market.

Social Project of apoBank

Here: Construction of a children's playground in Berlin-Marzahn, 2007

Creating a small part of an ideal world.

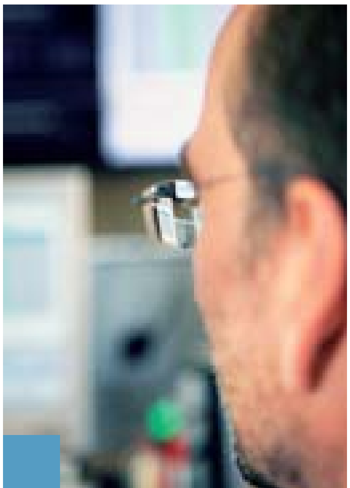
Social responsibility has always been of central importance for apoBank. After all, as the partner for the medical professions, we are dealing with people whose social commitment is part of their professional ethics. Therefore, we also feel obliged to show social commitment - whether on a large or small scale.

Online banking is fit for the future

In February of the year under review, apoBank's new online banking system was activated. A completely new layout in the style of apoBank's corporate design was created. In a complex procedure, selected customers tested the system for ease of use for the first time. Thus, customer wishes could be taken into consideration even at the development stage.

In addition, the new online banking system offers a significantly wider range of functions: The integration of the EU standard transfer and the indication of used TAN numbers are only two of many innovations. The technical platform was chosen in such a way that the system can flexibly grow with the future requirements of online banking. Moreover, we provide our customers with a modern communication interface (HBCI), which is compatible to all current payment transaction programs.

Our online banking is protected by a variety of state-of-the-art measures. This includes, for example, multi-level firewall systems, protection of the system components used and data stream testing. Customers use the PIN/TAN procedure to log in into the banking system. Apart from the tried and tested PIN/TAN procedure, apoBank also uses the so-called eTAN procedure. Under the eTAN procedure the TAN list in paper form is replaced by an electronic list on a chip card. With the help of the above-mentioned medisign card and the corresponding card reader, customers can use electronic TAN (eTAN) for our online banking service.




Integrated workflow processing further developed

In 2007, we accounted for the requirements of functional improvements and modernisation in credit processing by further developing the IT applications “EKK Plus”, “apoOffice Plus” and “apoRate”, which support sales and credit processing. In the current process and IT adjustments, the processing steps were further automated and interconnected, following the central idea of the so-called “integrated workflow processing”.

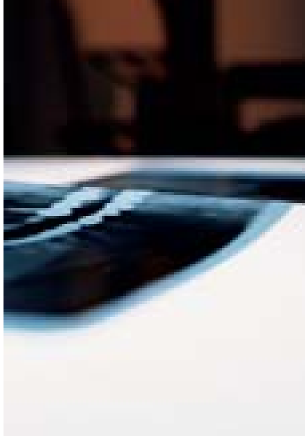
For instance, in 2007 we started the introduction of the electronic credit file, which is fully integrated in the credit process. The decision for an electronic document management system, one of the leading technical solutions in the market, facilitated fast and efficient piloting. After all, we will have to electronically file not only the more than 180,000 existing credit files with approximately 18 million sheets of paper, but also the 15 million sheets of paper that are added every year. Once the electronic filing of credit files is completed, all authorised employees will have access to the documents at all times without losing time. As a result, processing times will be substantially optimised, particularly regarding portfolio processing and the ability to answer customer enquiries.

New reporting system on the basis of a data warehouse

In order to optimally exploit all market opportunities, we are continuously working on improving the internal database for business expansion. Significant progress was made in August 2007, when we implemented a data warehouse for sales and controlling purposes. The data warehouse periodically receives extractions from existing legal databases. This data is transformed, processed and made available to the user online. On the basis of this solution, standard reports are provided down to the individual customer level, and customer advisors and responsible persons bank-wide are given the possibility to carry out their own flexible research and analyses to answer questions.

Idea of quality consistently expanded

In order to ensure and continuously improve quality in the production of banking services, the “Service Quality Board” has been established as a quality instance with a control function in the IT and Organisation division. The “Service Quality Board” monitors the effectiveness and efficiency of the IT production processes that directly concern the customer, such as the automated production of bank statements. Further indications for quality control and improvement are provided



by the technical control station, our “Network Operations Center”, which was established in 2007 to monitor and manage IT systems 24 hours a day, seven days a week. It serves as a means for preemptive monitoring of around 200 technical systems with approximately 4,000 messages a day.

Focus on operational risks

In the area of provisions for operational risks in banking operations, the focus is on measures for the further development of IT system security as well as the security of the existing legal database. A key issue here is the further development of our emergency management system towards comprehensive business continuity management under consideration of all business divisions. On top of that, reporting channels and processes, e.g. for the assessment and treatment of weaknesses, were expanded and optimised in the area of IT security management. Technical measures to protect against external threats are also continuously expanded and adjusted to changes in the IT landscape and risk situation. Security analyses are carried out for particularly sensitive applications. Due to the importance of IT as a technological driver of our business strategy, we continued to invest in additional staff with special qualifications as well as in intensive further training measures also in the financial year 2007.

On-time introduction of the new securities processing system

One of the Bank’s largest projects, the technical reorientation of securities processing, was successfully completed in October 2007. After less than 18 months of the project “Einführung WP2” (introduction WP2), apoBank’s previous securities processing system was replaced by the new services of dwpbank, one of the largest investment services companies in the German market.

Processing of the securities business via this new system corresponds to the market standard. The future-oriented, web-based application as well as the convergence of different information channels in one system has significantly improved support in customer investment advice. The introduction of the new system also led to the outsourcing of sub-processes and acceleration of the remaining processes.

In addition, in the year under review, the first components of a new technological platform were introduced in the foreign exchange and derivatives trading operations. These components meet the requirements of IFRS and at the same time optimise the existing processes.

Space and setting for conversations with customers

Creating adequate space and setting for individual conversations with our customers and offering better service - that is what the Sales department required from the modernisation measures and renovations carried out at our locations in Frankfurt, Berlin and Hanover.

In the middle of the year under review, the Frankfurt branch moved to the new building in Mainzer Landstraße 275. In the new building, which offers approximately 5,000 m^2 of modern office space, all Frankfurt organisational units are located under one roof. In the cash desk area, an automatic cash dispensing/depositing machine and a coin roll dispenser are available to our customers. On the first floor, there are attractive conference rooms for individual counselling interviews.

In a renovation period of only six months, this concept was also implemented in our Berlin branch in Kantstraße 129. The Hanover branch was extensively modernised; a self-service area and a floor for customer advice were also created. The self-service technology was introduced in our branches in Berlin and Düsseldorf as well.

Facility management continuously further developed

Under the heading of "Strategic planning of renovation and restoration measures", we have developed a multi-year construction and modernisation plan which involves all our buildings in a systematic modernisation process. In the Bank's facility management, which has been continuously developing since 2004, construction standards have been defined and aligned to the experience from everyday practice in the course of the construction measures. In the new construction compendium, we have put emphasis on our self-image as a modern, dynamic and innovative bank. The interior construction plan with its possibilities for conversations with individual customers, transparency and better service reflects apoBank's particular closeness to its customers.

"Increasing efficiency – minimising energy costs"

Against the backdrop of several years of steadily increasing energy prices, we have made use of the opportunities offered by the liberalisation of the energy markets. Nationwide centralisation and competition through tenders is at the heart of the improvement in the energy market. The Bank has covered its energy requirements for the next few years without taking any price risks. Apart from that, the entire purchase process has been optimised - from the offer phase to the invitation to tender and awarding of the contract to contract management and accounting.

Equity Capital

Good capitalisation

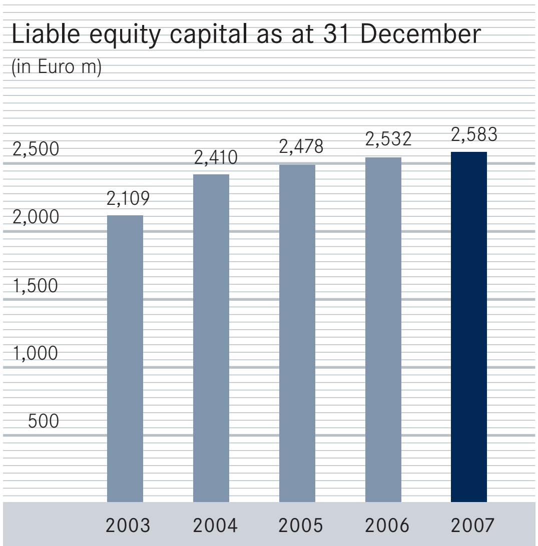
Also in the 2007 financial year, apoBank continued to increase its capital base. As in the past years, this renewed increase was mainly realised out of own funds. The core capital was strengthened by Euro 65.5 million through the allocation to general reserves.

In view of the Bank's self-financing power and the capital relief effects resulting from Basel II due to the quality of our loan portfolio, we have not expanded our members' capital contributions. Our members' capital contributions will meet the IFRS capital requirements (IFRS conformity) also after the conversion of accounting to International Financial Reporting Standards (IFRS).

Capital relief effect through IRBA approval

Through the publication of the German Solvabilitätsverordnung (SolvV) and adjustments in the German Banking Act, Basel II came into force in Germany with effect from 1 January 2007. It replaces the previously applied Principle I with a three-year transition period. Basel II aligns the capital requirements more closely than before to the actual economic risks faced by banks. Thus, the equity backing of credit risks is determined by the individual credit-worthiness of the respective borrower.

apoBank is one of the first eight banks in Germany to have received the approval of the so-called "IRB approach" (IRBA). The approval was already granted on 1 January 2007, the date when the application of the new German Solvency Regulation (SolvV) started. As a result of the approval, our



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

Bank's risk-weighted assets have been noticeably reduced because of the good quality of the loan portfolio. The capital relief effect, which will not be fully felt until the end of the three-year transition period, is therefore also reflected in improved core capital and equity ratios. According to the new supervisory standards and without consideration of the transition regulations, the capital ratios as at 31.12.2007 amounted to 13.5% (equity ratio) and 8.6% (core capital ratio).

Growing number of members

Until the end of 2007, we gained a total of 2,034 new members. Taking account of the members who retired in the same period, the number of members amounted to 100,212 as at 31.12.2007, the same level as in the previous year. As a result, the Bank disposed of members' capital contributions for remaining members of Euro 791 million as of 31 December 2007. The fact that almost 90 % of our members hold less than ten shares reflects the broad spread of our shareholder structure. Also in the future, we will offer health professionals the possibility to become co-owners of our Bank by investing in our shares. We are quite aware that the subscription of member shares is almost certainly also due to the attractive returns for the members of our Bank. But we assume as well that the acquisition of membership at the same time expresses loyalty and that the lasting confidence on the part of health professionals in the certainty and continuing prosperous development of their professions' own Bank is reflected therein.

The Bank will continue to pursue its principle of strengthening the capital base whenever reasonable and necessary from funds that it generates itself. Therefore, Supervisory Board and Board of Directors will propose to the Annual General Meeting that the accounting profit of Euro 113 million be used to strengthen the general reserves and an unchanged high dividend of 6 % be distributed.

Appropriation of profits as of 31.12.2007	€
Balance sheet profit	113,441,025.87
Legal reserves	32,750,000.00
Other reserves	32,750,000.00
6 % dividend	47,907,676.37
Carried forward for new account	33,349.50

Teamwork and trust

"Several times a year, I go for selected motorbike rides with other motorsport enthusiasts among my colleagues, the legendary "apoBikers". We go on the road together. For me, being close to nature and my love of motorsport are perfectly combined with a sense of community and an indescribable feeling of freedom. We must be able to assess the risks correctly at any time; I have to prove the same ability in my daily tasks as a Board Member of apoBank. Success is guaranteed above all by teamwork and trust in my colleagues."

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

Our Staff

Thanks and appreciation

We thank all of our employees for their extraordinary commitment and dedication. It was only with their efforts that we were able to achieve satisfactory, or even respectable, annual accounts in the generally very difficult financial year 2007. We would also like to thank the employees' representatives for the good and trusting cooperation and the constructive dialogue.

From an employment-policy point of view, we used the 2007 financial year to further improve our existing instruments of personnel management and to implement new measures. This mainly includes the expansion of our staff development strategy and the positioning of our Bank as an attractive employer in the labour market.

Staff development strategies

Against the background of demographic change, we have drawn up important staff development strategies to prepare for the "War for talents" already today. The growing proportion of older people increases our corporate responsibility with respect to the development of junior staff. In order to counteract an over-aging of the workforce and to compensate for the imminent loss of expertise, finding and training qualified junior

staff is of decisive strategic importance for us. Thus, apoBank-specific training and further education form the basis for the successful generation of future core competencies for our Bank.

Apart from training qualified junior staff, it is important for us to promote employees of all age groups and to tie them to our Bank. A balanced composition of experienced high-skilled employees on the one hand and junior staff on the other hand is an important success factor for the Bank's future.

Promotion of junior staff

In the past year, we increased the number of apprentices by more than 25 %, while at the same time expanding the number of branches that provide training. Once they have completed their training, we are willing to take on all our apprentices as employees, if possible. We place great value on a practice-oriented training that imparts the whole expertise of their work as bank employees to our junior staff and, at the same time, prepares them at a very early stage for their specialist functions in our Bank. In order to meet our quality requirements, our apprentices receive their theoretical education at a private vocational school, where we have set up classes for our employees. The standard curriculum is supplemented by individual trainings and expert lectures. A boarding home and study groups create space for networking and an efficient learning atmosphere.

Parallel to the vocational training, we offer interested internal and external applicants the opportunity to conduct job-integrated studies of "Business Administration" – in cooperation with the Fachhochschule für Ökonomie und Management (FOM) in Düsseldorf. This study course lasts seven semesters und provides for three days of practical training in the Bank and two days of theoretical training at the FOM. It is a very practice-oriented course, which offers apprentices a variety of interesting opportunities to start working in our Bank after their successful graduation as "Bachelor of Arts (Business Administration)".

Trainee programme

In addition, our new trainee programme to become a customer adviser started in the past year. With this programme, we want to give committed bank employees and graduates the opportunity to take on a sales function once they have successfully completed their individually adjusted education. Internal and external applicants go through a standardised selection process in order to ensure their suitability for the respective target function. The two-year practical

training can be divided into three phases: The basic orientation phase is followed by a 15-month build-up phase, in which the participants receive a comprehensive and profound credit training to prepare them for the challenges of their future tasks. Responsibility for the training rests with experienced experts, who supervise the trainees as mentors with advice on professional and personal questions. Moreover, they check the state of training and, if need be, provide coaching at the workplace. Regular network meetings are held to promote the exchange of experience among participants. The complex programme is rounded off by internal and external technical and sales trainings. During a total of more than 20 training days, all the necessary technical and sales knowledge is taught. Once they have successfully completed the training, the participants will be recruited as sales staff.

Promotion of extra-occupational further education

We also extensively support ambitious employees who complete an extra-occupational further education. Under this aspect, we have expanded the works agreement on further education. Employees who want to take a further education course during their free time receive financial support and special paid leave. Further education to become a “Bankfachwirt” or “Bankbetriebswirt” (degrees in banking) is particularly popular. But university degrees with a business administration background, such as Bachelor, Master and Diploma, are very popular as well. Furthermore, we also promote specialist degrees, e.g. as financial planner. Depending on the final grade, the Bank will bear up to 100 % of the tuition and examination fees. This approach creates a classic win-win situation. Our highly-motivated employees will expand their knowledge, use this knowledge in their daily work and appreciate the generous financial support.

Talent review to recognise potential

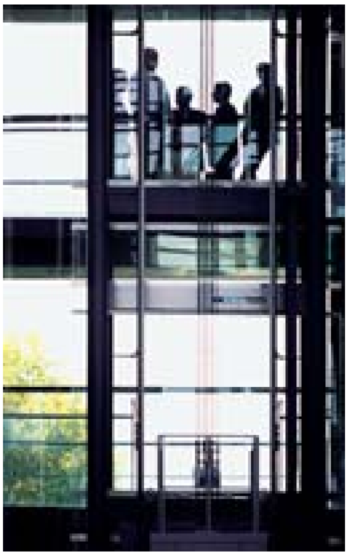
We have introduced the “Talentlupe” talent review as a new instrument to systematically recognise and promote potential. The talent review aims at early and reliable identification of those employees who have the potential to assume higher responsibilities within the Bank. In addition, we want to support our executives in identifying potential and ensure systematic promotion of potential. Within the framework of the annual appraisal interview with their superior, employees have the possibility to use a supplementary conversation guide. This guide includes demanding criteria, which in the case of a positive appraisal suggest that there may be potential to assume higher responsibilities. The interview is followed by a development and orientation centre, in which we draw up a strengths/weaknesses profile and appropriate career plans together with these employees. In this way, we achieve cross-departmental transparency with respect to high-potential employees for our systematic succession planning.

Health promotion expanded

The health of our employees is of paramount importance to us. Apart from free influenza vaccinations and eye exams, we have been offering various seminars and workshops on the topic of work-life balance since 2007. A balanced relation between work and rest ensures the personal satisfaction and productive capacity of our employees. They learn how to integrate active stress management, healthy eating and sufficient physical exercise in their everyday life. Additionally, we offer our executive employees a comprehensive private medical check-up.

apoBank is a “TOP employer”

Since we are convinced of our qualities as an employer, we want to increase our profile in order to attract future employees. With this purpose, we took part in the “TOP employer in Germany” competition last year. The study, which was carried out by CRF for the fourth time already, does not focus on the companies’ sales figures, but rather on the corporate philosophy practised. An extensive questionnaire on six main topics forms the basis for the evaluation using a differentiated points system. In addition, an independent economic journalist conducted an extensive interview on personnel strategy and work organisation. Our Bank took a position



among Germany's best employers straight away. In particular, entry and career opportunities as well as working atmosphere and employee satisfaction were rated as excellent.

Continuation of our practical discussion about values

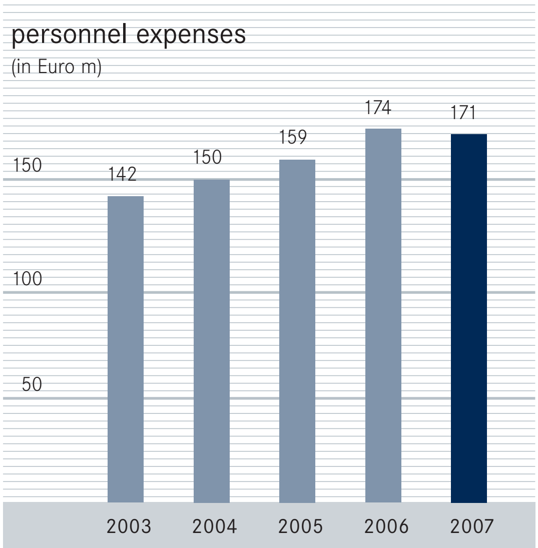
In 2007, as already in the previous year, we carried out projects to experience our internal discussion about values in practice. With these projects, we addressed our leading senior executives. Outside the daily routine of banking, without any hierarchies, our leadership model could be experienced in two one-week social projects.

Our first project, the "Arche" (ark), was realised in Berlin in July. Located in the deprived area of Berlin-Hellersdorf, the "Arche" is a contact point for children of all age groups. Apart from a hot meal, this institution offers supervised homework and leisure activities. There was urgent need of a safe playground for small children. In cooperation with Board members, executive employees created a playscape that takes account of the special needs of this target group.

The second beneficiary was the Bethanien village for children and young people in Bergisch Gladbach. Here, children of all age groups live in children's village families, where many of them find a real home for the first time in their life. However, there was hardly any possibility to use the large outside area for activities. Therefore, another team built a playground in the form of a sunken pirate ship. The integration of the children in the planning and building process as well as the insight into this special community was a precious experience.

Key figures from the personnel division

In the year under review, the number of employees rose by 4.3%; as of 31 December 2007, our staff consisted of 2,124 employees. The share of female employees was 52%. The average age of the employees was 42 years. In direct comparison with the previous year, personnel expenses declined by Euro 3.5 million. Adjusted by a necessary interest rate adjustment of the pension provisions in the 2006 financial year, personnel expenses increased by 6.4 % to Euro 171 million in the



year under review. The rise was mainly attributable to wage increases from collective bargaining and expenditure for new employees.

Room for new strategies and plans

"My tasks as a Board Member of apoBank require a high degree of responsibility and anticipation. To have the necessary distance to my tasks and decisions in the Bank at regular intervals, I love relaxing by the Northern Sea, on the island of Norderney. I recharge my batteries by taking long walks in the fresh sea air, making room for new strategies and ideas. Here on my favourite island, I refill my personal resources in order to always be able to contribute to apoBank's success with new energy."

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

Risk Report

Principles of risk management and risk controlling

Targeted and controlled risk taking is one of the substantial elements of successful banking business. In 2007, as in the years before, we have improved and further developed our risk processes and methods in order to be able to control our business expansion in a risk- and yield-oriented way also in the future. The business and risk strategies, in which the risk guidelines for all types of risks are defined, provide the framework for risk control. Observance of these guidelines is monitored and communicated at the portfolio level within the framework of the overall bank control and through continuous reporting.

Our risk culture is characterised by appropriate handling of the risks of the banking business.

We define the types of risks as follows:

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

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

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

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

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

Organisation of risk management and risk controlling

A functional and organisational separation of the front office/distribution functions from the back office/risk management and risk controlling functions has been implemented up to Board level in order to avoid conflicts of interests and to maintain objectivity. Risk management, risk controlling and audit are separated below Board of Directors’ level.

The individual responsibilities are distributed as follows:

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

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

- The Central Credit Control divisions are responsible for controlling all counterparty default risks. This includes, apart from the

individual credit assessment of customers, counterparties and issuers, both the ongoing portfolio monitoring and the responsibility for the credit methodology and organisational guidelines of the lending business.

- Responsibility for quantifying risks, comply ing with the legal framework conditions, reporting risks and for assuring the quality of risk data for all types of risks lies with the specialist division Risk Controlling within the Controlling department.

- The Audit division subjects the organisational units involved in the risk management process and the agreed processes, systems and individual risks to a regular independent examination.

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

Control and monitoring of the individual types of risks

Sales risks/Strategic risks

Sales risks/strategic risks are taken in the business areas “Private Customers/Branch Business” and “Organisations and Large Customers”. Within the framework of an annual planning calculation, net interest incomes and net commission incomes, among other things, are planned and fixed as the

planned sales performance for the coming financial year. The sales risk is understood as the deviation of a sales performance actually achieved at a certain date from the corresponding target performance. This also includes the Bank's strategic risk in the sense of a negative deviation from plan due to market changes that were not taken into account in the planning or due to changes in the framework conditions to the Bank's disadvantage. The figures calculated on the basis of past-related target-performance deviations in the customer business are included in the risk-bearing ability calculation as value-at-risk figures.

Counterparty default risks

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

The apoMasterskala (apo master scale) makes the results of the customer-group-specific internal rating procedures and the rating results of external rating agencies or development banks comparable, so that the same rating categories always have the same default probability, irrespective of the rating procedure used. Within the framework of the annual validation, the rating procedures were recalibrated. Here, the estimate of the default probability was improved again. Moreover, the fixed apo-Masterskala, which is uniform for all rating procedures, is used.

The rating results are a substantial part of the exercise of competence and of the procedures for the classification of borrowers into service categories; they are also used for external pricing as well as for the internal business calculation.

Private Customers/Branch Business portfolio

The branch customers' counterparty default risks are controlled via six regional credit control units assigned to the Central Credit Control - Private Customers Business in collaboration with the branches. Those loan applications which have been made by the branches and given a market vote are given the vote of the back office in the regional credit control units after initiating a rating for the borrower. On the basis of cash flow calculations prepared for each individual customer, which take account of the previously available or forecast income figures and the indebtedness of the customer, a check is made under consideration of all private and professional revenue and expenditure streams as to whether the customer's loan request appears financially feasible.

Many years of experience in dealing with the medical professions are an indispensable requirement to arrive at a balanced credit assessment during this examination. The subsequent decision is made, dependent on rating and volume, in a joint approval by the market and credit units. For the Private Customers/Branch Business portfolio, we have defined a sub-portfolio as a low-risk business, where loan decisions can be made in individual competence. On the one hand, this includes loan approvals, which occur in a large number but only with small volume of credit. On the other hand, standardised loans are also processed, as long as the strict programme conditions are observed.

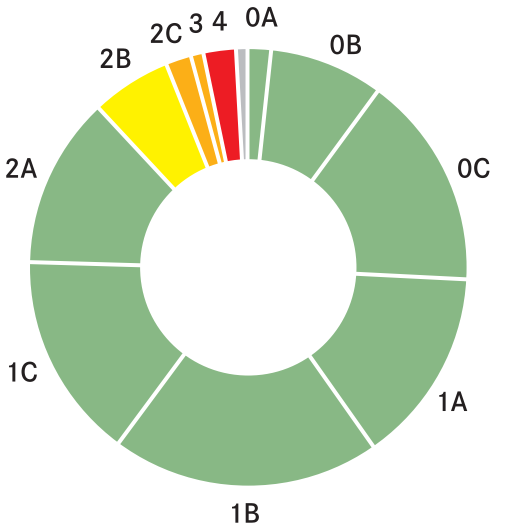
The modified processes of intensive management and problem credit management have proved themselves. The regulated intensive management includes the elaboration, together with the customer, of a catalogue of measures to solve his liquidity or earnings problems with the goal of returning to standard management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

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

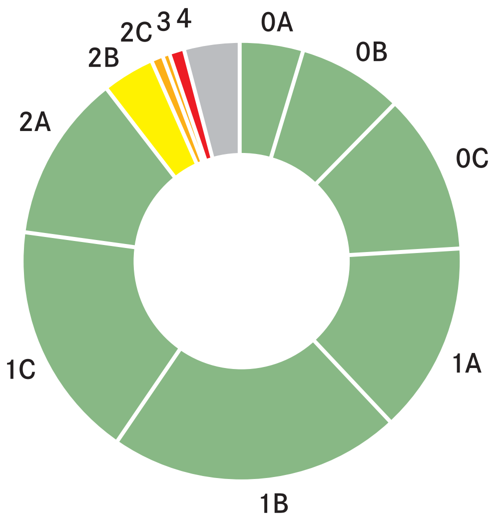
The portfolio structure shows a typical rating distribution with a focus on the middle rating classes. The portfolio coverage is complete except for unrated loans to employees. With more than 180,000 individual borrowers, the portfolio shows a broad spread. The largest individual risk amounts to less than 0.1% of the total credit volume.

Rating class distribution in the Private Customers/Branch Business portfolio

Volume distribution (in € m)
on the basis of loans taken
total € 20,842 m



Distribution of borrowers
on the basis of loans taken
total 132,613



Rating class	Meaning
0A	Commitments impeccable as regards credit-worthiness, no risk factors
0B	
0C	
1A	Commitments good as regards credit-worthiness with individual risk factors
1B	
1C	
2A	Commitments with low risks
2B	Commitments with greater risks
2C	High-risk commitments
3	Higher risk commitments
4	Commitments threatened by default (according to SolvV definitions) - Commitments overdue by more than 90 days - Commitments for which a loss provision was already allocated in the previous year or a loss provision was made in the current year - Write-offs - Insolvency
	No rating

Organisations and Large Customers portfolio

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

In the corporate clients business, the rating system of RMS Risk Management Solutions GmbH, which emerged from a pool solution of the Bundesverband Deutscher Banken (Federal Association of German Banks), is used to assess corporate risks. At the end of 2007, the Bank took a stake of approximately 12.9 % in the operating company of the procedure. As in the previous years, the procedure enabled us to achieve portfolio coverage of more than 90 % last year.

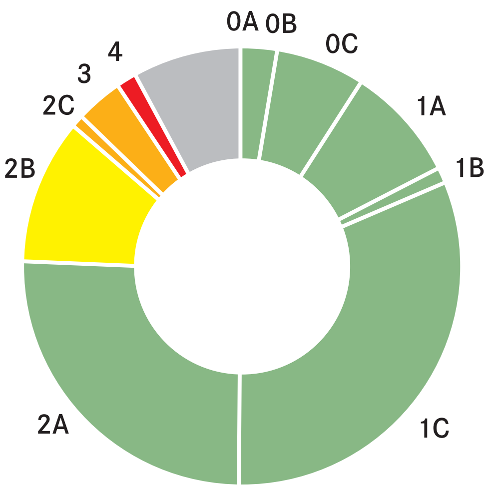
For the Medical Care Structures portfolio, which mainly comprises the financing of special real estate, a rating procedure is used in accordance with the criteria for the simple risk weighting of specialised financing according to the Solvency Regulation (Solvabilitätsverordnung). This procedure takes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

Another sub-portfolio of legal entities of public law mainly comprises the professional associations of the medical professions. According to the Solvency Regulation, this low-risk portfolio belongs to the Institutions portfolio. In the financial year, a rating procedure was developed and implemented for the entire portfolio. This rating procedure was presented to the banking supervisory authority within the framework of the application for approval of the Institutions portfolio. Apart from the inclusion of some qualitative criteria, the procedure is particularly directed towards the operator of the respective entity because of the special character of these counterparties. For this portfolio, apoBank obtained permission to assess the regulatory equity capital according to the IRB approach on January 1, 2008.

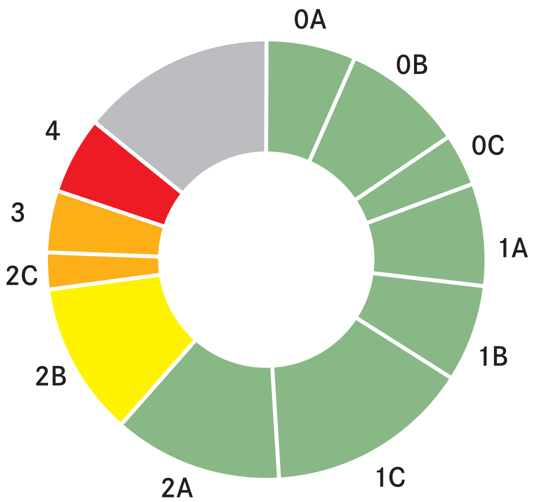
The portfolio of Organisations and Major Customers shows a higher concentration in the rating class 2B than the Private Customers/Branch Business portfolio. However, this must not be interpreted as increased risk, because it is typical of the customer groups

Rating class distribution in the Organisation and Major Customers portfolio

Volume distribution (in € m)
on the basis of loans taken
total € 1,899 m



Distribution of borrowers
on the basis of loans taken
total 409



Rating class	Meaning
0A 0B 0C	Commitments impeccable as regards credit-worthiness, no risk factors
1A 1B 1C	Commitments good as regards credit-worthiness with individual risk factors
2A	Commitments with low risks
2B	Commitments with greater risks
2C	High-risk commitments
3	Higher risk commitments
4	Commitments threatened by default (according to SolvV definitions) - Commitments overdue by more than 90 days - Commitments for which a loss provision was already allocated in the previous year or a loss provision was made in the current year - Write-offs - Insolvency
	No rating

and types of transaction pictured here. Overall, the rating distribution of the portfolio is well balanced in terms of borrowers. In terms of volumes, the portfolio share of legal entities of public law is somewhat smaller in the rating classes 0A to 1A.

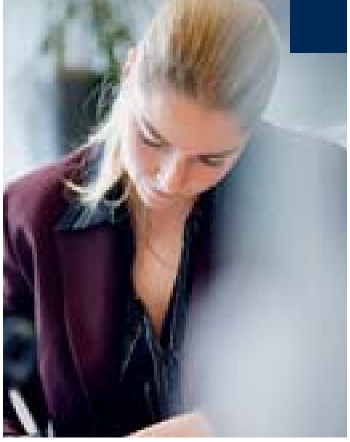
Financial Instruments portfolio

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

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

In the Financial Instruments portfolio, country risks are taken to a small extent. The existing country risks mainly concern countries of the European Union as well as the USA and Australia. No limits were set for country risks due to their low risk content and their small extent.

At the beginning of the financial year, the BVR II rating procedure was introduced for the sub-portfolio Banks of the Institutions portfolio. Thus, the internal rating results determined on the basis of annual accounts data and qualitative information replaced the external ratings that had previously been used in the entire loan process. The de-

termination of standard risk costs and the reporting are also based on internal ratings. External ratings are only used as a supplement in the daily automated rating control in order to have another indicator of deteriorating risks in addition to the other internal monitoring procedures. After examination by the banking supervisory authority in the fourth quarter, apoBank received approval to use the IRB approach for this portfolio on January 1, 2008.

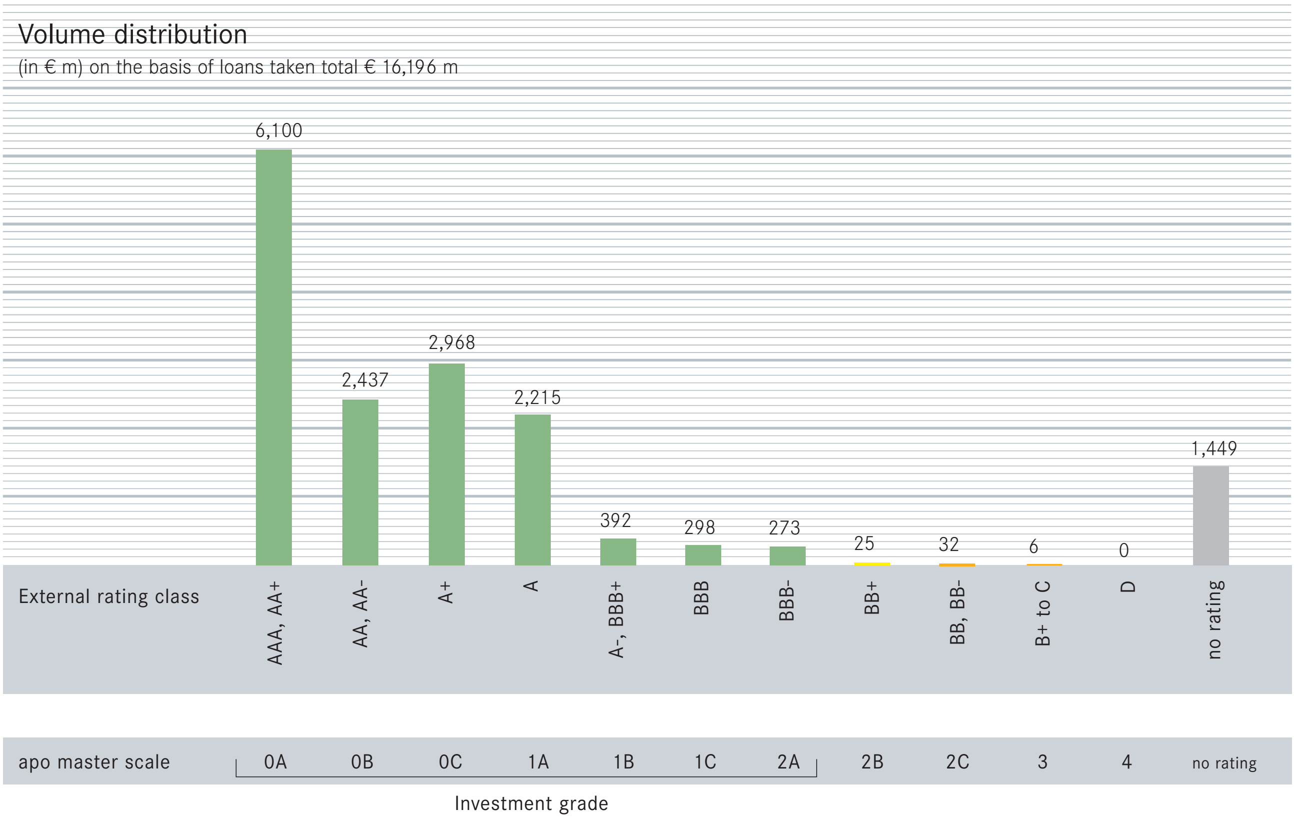
Apart from classical securities, apoBank also invested in CDO and ABS transactions in the Financial Instruments portfolio. Although the Bank's exposure in the US subprime market was almost exclusively in a leveraged special fund (LAAM fund) of Euro 75 million, the crisis and the resulting ongoing market disruptions had an impact on the entire Financial Instruments portfolio, and in particular on the CDO and ABS investments.

Four leveraged special funds (LAAM funds), which are invested in European and American ABS structures with AAA ratings and managed by our holding company AC Capital Partners Ltd., Dublin, had to be restructured. With regard to these funds, the investor's risk is generally limited to the amount invested; there is no obligation to make additional payments to these funds. The general decline in market prices could have led to market price triggers and dissolution of structures. But since this was not desirable against the background of the good quality of the ABS papers, alternative solutions had to be found for the LAAM funds. Therefore, also European ABS transactions in the amount of Euro 0.9 billion were directly included in apoBank's books within the framework of restructuring measures; in some cases, collateral or guarantee agreements had to be concluded with the respective refinancing partners in order to ensure continued refinancing. All restructuring measures were successfully completed within the financial year. apoBank assumes that even if the market situation remains difficult, it will still be able to take the necessary measures, not least due to the very good quality of the underlying assets. Thanks to its equity, earnings and liquidity position, the Bank was able at any time to cope with the risks that could arise from a non-extension of existing repo lines.

apoBank has absolutely no investments in conduits or special investment vehicles; liquidity lines have not been and will not be provided either. This also applies to AC Capital, which acts solely as an asset manager and therefore holds no own securities and structured financing.

The CDO structures in the portfolio are mainly CDO transactions based on corporate and bank risks. The distortion of spreads in the capital markets have led to depreciation also in these transactions. But since there has been no fundamental credit deterioration of the underlying individual risks, apoBank, as a buy-and-hold investor, assumes that the transactions will be properly transferred back at the end of the term and that this depreciation is only temporary. Within the framework of a transaction restructuring in the year 2008, a value adjustment in the amount of Euro 17.1 million was undertaken as a precautionary measure in view of the continued market volatilities.

Rating class distribution in the Financial Instruments portfolio*

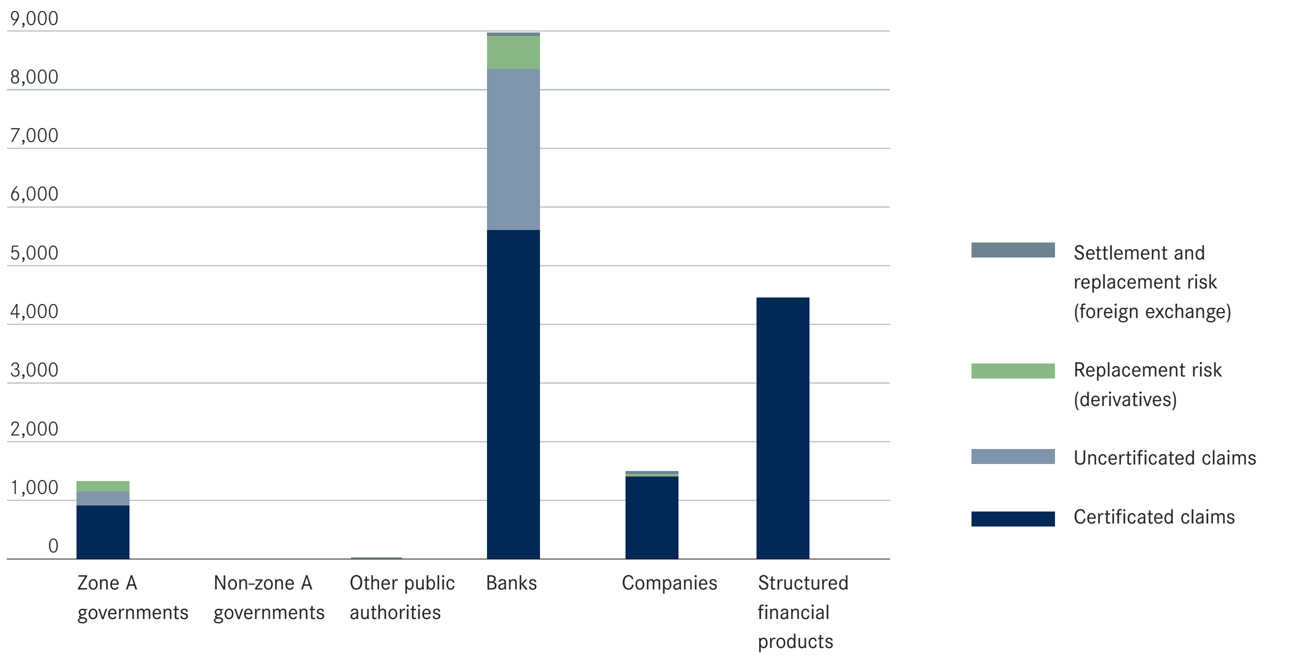


* includes money dealings, liquid investments and derivatives

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

Sector	Certificated claims* (book value € m)	Uncertificated claims (book value € m)	Derivatives (LEE € m)	Foreign exchange (LEE € m)	Total
Zone A governments	916	242	172	0	**1,330**
Non-zone A governments	0	0	0	0	**0**
Other public authorities	0	0	0	6	**6**
Banks	5,624	2,761	557	55	**8,997**
Companies	1,402	0	20	14	**1,436**
Structured financial products	4,427	0	0	0	**4,427**
Total	12,369	3,003	749	75	**16,196**

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

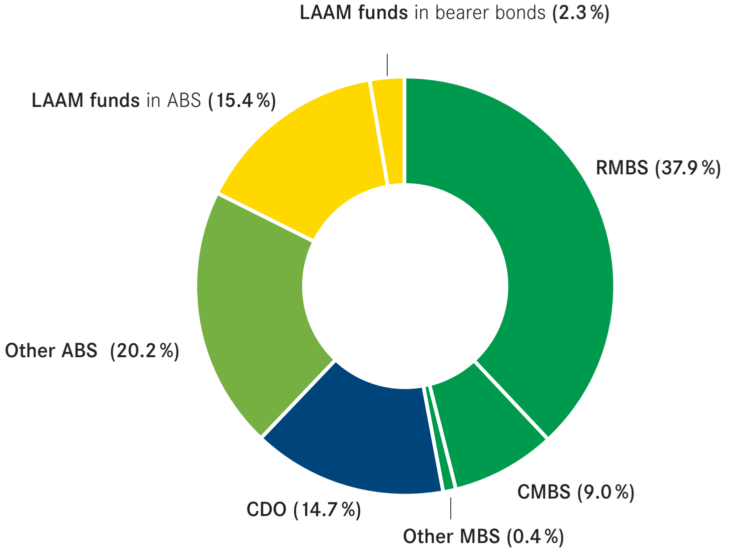


The CDO structures also include monoliner risks. Given the uncertainties regarding the creditworthiness of these companies, scenario calculations have been carried out here. However, even in the case of partial defaults the structures are not jeopardised. In addition, the transactions provide for the possibility of exchanging risks.

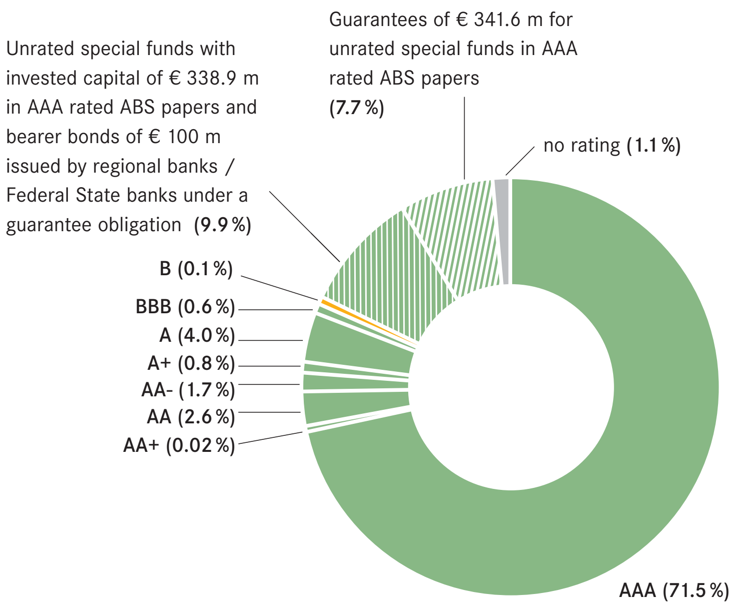
In the case of a CDO on the basis of ABS and CDOs in the portfolio, we expect a sustained reduction in value because of the market value triggers activated in this structure. The Bank has fully written off this investment in the amount of Euro 42.5 million, which is allocated to fixed assets. Other CDO investments of the Bank do not include any comparable market-value clauses.

Structured financial products (on-balance sheet and off-balance sheet)

Volume distribution € 4,427 m



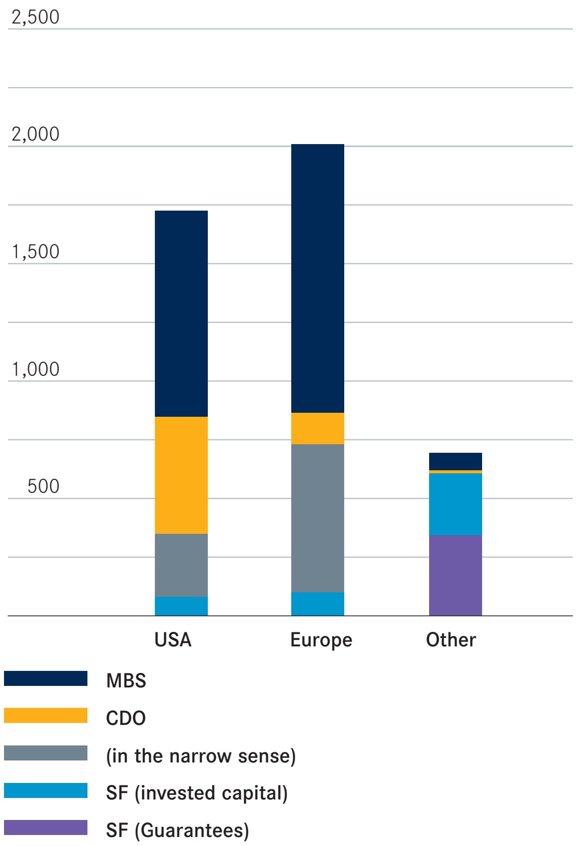
Volume distribution € 4,427 m



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

	Total	Loans taken										
		by rating classes					by countries			by residual term*		
apo master scale		0A	0B	0C to 2A	from 2B	no rating						
External rating class		AAA, AA+	AA, AA-	A+ to BBB-	from BB+	no rating	USA	Europe	Other	0 to 1	>1 to 5	> 5
MBS	2,096	1,881	81	134	0	0	878	1,145	73	149	990	957
CDO	651	509	74	25	0	43	500	137	15	3	266	382
ABS (in the narrow sense)	894	777	58	54	0	5	263	630	0	30	323	541
Special funds (SF)** (invested capital)	445	0	0	0	6	439	81	100	264	0	75	370
Special funds (SF)** (Guarantees)	342	0	0	0	0	342	0	0	342	0	0	342
Total	4,427	3,167	213	213	6	828	1,723	2,011	693	181	1,654	2,592

* Residual term in years = expected maturity
** mainly securitisation structures from various countries without country focus



The rating distribution of the Financial Instruments portfolio continues to reflect the very high quality of the portfolio as well as the Bank's appropriate risk policy. The transactions with AAA rating of the total portfolio include almost exclusively derivatives and money market lines of banks, investments in ABS structures and countries. Another focus of the portfolio is on derivatives and money market lines of banks with AA and A+ ratings.

All ABS tranches not included in the unrated LAAM funds still have an external AAA rating. So far, the market turmoil has not led to any downgrading in the ratings of the ABS transactions held in apoBank's portfolio. As far as leveraged LAAM funds are concerned, changes in value are completely reflected in the capital invested. Therefore, we have not included the reference portfolios in our presentation. All investments, even those whose risk is only indirectly assigned to the Bank and whose amount is restricted to the fund investment, were analysed and assessed in the usual loan process before the investment decision. Independent of the recognition, a regular credit control process takes place, in which the fundamental key figures are analysed and assessed as occasion arises. According to our current estimate, the very good external ratings reflect the portfolio's default risk accurately.

Investments portfolio

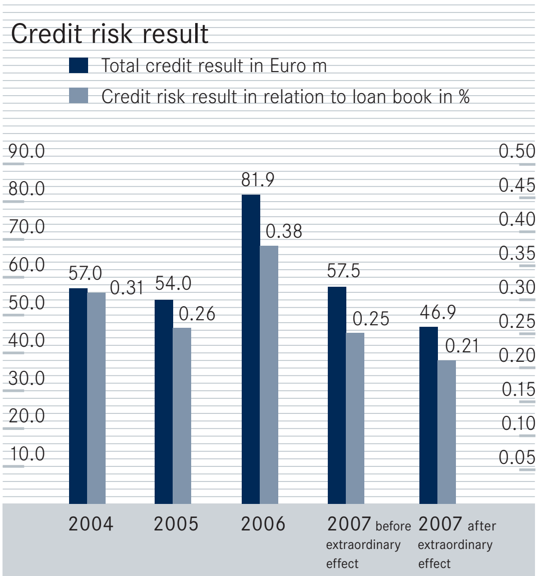
The responsible specialist departments and the investment committee continually monitor the development of the investments and report to the Board of Directors, for example by means of the quarterly investment report. The Supervisory Board and the Economic and Financial Committee are informed at regular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

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

In the 2007 financial year, we further increased our investment in DZ Bank AG in order to strengthen our involvement in the cooperative Verbund.

Risk provisioning and special risk developments

As in the past financial years, the Bank made sufficient provision for all credit risks as of 31.12.2007. The chart shows the detrimental effects on the profit and loss account of the bad debt provision since 2004:



Extraordinary effect from the reversal of value adjustments for customers without non-performance in the amount of some Euro 10 million

In the Private Customers/Branch Business portfolio, we maintained our policy of cautious risk assessment also in the year 2007. The consistent treatment of identified risks in the previous years and the proactive use of the apoRate results in the loan process have led to considerable risk relief in the current year. In preparation for accounting according to IFRS as from the 2008 financial year, we reversed value adjustments for borrowers without non-performance of around Euro 10 million (approximately 3.5% of this sub-portfolio's total value adjustments). In doing so, we aim at harmonising the value adjustment made in both types of financial statements. Even if this effect is taken into account, the value adjustments in this sub-portfolio were significantly below the standard risk costs recovered. There are no regional concentrations of risk. With regard to the health professional groups, pharmacists and dentists have a higher risk profile than physicians.

In the Organisations and Large Customers portfolio, a larger commitment was sold, with the customer's consent, to another bank in order to limit risks. In addition to the value adjustment made in the previous year, we had to waive another part of the claim. Total value adjustments are below the standard risk costs recovered in this portfolio.

The current subprime crisis has led to uncertainties in the capital markets and among market participants. As a matter of principle, apoBank invests only in high-quality securities with good credit rating. The Bank generally acts as a buy-and-hold investor, i.e. securities are usually held until their final maturity. As a result of the market turmoil, the securities held by apoBank have also been affected by market price changes. Depreciation and value adjustments in the amount of Euro 61.2 million were made on securities allocated to fixed assets. Securities allocated to the liquidity reserve were valued according to the strict lower of cost or market principle. From today's point of view, the need for depreciation and value adjustments in the amount of Euro 128.1 million may be regarded as largely temporary.

At the end of September, the court of second instance dismissed the action by the BKK für Heilberufe. This decision was fully consistent with the Bank's expectations.

No major additional risks have arisen after the balance sheet date. For the current year, we expect the value adjustment ratio to be at the same level as the average of the Bank in recent years, assuming normally functioning markets.

Market price risks

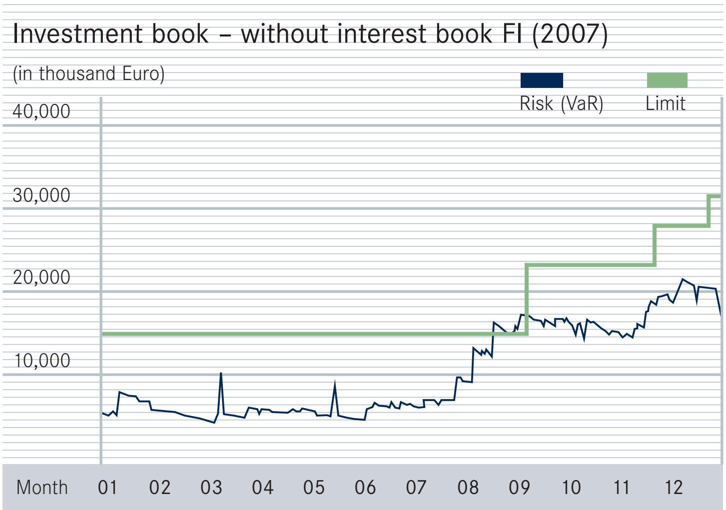
The department of Corporate Planning/ Treasury is responsible for the operative control of market price risks, while the Risk Controlling department is responsible for the independent monitoring and measurement of the risks.

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

The essential market price risks of the Bank as a whole are integrated and limited in the overall risk control within the scope of the economic capital framework. The essential element here is a differentiated risk measurement and control system in which the risk is controlled and monitored up to the portfolio level. Apart from a value-at-risk approach, scenario analyses and additional stress tests are used. For the daily management, the value-at-risk approach is calculated with a confidence level of 99% and a holding period of ten days. Daily backtesting is carried out in order to check the model quality. The scenario and stress analyses are based on standardised scenarios, which are supplemented by individual situation-related considerations. The results of the supervisory stress calculations (Basel II, interest rate shock), which have been binding since 2008 but which the Bank introduced already in 2007, was at all times clearly below the set limit at a low level.

The market price risk of the Financial Instruments portfolio has substantially increased in the course of the year due to the significant

Market price risk from financial instruments



increase in market fluctuations in the wake of the financial market crisis. In order to support the Bank's buy-and-hold investment strategy, a limit increase was approved, depending on the impact of the higher intensity of market fluctuations. This limit increase did not serve the purpose of entering into new positions.

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

Within the framework of the bank-wide control of interest rate risks, the market-price risk management pursues both present-value and periodic approaches. The results are included in the risk control and in the planning calculations.

Despite the special market situation with significantly increased volatility, the Bank was able to cope with the market price risk as well as the price distortions in 2007 in the wake of the subprime crisis. This specific market environment is particularly considered in the business/risk strategy for 2008. Thus, the ability to take market price risk is ensured even if the crisis continues.

Liquidity risks

The Bank's Treasury/Liquidity management division is responsible for the operative and strategic liquidity management. The Risk Controlling department carries out the monitoring of the Bank's liquidity position independently of trading. On the basis of the implementation of the MaRisk, this monitoring has been carried out on a much larger scale since the beginning of 2007.

The Bank's payment flows are easy to plan. In order to guarantee permanent solvency, the Bank has a large liquidity reserve of securities eligible as collateral and, as a rule, eligible for refinancing with central banks, as well as money-market lines and the possibility to generate liquidity via a short-term issuance programme (CP). Thus, it is able to maintain short-term liquidity even in stress situations. Moreover, the Bank has a stable investor and customer base. Through the planned issuance of mortgage bonds in 2008, we will additionally expand our refinancing sources. On this basis, the Bank depends only to a limited extent on medium to long-term refinancing in the capital market, and is able to ensure liquidity even in the case of a persistently difficult market environment. Should the subprime crisis continue in the medium term, significantly higher refinancing costs may have to be budgeted for. This factor was taken into account in the 2008 business planning.

Short-term operational liquidity management is based on the permanent analysis and comparison of payment inflows and outflows. Another strict condition is compliance with the regulatory liquidity ratio (Liquidity Regulation), which is also defensively limited for the internal control, as well as with the requirements for the maintenance of minimum reserves. Both regulatory requirements were met at any time in 2007. The management of medium and long-term liquidity is carried out on the basis of the analysis of potential payment inflows and outflows over several years. The corresponding refinancing plans are linked with the business planning process.

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

For controlling the liquidity risks, a Liquidity Committee was formed from the Corporate Planning, Treasury/Liquidity Management and Controlling divisions, which meets regularly and decides on the measures needed to guarantee the Bank's liquidity. In 2008, the Bank will further expand its liquidity risk management as well as its independent monitoring. In addition to the further development of liquidity cash flows and the refinement of the modelling of payment flows, the analysis of scenario and stress calculations will be significantly expanded - also against the background of the subprime crisis.

Operational risks

apoBank has implemented a system for the assessment, measurement and control of operational risks. This facilitates a systematic identification of operational risks as well as a presentation of the current risk situation, and thus allows for appropriate measures to be taken in time. In the organisational units, decentralised risk managers are responsible for the identification, monitoring and control of operational risks. Each risk manager has to decide on and to implement measures to control operational risks (occurring in his field of responsibility) for the area allocated to him. Every month, the risk managers report loss events to the Risk Controlling department, which in turn analyses and processes the losses and then records them in a separate operational loss database.

These data form the basis for a quarterly reporting by means of a separate OpRisk report. In the case of significant losses, for which internal amounts have been defined, ad-hoc reports must be submitted to the Board of Directors.

On the basis of the risk analyses and scenario evaluations carried out so far, we do not expect any risks threatening the existence of our Bank. Prevention and reduction or protection measures have been taken for all identified risks. Instruments for early identification and emergency plans are available.

Applying our risk management and controlling system, we comply with the qualifying requirements of the regulatory standard approach for operational risks. We have been using this approach since 1 January 2007 for the assessment of equity.

Risk-bearing ability as an instrument of overall bank control

The basis of our risk management is the ongoing identification, measurement and monitoring of all risks arising from the business operations of the Bank. To comply with the increased internal demands on our risk management and risk controlling and the supervisory law requirements, we have further developed our concept of capital adequacy. This concept provides for all identified risks to be compared with risk cover funds which are available to cover the potential losses in the case of a risk. Through the setting of limits, the risk cover funds have been distributed among the individual risk areas. The risk cover funds are derived from the Bank's risk cover potential. In deriving the risk cover funds, we have taken care that the Bank's continued existence is not threatened in the case of risk. The identified risks are measured and applied against the limits. Within the framework of the quarterly risk reporting, the Audit, Credit and Risk Committee as well as the Supervisory Board are informed about the current situation. This includes both a reporting of the above-mentioned risks and the complete presentation of all types of risks defined in the minimum requirements for risk management (MaRisk).

Even the risks arising in the course of the subprime crisis have never exceeded the Bank's previously defined risk-bearing ability. Instead, we have adjusted the risk measurement methods for market price risks in the course of the financial markets crisis, providing for risks to be measured more comprehensively and thus leading to a more conservative calculation of the utilisation of the risk-bearing ability. Against this background, we have adjusted the distribution of the unchanged risk cover funds among the risk areas, which had been stipulated at the beginning of the year. In the year under review, the Bank was able to cover all potential risks at any time, without jeopardising the planned dividend payment or allocation to reserves.

Essential project activities

Basel II/IRBA approval

The aim of the new Basel Capital Accord is to safeguard the stability of the banking system and achieve a risk-adjusted capital backing. The Basel II project, which was started in 2001 in order to implement the new regulatory requirements, is going according to plan.

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

The approval of the Institutions portfolio as the second portfolio besides the Retail portfolio was a confirmation of apoBank's plans to continue its measures to improve the risk control systems. With the approval of the Institutions portfolio and the Retail portfolio, almost 80 % of apoBank's total portfolio has already been approved for the IRB approach. Basel II capability of the last sub-portfolio of the companies that has not yet been approved for the IRB approach will presumably be subject to a regulatory review in 2009. After the approval of the rating procedures for the Companies portfolio, we will have achieved almost complete coverage with a regulatory-approved IRB approach.

As a result of the application of the IRB approach, we expect a significant reduction of the regulatory capital backing requirement. This leads to declining costs of equity and creates more scope for the alternative use of capital and for the Bank's growth.


Summary of the risk situation

The Bank consistently continues to pursue its solid risk policy. The decisive risks are closely monitored and limitation measures are taken. Even the potential changes in market value resulting from scenario calculations made in the third and fourth quarters of 2007, when the spread level was already high, were still within the risk-bearing ability defined by the Bank. The US subprime crisis, which began in mid-2007, has led to uncertainties in the capital markets and among market participants. Due to its traditionally solid risk policy, apoBank, as a matter of principle, invests only in high-quality securities with good credit rating. The Bank generally acts as a buy-and-hold investor, i.e. securities are usually held until their final maturity.

As a result of the market turmoil, the securities held by apoBank have also been affected by market price changes. From today's point of view, these changes may be regarded as largely temporary. Further temporary market price fluctuations have occurred in 2008 after the balance sheet date, which could have a negative impact on the Bank's risk result. The Bank has considerable reserves to cover further possible market distortions. The risk provision covers all discernible risks in the lending business. Despite the changes in the health sector that have already taken place or are expected to take place in the future, we believe that the risk potential of our portfolio will not deteriorate. The risk measurement systems, which have meanwhile been approved by the supervisory authorities and which are subject to permanent further development, secure early information about changes in the Bank's risk situation and allow us to take proactive measures for risk limitation.

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

Rating

Rating – an important success factor

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

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

The central advantage of an external rating is that it facilitates access to the capital market. While until the beginning of 2000 it was still possible to place a bond without the rating of a recognised rating agency at least in the national capital market, this has become impossible today. Also apoBank funds its asset growth – apart from customer deposits – on the capital market. Therefore, our external rating is an important success factor for our growth-oriented business model.

Ratings of apoBank remain at a good level

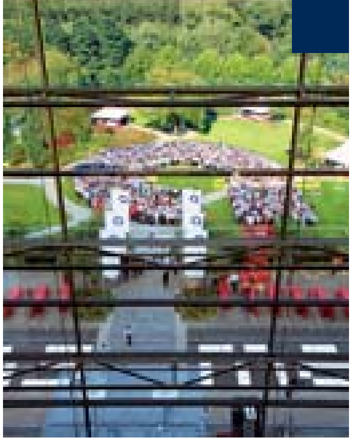
In the 2007 financial year, the ratings of apoBank were influenced by different developments. Having raised its rating of apoBank in December 2006, Standard & Poor's confirmed the "A+/A-1" rating with a stable outlook in January 2007. Subsequent to this year's management meeting in August, Standard & Poor's confirmed this rating of apoBank in a research update.

In May 2007, Moody's raised the Bank's long-term rating from "A2" to "A1". The outlook was confirmed as "stable" and the individual financial strength rating remained at an unchanged high level at "C+". The rating was raised following the changes in Moody's rating process. After the implementation of these changes, all bank ratings worldwide were reviewed.

In November, Moody's lowered the Bank's rating from "A1/P-1" to "A2/P-1" and put it "under review". This was due to the Bank's restructuring activities with respect to the LAAM funds. In February 2008 Moody's confirmed the "A2/P-1" rating and rated the outlook as "stable". The review of the rating, which was initiated in November, has thus been concluded. Now the rating by Moody's is at the level of the previous years again, still reflecting apoBank's good credit-worthiness.

The Verbundrating by Fitch for the cooperative Finanzverbund was most recently confirmed in December 2007 and remains unchanged at "A+/F-1" with a stable outlook.

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



Outlook

Using market opportunities and business potentials in the health care market

Even in view of a very turbulent second half of the year, apoBank succeeded in increasing its operating result and accounting profit again in 2007 – for the sixth time in a row. Efficiency, which had been continuously improved in the previous years, remained at a very good level.

Also in 2008, we will pursue our aim of making consistent use of the market opportunities and business potentials of the thriving health care market, as well as of permanently maintaining the current profitability and risk situation or improving it further. The maxim of our business policy in this context is a balanced return/risk ratio with respect to our strict risk guidelines.

The confidence crisis in the money and capital markets leads to a certain pressure on the Bank's profitability, also because of higher refinancing costs. Nevertheless, for the full year 2008 we assume that the operating result will remain at least at the high level of the previous years; furthermore, we expect an unchanged high dividend.

apoBank: The Bank in the health sector

We will continue our efforts to perfectly meet the needs of our customers with the same degree of intensity. In a banking environment that is characterised by increasing price-aggressive competition and a “rediscovery” of private banking, competent customer service and long-term customer satisfaction remain the focus of our business policy. Many years of experience in the health sector and profession-specific expertise help us to provide profound customer service, even against the background of challenging basic conditions.

As a specialist and niche supplier, our Bank has a strong market position in the German health sector. However, the continuous reforms in the German health system lead to structural changes, particularly affecting our core customers, the health professionals in private practice. A growing together of outpatient and inpatient care, but also the establishment of new forms of care by more strongly integrating employed medical professionals, are examples of discernible trends.

We have recognised the challenges our Bank faces from these changes at an early stage and have adapted our organisation and distribution accordingly – while maintaining the interests of our self-employed core clients. We see this process of change in the health sector as an opportunity to secure our position as market leader.

Development of the business area strategies

We want to continue the success story of the previous years also in 2008. This will again be based on quality-oriented growth in the lending business and an expansion in the range of the associated cross-selling products. Our current focus remains on the self-employed academic health professional. Approaching customers via business start-up financing forms the basis here for a preferably lifelong business relationship with our Bank. Moreover, we support interested members of the medical professions on their way into new health care structures. Besides that, the Bank plans to further develop the market of employed academic health professionals within the framework of a target customer strategy.

In order to achieve our growth and profit targets, we will continually improve the services for our existing customers through our active existing customer management ("growing with the customer"). The essential component is the continuation of our successful securities strategy and funding strategy. Our aim remains to provide individual services oriented to the stage of life that our clients are in. This is supported by the optimisation of our sales channels as well as by the introduction of new innovative products.

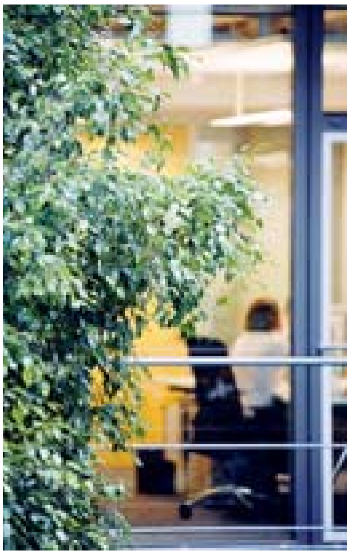
The processes of change in the health sector as a whole lead to an increased need for advice and innovation. We respond to the market changes by providing resources to support the market for innovative medical care structures and companies in the medical professions sector. In the area of institutional clients, we intend to further strengthen our position as a competent partner in asset management, which also includes the integration of our specialised subsidiaries.

Apart from the structural changes in our target market, the financial year 2008 will also be affected by the impact of the global financial crisis. This will particularly affect the treasury activities in the areas of refinancing and own investments. We expect an increase in the cost of refinancing in the course of the general spread expansion. However, apoBank has the opportunity to benefit from refinancing advantages via the planned first-time issue of mortgage bonds (Pfandbriefe).

As far as own investments are concerned, we expect that their earnings contribution will be lower than in the years before the financial crisis. As in the previous years, measures to increase the sustainability of results and the equity investment within the framework of strategic interest rate risk management will make a positive contribution to earnings in 2008.

Good risk profile and sound capitalisation

The Bank has a good risk profile, which is supported by the high granularity of the loan portfolio with constantly low default rates, the good credit-worthiness in the Financial Instruments portfolio and the conservative handling of the interest rate risks. The Bank's capitalisation is solid and benefits from the good asset quality, which pays off after the implementation of Basel II. The corresponding equity relief effects will be seen gradually; they will be fully felt at least after a three-year transition period.



The Bank's solid liquidity position is based on broadly diversified funding sources: in the form of increased customer deposits and publicly refinanced standardised loans, on the one hand, and through the successful placement of promissory note loans and apo obligations with private customers, on the other. Together with the planned mortgage bond issue in 2008, this ensures adequate refinancing of the planned business growth, largely independent of unsecured capital market transactions. In addition, the Bank has a comfortable securities portfolio, which can be used at any time to raise liquidity from the European Central Bank.

Thus, the Bank's liquidity and equity positions give us some scope to absorb negative market developments even in case they exceed the cautious assumptions.

Core business as the basis for a stable business development

Against the background of the described starting situation, we expect the operating result in 2008 to reach at least the previous year's level. The forecast earnings will be based on another expansion of the lending business and the deposit business with our customers. We also plan to continue the success in the classical securities business with our private and institutional clients. Apart from the expansion of business, the cost side will be affected by strategic and regulatory expenses.

The expected standard risk costs in the customer business exceed the moderate actual risk provisioning in 2007, which contained a special item for the preparation of IFRS. Possible temporary market fluctuations cannot yet be assessed given the current situation of the capital markets. The planned risk provisioning reflects the solid credit quality, which is supported by our many years of market experience and by professional risk control instruments, as well as the Bank's planned organic lending growth. In view of the ongoing tense situation in the financial markets, further temporary market fluctuations are to be expected in 2008. These fluctuations could also affect the Bank's risk result.

Despite continued volatilities in the financial markets, the Bank had a successful start into the 2008 financial year as regards its operating core business. On the basis of the described conditions and on the assumption of functioning markets, we believe that we will be able to achieve our targets for the year. We expect an accounting profit at least at the level of the previous year, so that we will be able to pay an unchanged high dividend in 2008 as well as to make an adequate allocation to reserves.

Trust in new ideas

"Once or twice a year, I go to my house in Bavaria to indulge in a rare hobby that requires a lot of instinctive feel – the distillation of fruit brandies. Most of the fruit comes from my own garden or from friendly neighbours. And the finished distillates with self-designed labels are very popular, not only among true connoisseurs. By practising the Fine Arts in my own studio, I can train my courage to try new things. Here, in the privacy of my home, I can find a welcome change from my public life at apoBank, as well as new trust in my ideas."

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

Report of the Supervisory Board

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

Discussed were fundamental matters of business policy in the investment and lending sector and in the other service areas as well as the development of results and important individual events. Special consideration was given to the effects on the Bank of changes in the underlying economic conditions in the medical sector as well as the impact of the international crisis in the financial markets. The transactions presented for approval on the basis of provisions in statutes and in the Articles were discussed in depth.

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

The firm of auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, performed the audit of the Annual Financial Statements and of the Management Report for the 2007 financial year on behalf of the Rheinisch-Westfälischer Genossenschaftsverband e. V. According to the unqualified auditor’s opinion, they conform to the law and the Articles. The Supervisory Board has acknowledged the results of the audit with approval.

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

The “Corporate Governance Code” of the Deutsche Apotheker- und Ärztebank was adapted to the new requirements in November of the year under review. The currently valid version of the Code and the mutual declaration of conformity by the Board of Directors and the Supervisory Board are published on the Bank’s internet site. The declaration of conformity and the Corporate Governance Report are reproduced in this Annual Report.

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

Dr. med. Ulrich Oesingmann

Re-election is possible.

Dr. Franz Georg Brune, whose employment agreement to serve as a member of the Board of Directors of Deutsche Apotheker- und Ärztebank would have expired on 31 December 2007, announced at the end of April 2007 that he was not available for an extension of his contract. The Supervisory Board respected his decision and expressed to Dr. Brune its very cordial thanks for his commitment.

Düsseldorf, March 2008

The Supervisory Board

Dr. med. dent. Wilhelm Osing
Chairman

Corporate Governance Report

In February 2002, the independent government commission set up by the federal government presented the German Corporate Governance Code, which has been further developed by the government commission since then.

The Code's regulations for good and responsible corporate governance are addressed to listed companies, which, pursuant to § 161 of the Stock Corporation Act (AktG), are obliged to declare whether and to what extent they apply the Code's recommendations.

The Supervisory Board and the Board of Directors of Deutsche Apotheker- und Ärztebank explicitly support the Code's purposes and objectives. Therefore, Deutsche Apotheker- und Ärztebank has voluntarily adopted the regulations of the Code and the announcement obligation, although, as a cooperative, it is not subject to the Code. The Bank pays attention to the particularities associated with the legal form of a cooperative and takes into account the special interests of its members.

Among other things, Deutsche Apotheker- und Ärztebank publishes its Articles of Association as well as the Bank's Corporate Governance Code together with the Declaration of Conformity pursuant to § 161 of the Stock Corporation Act on the Internet. Code and Declaration of Conformity are checked and regularly adjusted with regard to the updated recommendations of the government commission.

The Bank's current Code is oriented to the recommendations of the commission from 20 June 2007. Insofar as the Bank deviates from the recommendations, in particular due to its legal form, it will make such deviations transparent in the Declaration of Conformity.

The Bank appreciates that the Commission has emphasised the importance of a company's actions in accordance with the applicable regulations and the internal guidelines of the company by including the term "compliance" in the wording of the Code. The focus here is on the task of preventing law violations and ensuring proper organisation.

On 15 June 2007, the Bank's Annual General Meeting decided on a comprehensive amendment to the Articles of Association. Thus, the Bank accounted for the amendment to the Cooperative Societies' Act (Genossenschaftsgesetz), which came into force in 2006. Here, the Bank made use of the scope provided by the Act in order to adjust the Articles of Association to the provisions of the Stock Corporation Act, and to prepare its Group accounting according to the International Accounting Standards, scheduled as from the 2008 financial year, without infringing the cooperative basic principles.

Annual Declaration of Conformity pursuant to § 161 Stock Corporation Act (AktG)

The Board of Directors and the Supervisory Board of Deutsche Apotheker- und Ärztebank eG (apoBank) declare that the "German Corporate Governance Code" in the version of 20 June 2007 is complied with, but for the following exceptions:

1) *The Bank undertakes to adhere to this Code while complying with the requirements of the Cooperative Societies' Act (Genossenschaftsgesetz), which the Bank must apply as a registered cooperative.*

   Apart from the deviations individually explained below, this has led to the following fundamental deviations from the standard of the German Corporate Governance Code:

   - Shareholders and General Meeting (Article 2 of the Code)
   - Takeover offers (Article 3.7 of the Code)
   - Information on and disclosure of the overall remuneration of the members of the Board of Directors are made pursuant to § 285 (1) No. 9a of the German Commercial Code (Articles 4.2.3., 4.2.4. and 4.2.5. of the Code)
   - Performance-related compensation of the Supervisory Board (Article 5.4.7 of the Code)
   - Transactions in shares or related financial instruments of the Bank by executive bodies or executive employees (Article 6.6 of the Code).

2) *If the company takes out a D&O (Directors' and Officers' liability insurance) policy for the Board of Directors and the Supervisory Board, a suitable deductible shall be agreed (Article 3.8 of the Code).*

No deductible has been agreed as yet for the existing Directors' & Officers' insurance for the Board of Directors and the Supervisory Board. We are of the opinion that a contribution deductible from the claims settled under the D&O insurance is not conductive to providing an additional incentive for Board members to act in accordance with their responsibilities. Moreover, the Board member continues to have criminal law liability in the event of grossly negligent acts or breach of trust, without prejudice to the terms of the D&O insurance.

3) *The chairperson of the Supervisory Board shall outline the underlying principles of the compensation system and any changes thereto to the General Meeting (Article 4.2.3 of the Code).*

   The underlying principles of the compensation system and any changes to them are published in the Annual Report. This is available to the Annual General Meeting at the time of adopting the Annual Financial Statements.

4) *To permit the Supervisory Board's independent advice and supervision of the Board of Directors, the Supervisory Board shall include what it considers an adequate number of members. A Supervisory Board member is considered independent if he/she has no business or personal relations with the company or its Board of Directors which cause a conflict of interests (Article 5.4.2 of the Code).*

   The composition of the Supervisory Board corresponds with the Bank's particular market orientation to the health market.

5) *Proposed candidates for the Supervisory Board chair shall be announced to the shareholders (Article 5.4.3 of the Code).*

   In its constituent meeting, the Supervisory Board elects a chairman from among its members according to the stipulations of § 27 of the German Codetermination Act (MitbestG).

6) *It shall not be the rule for the former chairman of the Board of Directors or a member of the Board of Directors to become Supervisory Board chairman or the chairman of a Supervisory Board committee. If this is intended, the special reasons shall be presented to the Annual General Meeting (Article 5.4.4 of the Code).*

   It is not intended for the spokesman of the Board of Directors or a member of the Board of Directors to become chairman of the Supervisory Board or the chairman of a committee.

7) *Compensation for members of the Supervisory Board shall also take account of the exercising of the chair and membership of committees (Article 5.4.7 of the Code).*

   The chairpersons and committee members currently receive no additional remuneration.

8) *The Consolidated Financial Statements and interim reports shall be prepared under observance of internationally recognised accounting principles (Article 7.1.1 of the Code).*

   The Annual Financial Statements and interim reports are prepared in accordance with the commercial law provisions of the national regulations of the Commercial Code (HGB) that also form the basis for taxation.

Düsseldorf, 9 November 2007

For the Supervisory Board	The Board of Directors
Dr. med. dent. Wilhelm Osing	Günter Preuß Gerhard K. Girner Günther Herion Werner Albert Schuster Claus Harald Wilsing

We pay our respects to our departed members

Kurt Grobe, dentist

Professor Dr. med. dent. Gisbert Krekeler

Dr. med. Paul Erwin Odenbach

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

We shall continue to honour them in our thoughts.

Financial Statements for 2007

Assets	€	€	€	€	Previous year in € thousand
1. Cash reserves					
a) Cash on hand			30,825,697.59		25,318
b) Cash in central banks			247,467,583.95		112,171
Including: with Deutsche Bundesbank	247,467,583.95				(112,171)
c) Cash in post office giro accounts			0.00	**278,293,281.54**	0
2. Debt instruments of public agencies and bills of exchange eligible for refinancing with central banks					
a) Treasury bills and non-interest-bearing treasury notes and similar debt instruments of public agencies			0.00		0
Including: eligible for refinancing with Deutsche Bundesbank	0.00				(0)
b) Bills of exchange			0.00	**0.00**	0
Including: eligible for refinancing with Deutsche Bundesbank	0.00				(0)
3. Loans and advances to banks					
a) Due on demand			146,937,798.79		361,704
b) Others			3,388,265,457.99	**3,535,203,256.78**	2,021,337
4. Loans and advances to customers				**22,035,489,027.47**	20,661,561
Including: secured by mortgages	4,845,096,565.64				(4,496,663)
Municipal loans	95,616,455.23				(168,768)
5. Debt securities and other fixed-interest securities					
a) Money market papers					
aa) of public issuers		0.00			0
Including: eligible as collateral with Deutsche Bundesbank	0.00				(0)
ab) of other issuers		1,922,797,769.47	1,922,797,769.47		1,937,655
Including: eligible as collateral with Deutsche Bundesbank	0.00				(148,009)
b) Bonds and debt securities					
ba) of public issuers		79,187,671.23			79,190
Including: eligible as collateral with Deutschen Bundesbank	79,187,671.23				(79,190)
bb) of other issuers		5,199,970,698.45	5,279,158,369.68		4,094,153
Including: eligible as collateral with Deutschen Bundesbank	3,546,009,019.79				(2,633,499)
c) Own debt securities			112,001,531.91	**7,313,957,671.06**	69,540
Nominal amount	110,432,579.87				(68,246)
6. Shares and other non-fixed-interest securities				**2,202,558,904.39**	1,815,090
7. Participating interests and capital shares in cooperatives					
a) Participating interests			77,296,614.69		59,803
Including: in banks	72,024,535.61				(54,753)
in financial services institutions	0.00				(0)
b) Capital shares in cooperatives			637,300.89	**77,933,915.58**	300
Including: in cooperative banks	0.00				(0)
in financial services institutions	0.00				(0)
8. Shares in affiliated companies				**131,852,179.64**	131,787
Including: in banks	0.00				(2,929)
in financial services institutions	53,015,844.54				(53,016)
9. Trust assets				**2,758,792.10**	2,770
Including: loans for third-party accounts	21,271.47				(32)
10. Compensation claims against the public sector, including debt securities from their exchange				**0.00**	0
11. Intangible assets				**18,800,502.00**	6,101
12. Tangible assets				**222,253,855.23**	220,838
13. Other assets				**1,136,778,620.64**	1,191,141
14. Prepayments and accord items				**113,968,680.04**	159,271
Total assets				**37,069,848,686.47**	32,949,730

Liabilities	€	€	€	€	Previous year in € thousand
1. Liabilities to banks					
a) Due on demand			1,286,849,899.31		1,298,921
b) With agreed term or period of notice			7,691,234,421.22	**8,978,084,320.53**	6,078,424
2. Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		91,374,711.79			206,564
ab) With agreed period of notice of more than three months		26,546,582.29	117,921,294.08		360,732
b) Other liabilities					
ba) Due on demand		7,351,907,018.27			4,739,312
bb) With agreed term or period of notice		7,097,450,980.61	14,449,357,998.88	**14,567,279,292.96**	7,039,235
3. Certificated liabilities					
a) Debt securities issued			10,454,796,442.76		10,187,959
b) Other certificated liabilities			0.00	**10,454,796,442.76**	0
Including: money market papers	0.00				(0)
own acceptances and promissory notes outstanding	0.00				(0)
4. Trust liabilities				**2,758,792.10**	2,770
Including: loans for third-party accounts	21,271.47				(32)
5. Other liabilities				**489,070,846.48**	445,175
6. Deferred income and accruals				**71,102,931.41**	89,630
7. Provisions					
a) Provisions for pensions and similar obligations			114,570,576.00		111,150
b) Tax provisions			4,375,930.99		23,431
c) Other provisions			26,600,159.42	**145,546,666.41**	27,055
8. Special items with a reserve element				**0.00**	0
9. Subordinated liabilities				**219,988,255.36**	245,682
10. Participating certificate capital				**286,129,188.12**	296,355
Including: due within two years	51,129,188.12				(35,790)
11. Fund for general banking risks				**146,000,000.00**	146,000
12. Equity capital					
a) Subscribed capital			950,650,924.47		958,045
b) Capital reserves			0.00		0
c) Revenue reserves					
ca) Legal reserves		322,500,000.00			290,000
cb) Other revenue reserves		322,500,000.00	645,000,000.00		290,000
d) Net earnings			113,441,025.87	**1,709,091,950.34**	113,290
Total liabilities				**37,069,848,686.47**	32,949,730

1. Contingent liabilities					
a) Contingent liabilities from rediscounted, settled bills		0.00			0
b) Liabilities from guarantees and indemnity agreements		3,170,102,675.58			1,386,279
c) Collateral furnished for third-party liabilities		0.00	3,170,102,675.58		0
2. Other obligations					
a) Obligations under optional repurchasing agreements		0.00			0
b) Placement and underwriting obligations		0.00			0
c) Irrevocable loan commitments		2,589,607,624.55	2,589,607,624.55		2,325,879

Profit and Loss Account

for the period 1 January 2007 to 31 December 2007

		€	€	€	€	Previous year in € thousand
1.	**Interest income from**					
	a) Lending and money market transactions		1,469,180,029.61			1,255,126
	b) Fixed-interest securities and debt register claims		290,598,741.52	1,759,778,771.13		204,225
2.	**Interest expenses**			1,352,916,659.75	406,862,111.38	1,022,870
3.	**Current income from**					
	a) Shares and other non-fixed-interest securities			82,655,195.24		45,476
	b) Participating interests and capital shares in cooperatives			3,291,220.65		2,630
	c) Shares in affiliated companies			13,785,680.21	99,732,096.10	7,314
4.	**Income from profit pooling, profit transfer agreements or partial profit transfer agreements**				750,009.66	570
5.	**Commission income**			243,905,764.50		223,970
6.	**Commission expenses**			72,639,683.17	171,266,081.33	82,011
7.	**Net income from financial transactions**				12,976,392.04	11,905
8.	**Other operating income**				12,040,368.37	12,746
9.	**Income from release of special items with a reserve element**				0.00	0
10.	**General administrative costs**					
	a) Personnel expenses					
	aa) Wages and salaries		147,925,073.86			134,818
	ab) Social security contributions and expenses for pensions and benefits		23,014,144.69	170,939,218.55		39,655
	Including: for pensions	2,179,893.82				(19,026)
	b) Other administrative costs			186,313,717.87	357,252,936.42	165,314
11.	**Depreciation and value adjustments in respect of intangible and tangible assets**				20,996,762.36	18,011
12.	**Other operating expenses**				11,371,338.41	9,704
13.	**Write-offs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks**			120,835,574.89		96,474
14.	**Income from write-ups of receivables and specific securities and write-backs of provisions for credit risks**			0,00	-120,835,574.89	0
15.	**Write-offs and value adjustments in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets**			65,944,723.76		562
16.	**Write-ups in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets**			0.00	- 65,944,723.76	0
17.	**Expenses from the absorption of losses**				0.00	0
18.	**Transfers to special items with a reserve element**				0.00	0
19.	**Profit on ordinary activities**				127,225,723.04	194,543
20.	**Extraordinary income**			0.00		0
21.	**Extraordinary expenditures**			0.00		0
22.	**Extraordinary profit/loss**				0.00	(0)
23.	**Taxes on income**			14,072,836.18		16,688
24.	**Other taxes not indicated in item 12**			-269,025.38	13,803,810.80	601
24 a.	**Transfer to fund for general banking risks**				0.00	64,000
25.	**Distributable profit**				113,421,912.24	113,254
26.	**Profit carried forward from the previous year**				19,113.63	36
					113,441,025.87	113,290
27.	**Withdrawals from revenue reserves**					
	a) From the legal reserves			0.00		0
	b) From other reserves			0.00	0.00	0
					113,441,025.87	113,290
28.	**Allocation to revenue reserves**					
	a) To the legal reserves			0.00		0
	b) To other reserves			0.00	0.00	0
29.	**Net earnings**				113,441,025.87	113,290

A. General information

- No remarks.

B. Explanation of the accounting, valuation and translation methods

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

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

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

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

Securities procured in connection with interest rate swaps were combined with these into one valuation unit and subjected to compensatory valuation. Securities with a nominal volume of € 1.3 billion on the balance sheet date were hedged by asset swaps. Write-offs were made at the balance sheet date for uncompensated diminutions in value in these valuation units.

For the largest part of ABS, we calculated the attributable value using indicative prices from price service agencies.

Tailor-made CDO structures are structured products within the meaning of IDW RH BFA 1.003. CDOs that have been acquired since 2006 were split into an interest-bearing security and a protection seller position of a credit default swap. In the case of long-term diminutions in the value of balance sheet components, provisions for contingent losses are set up or write-offs are made.
For the tailor-made CDO structures, the attributable value at the balance sheet date is calculated using a valuation model on the basis of the correlations and the credit spreads of the reference assets.

Products with a capital guarantee which are allocated to fixed assets were reported in the balance sheet as one product according to IDW ERS HFA 22, text 14 c). There is a contractually agreed absolute capital guarantee by the issuers, which guarantees the capital employed at the maturity date. The attributable value of the capital-guaranteed products corresponds to the indicative quotations of the issuers at the balance sheet date.

The attributable values of the shares in the LAAM funds correspond to the indicative fund prices provided by the independent fund administrators.

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

No depreciation was made on the lower attributable value at the balance sheet date for the following securities of the investment portfolio pursuant to § 253 (2) sentence 3 of the German Commercial Code (HGB) in combination with § 279 (1) HGB:

Securities of the investment portfolio	Book value as of 31.12.2007 € million	Attributable value as of 31.12.2007 € million	Omitted depreciation € million
ABS	628.1	621.2	6.9
Tailor-made CDO	475.0	406.5	68.5
Capital-guaranteed products	504.8	487.5	17.3
LAAM fund XXI	50.0	26.0	24.0
Other securities in fixed assets	9.1	3.3	5.8
Total	**1,667.0**	**1,544.5**	**122.5**

Within the framework of our analysis whether there could be long-term diminutions in value of the above-mentioned securities, we identified individual securities on the basis of fixed applicability criteria (e.g. change in payment delay rates, amount and cover of losses incurred, securitised types of risk, amount of price losses), and investigated on the basis of a look-through approach regarding the underlying risk assets whether the credit enhancement can cover already incurred and future expected losses.

As regards ABS, we did not identify any applicability criterion that could indicate a long-term diminution in value.

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

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

The diminutions in value of the shares in the fund LAAM XXI, which were allocated to fixed assets in 2007, were rated as only temporary on the basis of a credit analysis of the securities held in the fund. We did not identify any applicability criterion that could indicate a long-term diminution in value. It must be noted here that the fund is refinanced until the end of maturity, and that the difference between book value and attributable value is influenced by the leverage of the fund, because changes in value are fully reflected in the invested equity.

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

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 items for the purpose of § 6 (2) Income Tax Act (EstG) were completely written off.

Claims on or liabilities to capital investment companies were reported as claims on or liabilities to customers, because capital investment companies have lost their status as credit institutions according to the Act Amending the German Investment Act (Investmentänderungsgesetz), which came into force on 27 December 2007. No adjustment of prior-year figures was made.

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

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

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

Adequate provisions were also made for other uncertain liabilities.

As from these financial statements, CDS are recorded as contingent liabilities at their nominal value according to the principles for the non-trading portfolio pursuant to IDW RS BFA 1, and are shown in the balance sheet under the item “Liabilities from guarantees and indemnity agreements”. Provisions for contingent losses are set up if there is the threat of serious claims. Such claims did not exist at the balance sheet date.

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

Fixed assets were valued at historical costs. Foreign currency receivables and liabilities and cash transactions not completed by the balance sheet date were translated at the spot rate in accordance with § 340h (1) of the German Commercial Code (HGB). Foreign currency liabilities secured by cross-currency swaps were translated at the spot rate on the balance sheet date. The corresponding valuation result was neutralised by an offsetting item.

C. Statement of Fixed Assets 2007 (Euro, rounded)

	Acquisition/ production costs	Additions	Write-ups	Transfers (+ / –)	a) Disposals b) Subsidies	Depreciation (cumulative)	Book values on balance sheet date	Depreciation in financial year
		of the Financial Year						
	€	€	€	€	€	€	€	€
Intangible assets	23,854,034	17,258,791	0	0	a) 2,308,202 b) 0	20,004,121	18,800,502	4,536,871
Tangible assets:								
a) Land and buildings	268,834,641	12,605,189	0	0	a) 7,784,289 b) 0	88,193,599	185,461,942	6,757,169
b) Office furniture and equipment	93,484,276	9,077,709	0	0	a) 9,915,699 b) 0	55,854,372	36,791,914	9,702,722
a.	**386,172,951**	**38,941,689**	**0**	**0**	**20,008,190**	**164,052,092**	**241,054,358**	**20,996,762**

	Book values at the beginning of the the financial year	Changes (netted)	Book values on balance sheet date
	€	€	€
Long-term securities	664,309,428	1,112,253,532	1,776,562,960
Participating interests and capital shares in cooperatives	60,102,463	17,831,453	77,933,916
Shares in affiliated companies	131,787,069	65,111	131,852,180
b.	**856,198,960**	**1,130,150,096**	**1,986,349,056**
Total of a and b	**1,242,371,911**		**2,227,403,414**

D. Notes to the Balance Sheet and the Profit and Loss Account

I. Balance Sheet

- Loans and advances to banks include € 202,032,123 of receivables from the relevant central institution of cooperative banks (Westdeutsche Genossenschafts-Zentralbank AG).
- The receivables shown in the balance sheet have the following maturities (previous year's figures in brackets):

	Accrued interest	up to three months	more than three months to one year	more than one year to five years	more than five years
	€	€	€	€	€
Other loans and advances to banks (A 3b) (excluding building society deposits)	634,805,333 (478,108,482)	1,313,463,621 (904,732,362)	775,000,000 (101,129,188)	337,500,000 (407,500,000)	327,496,504 (129,867,000)
Loans and advances to customers (A 4)	5,826,556 (2,393,532)	523,108,715 (412,013,449)	890,629,123 (702,988,739)	5,285,886,252 (5,144,212,242)	13,210,114,320 (12,332,579,883)

- The loans and advances to customers (A 4) include € 2,119,924,061 (previous year: € 2,067,372,910) of loans and advances with unspecified maturities.
- Of the debt securities and other fixed-interest securities (A5) stated in the balance sheet, € 2,436,383,052 (previous year: € 2,614,327,066) will mature during the financial year following the balance sheet date.
- Loans and advances include the following amounts, which are also loans and advances to affiliated undertakings or associated companies:

	Receivables from affiliated undertakings		Receivables from associated companies	
	Financial year	Previous year	Financial year	Previous year
	€	€	€	€
Loans and advances to banks (A 3)	0	0	224,831,323	502,944,899
Loans and advances to customers (A 4)	18,785,556	17,020,929	226,498,257	227,287,508
Debt securities and other fixed-interest securities (A 5)	0	0	0	0

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

	negotiable	quoted	unquoted	negotiable securities not valued at the lower of cost or market
	€	€	€	€
Debt securities and other fixed-interest securities (A 5)	7,313,957,671 (6,025,673,685)	5,229,371,302 (4,058,189,857)	2,084,586,369 (1,967,483,828)	1,101,298,822 (75,110,058)
Shares and other non-fixed-interest securities (A 6)	1,314,836,352 (19,459,612)	9,655,212 (9,162,908)	1,305,181,140 (10,296,704)	745,293 (0)
Participating interests and shares in cooperatives (A 7)	114,814 (114,814)	1,636 (1,636)	113,178 (113,178)	
Share in affiliated undertakings (A 8)	0 (0)	0 (0)	0 (0)	

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

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

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

The investment amounts to:

Special funds	Mastertrust platform	Investment manager	underlying asset class	invested amount on 31.12.2007 (€ million)
LAAM III	Panacea Trust	AC Capital Partners Ltd.	AAA-ABS/MBS	117
LAAM VIII	Panacea Trust	AC Capital Partners Ltd.	AAA-ABS/MBS	75
LAAM XII	Pivot Trust	AC Capital Partners Ltd.	Landesbank bonds with public guarantee	100
LAAM XX	Panacea Trust	AC Capital Partners Ltd.	AAA-ABS/MBS	77
LAM XXI	Panacea Trust	AC Capital Partners Ltd.	AAA-ABS/MBS	70
Total investment				**439**

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

- The trust transactions shown in the balance sheet are loans for third-party accounts totalling € 21,271 and contributions held in trust totalling € 2,737,521.

- Asset item 12 (tangible assets) includes:

	€
- Land and buildings used in the course of own business	180,311,949
- Office furniture and equipment	36,791,914

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

Company	Share in company capital %	Company's equity capital year	€ '000	Result of the past financial year year	€ '000
AC Capital Partners Limited, Dublin***	51	2007	19,051	2007	16,805
APO Asset Management GmbH, Düsseldorf	70	2007	5,070	2007	3,285
APO Beteiligungs-Holding GmbH, Düsseldorf	100	2007	36,564	2007	0 (750**)
APO Consult GmbH, Düsseldorf*	76	2007	51	2007	0 (57**)
APO Data-Service GmbH, Düsseldorf*	49	2007	3,007	2007	464
APO Leasing GmbH, Düsseldorf*	100	2007	94	2007	0 (1**)

Company	Share in company capital %	Company's equity capital year	€ '000	Result of the past financial year year	€ '000
APO Reiseservice GmbH, Düsseldorf*	100	2007	0	2007	0 (0**)
APO Vermietungsgesellschaft mbH, Düsseldorf*	100	2007	43	2007	3
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf*	5	2007	50	2007	219
apokom GmbH, Düsseldorf*	100	2007	75	2007	0 (32**)
Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin*	26	2007	165	2007	37
medisign GmbH, Düsseldorf*	50	2007	399	2007	-109
PMG Praxismanagement AG, Erlangen*	26	2006	486	2006	-922
APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf***	57	2007	9,015	2007	2,963
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf	95	2007	50	2007	219
ARZ Rechenzentrum nordrhein-westfälischer Apotheken AG, Haan	20	2006	16,402	2006	1,062
CP Capital Partners AG, Zurich	24	2007	131	2007	9
DAPO International Finance N.V. i.L., Amsterdam	100	2007	91	2007	434
Deutsche Apotheker- u. Ärztebank (Ireland) Investment Company, Dublin***	100	2007	26,400	2007	478
DGN Deutsches Gesundheitsnetz GmbH, Düsseldorf	100	2007	1,619	2007	-1,659
MD Verlag- und Werbegesellschaft mbH, Berlin*	100	2006	0	2006	-1
Finanz-Service GmbH der APO-Bank, Düsseldorf	50	2007	1,609	2007	334
IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster	26	2007	122	2007	2
Prof. Bicanski und Coll. IWP Beratungsgesellschaft mbH, Münster	26	2007	176	2007	7
Profi Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	24	2007	566	2007	265
Treuhand Hannover GmbH, Hanover	26	2006	20,780	2006	3,838
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf	25	2007	2,184	2007	-40

* indirect participations
** before profit transfer or loss absorption
*** preliminary figures

- Consolidated financial statements were not prepared in view of § 296 (2) German Commercial Code (HGB) since the results for the whole Group are of minor importance for the provision of a fair picture of the Group's net worth, financial position and profit situation.
- Participating interests in major stock corporations with more than 5% of voting rights existed as follows:
  Treuhand Hannover GmbH, Steuerberatungsgesellschaft
  DAPO International Finance N.V. i.L., Amsterdam

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

	€
Capitalised premiums from options	956,417,724
Tax receivables	137,534,732
Including: corporation tax credit pursuant to § 37 (5) Corporation Tax Act (Körperschaftssteuergesetz, KStG)	64,946,422

- Deferred items include discount amounts from assumed liabilities of € 48,302,873 as well as premiums for swaptions exercised of € 59,252,055.
- Assets with a book value of € 90,000,000 were transferred in the course of repurchase agreements. The amount received for the transfer was shown as a liability.
- Subordinated assets are included in the items “Debt securities and other fixed-interest securities” (€ 8,607,719) as well as “Shares and other non-fixed-interest securities” (€ 462,593) with a total of € 9,070,312 (previous year: € 61,449,686).
- Assets include foreign currency items with a value of € 280,898,145.
- Liabilities to banks include € 80,670,834 of liabilities to the relevant central cooperative bank (Westdeutsche Genossenschafts-Zentralbank AG).
- The following liabilities are secured by transfer of assets:

	€
Liabilities due to banks	4,972,043,766

Irrespective of an assigned liability, we deposited cash collaterals of € 41.8 million within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of € 51.5 million were pledged as collateral for margin obligations at futures and options exchanges and to secure payment obligations from securities transactions.

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

	Deferred interest €	up to three months €	more than three months to one year €	more than one year to five years €	more than five years €
Liabilities due to banks, with agreed term or period of notice (L 1b)	349,179,301	2,028,765,194	607,415,100	1,783,772,632	2,922,102,194
	(313,881,977)	(720,439,945)	(822,077,385)	(1,655,296,825)	(2,566,728,370)
Savings deposits with agreed period of notice of more than three months (L 2ab)	0	97,681,564	6,234,010	13,294,715	711,005
	(0)	(150,436,573)	(188,696,748)	(20,553,854)	(1,045,149)
Other liabilities to customers with agreed term or period of notice (L 2bb)	76,519,234	3,480,364,489	345,203,420	679,703,001	2,515,660,837
	(69,808,579)	(3,787,736,711)	(628,847,529)	(546,822,433)	(2,006,019,426)
Other certificated liabilities (L 3b)	0	0	0	0	0
	(0)	(0)	(0)	(0)	(0)

- Of the debt securities issued (L 3a), € 3,644,719,560 (previous year: € 2,992,596,851) will mature in the financial year following the balance sheet date.

• The item "Other liabilities" includes the following larger single amounts:

	€
Premiums from options and caps carried as liabilities	329,826,537
Offsetting item from foreign currency valuation	39,961,528
Capital gain from sale of ABS papers w/LAAM III shown as a liability	34,979,569
Interest, participating certificates and contributions of silent partners	22,173,829

• Deferred income and accruals (L 6) include discounts deducted on the payment of receivables totalling € 56,478,556.

• Details of liability item 9 (subordinated liabilities):

Expenses of € 12,702,861 were incurred in the financial year.
There is no obligation to make premature repayment.

Subordination has been arranged as follows:
In the event of the insolvency or liquidation of the Bank, the liabilities are repayable only after all higher-ranking creditors have been satisfied. These liabilities have maturities of 8, 10 and 25 years.

Subordinated liabilities carry the following rates of interest:

• Subordinated bearer bonds with a variable rate of 6-month Libor plus 0.4 % and six-month Euribor plus 1 % as well as fixed interest rates of 5.0 % to 5.3 %.

• Subordinated note loans with fixed interest rates of 4.80 % to 6.69 %.

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

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

	Liabilities to			
	affiliated undertakings		associated companies	
	Financial year	Previous year	Financial year	Previous year
	€	€	€	€
Liabilities to banks (L 1)	0	2,125,577	611,834,672	690,601,632
Liabilities to customers (L 2)	18,919,165	418,616,739	52,868,441	45,822,432
Certificated liabilities (L 3)	67,252	67,252	352,695	21,771,020
Subordinated liabilities (L 9)	0	0	0	0

• Liabilities include foreign currency items with an equivalent value of € 746,255,416 and off-balance sheet contingent liabilities and other obligations with an equivalent value of € 1,336,037,034.

• The members' capital contributions shown under "Subscribed capital" of liability item 12 a:

		€
Contributions of silent partners		150,000,000
Members' capital contributions		
a) of remaining members		791,082,613
b) of departing members		8,174,344
c) of terminated members' capital contributions		1,393,967
Compulsory contributions due on shares in arrears	€ 620,516	

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

	Legal reserves	Other revenue reserves
	€	€
Status as of 1 January 2007	290,000,000	290,000,000
Transfers		
- from the accounting profit of the previous year	32,500,000	32,500,000
- from the distributable profit of the financial year	0	0
Withdrawals	0	0
	0	0
Status as of 31 December 2007	**322,500,000**	**322,500,000**

- Unrealised reserves in the amount of € 14,020,467 were assigned to liable equity capital as per 31 December 2007 in accordance with § 10 (2b) sentence 1 No. 7 of the Banking Act (KWG).
- The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market price risk arising from open items, and in the event of counterparty default, also from closed items, amounted to € 68,076 million (previous year: € 64,874 million) as of 31 December 2007. Included therein are the following types of transactions:

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

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

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

in € million	Nominal value		Market value		Credit equivalent	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Interest rate-related transactions						
Time to maturity						
- up to 1 year	16,262	17,294	181	148	213	171
- over 1 year up to 5 years	26,792	24,902	379	334	598	568
- over 5 years	18,170	17,620	646	538	1,010	867
	61,224	**59,816**	**1,206**	**1,020**	**1,821**	**1,606**
Currency-related transactions						
Time to maturity						
- up to 1 year	3,000	2,110	- 7	- 4	64	52
- over 1 year up to 5 years	278	475	- 20	- 13	19	34
- over 5 years	165	138	0	0	14	12
	3,443	**2,723**	**- 27**	**- 17**	**97**	**98**

in € million	Nominal value		Market value		Credit equivalent	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Stock-related transactions						
Time to maturity						
- up to 1 year	789	564	0	0	57	31
- over 1 year up to 5 years	36	138	0	0	2	6
- over 5 years	0	0	0	0	0	0
	825	**702**	**0**	**0**	**59**	**37**
Credit derivatives						
Time to maturity						
- up to 1 year	0	0	0	0	0	0
- over 1 year up to 5 years	456	59	- 13	0	0	0
- over 5 years	2,128	1,074	- 116	5	0	0
	2,584	**1,133**	**- 129**	**5**	**0**	**0**
Other transactions						
Time to maturity						
- up to 1 year	0	0	0	0	0	0
- over 1 year up to 5 years	0	0	0	0	0	0
- over 5 years	0	500	0	5	0	81
	0	**500**	**0**	**5**	**0**	**81**
Total: in aggregate	**68,076**	**64,874**	**1,050**	**1,013**	**1,977**	**1,822**

The nominal amount of the derivatives assigned to the trading portfolio was € 5,524 million as of 31 December 2007, with a market value of € 0.4 million and a credit equivalent of € 6 million.

The market values presented were calculated using the discounted cash flow method or using valuation methods.

- The Bank bought 75 ABS papers at a total purchase price of € 1,155.4 million from the LAAM fund III. The Bank returned these fund shares, which had been carried as assets with a market value of € 82.7 million, to the LAAM fund III at a price of € 60.0 million. This resulted in a loss of € 22.7 million. For the purpose of refinancing, the ABS papers were sold at a total price of € 1,190.6 million, while at the same time total return swaps were entered into to the effect that their chances and risks of performance as well as their return remain with apoBank. According to the principles of IDW ERS HFA 13 TZ. 52-53, the gain from the resale of these ABS papers was not recognised in the Bank's Annual Financial Statements, but will only be reported when the ABS papers are returned.

II. Profit and Loss Account

- The income of the Bank is primarily generated in Germany.
- Income taxes are payable on the profit from ordinary activities.

E. Other Details

- According to § 285 (9a) German Commercial Code (HGB), the total remuneration of the Board of Directors amounted to € 3,612,652; the performance-related share of this total remuneration was 53%.

According to the remuneration structure agreed upon by the Board of Directors and the Presiding Committee, a bonus is paid on top of the basic salary. This bonus is oriented to the achievement of agreed goals and amounts to 40% of the aggregate salary if all goals are achieved. If the agreed goals are exceeded, the bonus can amount to a maximum of 57% of the aggregate salary.

The total remuneration is to be divided up as follows:

	€
Contractual salaries including possible year-end bonuses and special bonuses	3,335,079
Anniversary bonuses/Special bonuses	150,000
Fringe benefits (non-cash benefits)	127,573

- Retirement pensions amounting to € 1,038,226 and fringe benefits (non-cash benefits) in the amount of € 25,624 were paid to former members of the Board of Directors and their surviving dependants.
- The total remuneration for members of the Supervisory Board was € 404,725, which was divided up as follows: Annual remuneration € 277,660; attendance fees € 44,213; loss of income allowance € 74,331; daily allowances € 8,521.
- The total remuneration for former members of the Board of Directors and their surviving dependants amounted to € 1,063,850.
- Pension provisions for former members of the Board of Directors and their surviving dependants as of 31 December 2007 were € 13,215,036.
- The following liabilities had been assumed on the balance sheet date for

	€
Members of the Board of Directors	148,615
Members of the Supervisory Board	3,254,888

- The expenses for the audit of the Annual Financial Statements, tax advice and other services of the auditor, the PricewaterhouseCoopers company, were € 1,800,924 in the year under review (previous year: € 2,196,105).

The expenses are to be divided up as follows:

	Financial year €	Previous year €
Audit of the Annual Financial Statements	1,188,000	1,063,687
Other certification and assessment services	171,078	62,162
Tax advice	0	19,440
Other services	441,846	1,050,816

- Financial liabilities of € 90,129,264 have not been shown in the balance sheet or referred to in the Notes but are of significance for the assessment of financial status.

	€
Total liability obligations arising from the acquisition of equity interests for cooperatives	0
Guarantee obligation given to the protection scheme of the BVR cooperative banking sector organisation	90,129,264

- As at 31 December 2007, members of the Board of Directors and employees of the Bank held seats on the Supervisory Boards of the following joint-stock companies or comparable organisations pursuant to § 267 (3) German Commercial Code (HGB):

Name	Company	Function
Günter Preuß	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Chairman of the Administrative Board
	apokom GmbH, Düsseldorf	Member of the Supervisory Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Member of the Supervisory Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board
Gerhard K. Girner	APO Asset Management GmbH, Düsseldorf	Member of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
	Apothekerversorgung Mecklenburg-Vorpommern, Schwerin	Member of the Administrative Board
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Member of the Supervisory Board
	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board
	Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne	Member of the Supervisory Board
	Finanz-Service GmbH der APO-Bank, Düsseldorf	Deputy Chairman of the Supervisory Board
	Maintrust Kapitalanlagegesellschaft mbH, Frankfurt	Member of the Supervisory Board
Günther Herion	AC Capital Partners Limited, Dublin	Member of the Board of Directors
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
	Rheinisch-Westfälischer Genossenschaftsverband e. V., Münster	Member of the Administrative Board
	RMS RISK MANAGEMENT SOLUTIONS GmbH, Cologne	Member of the Supervisory Board
	ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf	Member of the Supervisory Board
Werner Albert Schuster	APO Data-Service GmbH, Düsseldorf	Chairman of the Supervisory Board
	DGN GmbH Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Deputy Chairman of the Supervisory Board
Claus Harald Wilsing	AC Capital Partners Limited, Dublin	Chairman of the Board of Directors
	APO Asset Management GmbH, Düsseldorf	Chairman of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Chairman of the Supervisory Board
	apokom GmbH, Düsseldorf	Chairman of the Supervisory Board
	arsago Hedge Fund Holding AG, Zurich	Member of the Administrative Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Chairman of the Supervisory Board
	INKA Internationale Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
	Seabright Holdings Ltd., Cyprus	Member of the Supervisory Board
Hans-Jochen Becker	apokom GmbH, Düsseldorf	Member of the Supervisory Board
	CP Capital Partners AG, Zurich	Chairman of the Administrative Board
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
Berthold Bisping	apokom GmbH, Düsseldorf	Member of the Supervisory Board
	ARZ Haan AG, Haan	Member of the Supervisory Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Member of the Supervisory Board
	PMG Praxismanagement AG, Erlangen	Member of the Supervisory Board
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board

Name	Company	Function
Rainald Brune	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin	Member of the Board of Directors
Regina Dörr	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin	Member of the Board of Directors
Hans Fells	Finanz-Service GmbH der APO-Bank, Düsseldorf	Member of the Supervisory Board
Uwe Meyer-Vogelgesang	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Member of the Supervisory Board
Stefan Kunac	APO Data-Service GmbH, Düsseldorf	Member of the Supervisory Board
Ulrich Sommer	APO Asset Management GmbH, Düsseldorf	Member of the Supervisory Board

- The average number of employees in 2007 was:

	Full-time	Part-time
Clerical staff	1,939	149
	1,939	**149**

46 trainees on average were also employed.

- Changes in membership:

	Number of members	Number of shares	Liable amounts €
Beginning of 2007	100,982	531,931	797,896,500
Additions in 2007	2,034	12,418	18,627,000
Reductions in 2007	2,804	16,447	24,670,500
End of 2007	100,212	527,902	791,853,000

	€
The capital shares of the remaining members decreased during the financial year by	4,317,548
The uncalled liabilities decreased during the financial year by	6,043,500

Amount of capital share € 1,500.–, amount of the uncalled liability € 1,500.–

Name and address of the auditing association:

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

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

Günter Preuß, Bank Director, Spokesman
Dr. Franz Georg Brune (until 26.04.2007), Bank Director
Gerhard K. Girner, Bank Director
Günther Herion, Bank Director
Werner Albert Schuster, Bank Director
Claus Harald Wilsing (from 01.10.2007), Bank Director

Members of the Supervisory Board (first name and surname)

Dr. med. dent. Wilhelm Osing, Chairman, Dentist
Wolfgang Häck*, Deputy Chairman (from 15.06.2007), Bank employee
Norbert Hinke*, Deputy Chairman (until 15.06.2007), Bank employee
Karin Bahr* (from 15.06.2007), Bank employee
Ralf Baumann*, Bank employee
Hans-Jochen Becker ** (from 15.06.2007), Bank employee
Berthold Bisping** (until 15.06.2007), Bank employee
Dr. med. dent. Wolfgang Eßer, Dentist
Sven Franke* (from 15.06.2007), Bank employee
Hans-Günter Friese (until 15.06.2007), Pharmacist
Erich Gottwald* (until 15.06.2007), Bank employee
Eberhard Gramsch (from 15.06.2007), Physician
Thomas Höll* (until 15.06.2007), Bank employee
Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, Physician
Uschi Jaeckel*, Trade union secretary
Herman Stefan Keller, Pharmacist
Dr. med. Andreas Köhler, Physician
Dr. med. Ulrich Oesingmann, Physician
Dr. med. dent. Helmut Pfeffer, Dentist
Gerhard Reichert, Pharmacist
Christian Scherer*, Bank employee
Friedemann Schmidt (from 15.06.2007), Pharmacist
Michael Sell* (until 15.06.2007), Bank employee
Roland Wark*, Bank employee
Loni Wellert* (from 15.06.2007), Bank employee
Dr. med. Wolfgang Wesiack (until 15.06.2007), Physician

* employee representatives ** representatives of management executives

Düsseldorf, 27 March 2008
Deutsche Apotheker- und Ärztebank eG
The Board of Directors

Günter Preuß   Gerhard K. Girner   Günther Herion   Werner Albert Schuster   Claus Harald Wilsing

Report of the Auditors:

We audited the Annual Financial Statements – consisting of balance sheet, profit and loss account as well as notes – including the accounts and the Management Report of Deutsche Apotheker- und Ärztebank eG, Düsseldorf, for the financial year 1 January 2007 to 31 December 2007. Under German commercial law regulations and the supplementary rules of the Articles of Association, responsibility for the accounts and for the preparation of the Annual Financial Statements and Management Report lies with the Board of Directors of the cooperative bank. It is our duty to give an opinion on the Annual Financial Statements - including the accounts and Management Report – on the basis of our audit.

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

Our audit gave rise to no objections.

According to our judgement on the basis of the knowledge gained from the audit, the Annual Financial Statements are in compliance with the statutory requirements and the supplementary rules of the Articles of Association and present a true and fair view of the net worth, financial and earnings position of the cooperative bank in accordance with the generally accepted accounting principles.

The Management Report is in accordance with the Annual Financial Statements, provides an appropriate presentation of the state of affairs of the cooperative bank and appropriately shows the chances and risks of future development.

Düsseldorf, 7 April 2008
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. André Dicken, Certified Auditor

ppa. Holger Gathmann, Certified Auditor

Confirmation by the legal representatives

Declaration by the Board of Directors

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

Düsseldorf, 27 March 2008

The Board of Directors

Deutsche Apotheker- und Ärztebank eG

Günter Preuß

Gerhard K. Girner

Günther Herion

Werner Albert Schuster

Claus Harald Wilsing

About the Bank

Division Heads	**Berthold Bisping**	Sales Organisations and Major Customers
	Holger Brettschneider	Controlling
	Hans Fells	Sales Partners
	Stefan Kunac	Banking Operations
	Claus Verfürth	Sales Private Customers
	Jörg Voll	Corporate Planning/Treasury
Unit Heads at Head Office	**Hans-Jochen Becker**	Finance
	Rainald Brune	Treasury/Liquidity Management
	Hugo Daldrup	Central Credit Control/Private Customers/Branch Business/Regional Credit Control
	Heinz Deterding	Facility Management
	Regina Dörr	Central Credit Control Corporate Clients/Medical Care Structures/Financial Instruments
	Heiko Drews	Sales and Product Management
	Thilo Gewaltig	Medical Care Structures and Corporate Clients
	Michael Goltz	Sales Coordination Medical Care Structures
	Wolfgang Hammel	Legal Department
	Manfred Hermes	Communications and Committees
	Georg Heßbrügge	Health Markets and Policy
	Gisela Kemmesies	Personnel
	Dr. Andreas Lettmann	Bank Controlling
	Eckhard Lüdering	Central Credit Control/Private Customers/Branch Business/Basic Issues
	Uwe Meyer-Vogelgesang	E-Health Market
	Stefan Mühr	Professional Associations
	Jürgen Otto	Auditing
	Martin Pietsch	IT and Organisation
	Axel Schneider	Trading Transactions
	Dr. Barbara Schwoerer	Strategy Consulting/Investment Management
	Dr. Thomas Siekmann	Corporate Planning
	Klaus Söhler	Service and Transaction Bank
	Ulrich Sommer	Securities/Institutional Clients/Investors
	Uwe Zeidler	Asset Management Private Customers

Sales Managers	**Jürgen Grabensee**
	Markus Herzig

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

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

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

Version: February 2008

Head Office

40547 Düsseldorf
Richard-Oskar-Mattern-Str. 6

Telephone +49 211/5998-0
Fax +49 211/593877
S.W.I.F.T. DAAE DE DD
http://www.apobank.de
E-mail: info@apobank.de

Branches

52064 Aachen
Habsburgerallee 13
Telephone +49 241/7505-0

86150 Augsburg
Eserwallstraße 3
Telephone +49 821/50269-0

95448 Bayreuth
Brandenburger Straße 4
Telephone +49 921/78923-0

10625 Berlin
Kantstraße 129
Telephone +49 30/31512-0

38100 Braunschweig
Kaiserstraße 7
Telephone +49 531/24487-0

28211 Bremen
Schwachhauser Heerstraße 41
Telephone +49 421/3482-0

09116 Chemnitz
Carl-Hamel-Straße 3b
Telephone +49 371/28152-0

50668 Cologne
Riehler Straße 34
Telephone +49 221/7728-0

64283 Darmstadt
Rheinstraße 29
Telephone +49 6151/9952-0

44141 Dortmund
Karl-Liebknecht-Straße 2
Telephone +49 231/4345-0

01099 Dresden
Schützenhöhe 16
Telephone +49 351/80001-0

40213 Düsseldorf
Heinrich-Heine-Allee 6
Telephone +49 211/5998-0

47051 Duisburg
Philosophenweg 21a
Telephone +49 203/99216-0

45127 Essen
Paul-Klinger-Straße 12
Telephone +49 201/81029-0

60326 Frankfurt
Mainzer Landstraße 275
Telephone +49 69/795092-0

79114 Freiburg
Sundgauallee 25
Telephone +49 761/88591-0

37073 Göttingen
Bürgerstraße 20
Telephone +49 551/50767-0

22083 Hamburg
Humboldtstraße 60
Telephone +49 40/22804-0

30175 Hanover
Königstraße 10
Telephone +49 511/3403-0

76185 Karlsruhe
Zeppelinstraße 2
Telephone +49 721/95559-0

34117 Kassel
Mauerstraße 13
Telephone +49 561/70007-0

24103 Kiel
Hopfenstraße 47
Telephone +49 431/6605-0

56068 Koblenz
Poststraße 8
Telephone +49 261/1391-0

04347 Leipzig
Braunstraße 16
Telephone +49 341/24520-0

23554 Lübeck
Fackenburger Allee 11
Telephone +49 451/40852-0

39120 Magdeburg
Doctor-Eisenbart-Ring 2
Telephone +49 391/62527-0

55118 Mainz
Frauenlobplatz 2
Telephone +49 6131/96010-0

68167 Mannheim
Jakob-Bensheimer-Straße 22
Telephone +49 621/3306-0

35043 Marburg
Raiffeisenstraße 6
Telephone +49 6421/4009-0

80333 Munich
Ottostraße 17
Telephone +49 89/55112-0

48147 Münster
Gartenstraße 208
Telephone +49 251/9286-0

67433 Neustadt
Lindenstraße 7-13
Telephone +49 6321/9251-0

90429 Nuremberg
Spittlertorgraben 3
Telephone +49 911/2721-0

26135 Oldenburg
Huntestraße 14a
Telephone +49 441/92397-0

49078 Osnabrück
An der Blankenburg 64
Telephone +49 541/94403-0

14467 Potsdam
Hegelallee 12
Telephone +49 331/27521-0

93049 Regensburg
Yorckstraße 13
Telephone +49 941/39603-0

18055 Rostock
August-Bebel-Straße 11/12
Telephone +49 381/45223-0

66119 Saarbrücken
Puccinistraße 2
Telephone +49 681/58606-0

19055 Schwerin
Wismarsche Straße 304
Telephone +49 385/59122-0

70567 Stuttgart
Albstadtweg 4
Telephone +49 711/7879-0

Branch Thuringia
99085 Erfurt
Theo-Neubauer-Straße 14
Telephone +49 361/57654-0

54290 Trier
Balduinstraße 16–18
Telephone +49 651/94805-0

65189 Wiesbaden
Abraham-Lincoln-Straße 36
Telephone +49 611/74499-0

97080 Würzburg
Beethovenstraße 1
Telephone +49 931/35535-0

42257 Wuppertal
Berliner Straße 45-47
Telephone +49 202/25052-0

Agencies

Agency Bielefeld
Am Bach 18
33602 Bielefeld
Telephone +49 521/98643-0
Responsible branch: Münster

Agency Bonn
Walter-Flex-Straße 2
53113 Bonn
Telephone +49 228/85466-0
Responsible branch: Cologne

Agency Hildesheim
Kaiserstraße 25
31134 Hildesheim
Telephone +49 5121/20669-3
Responsible branch: Hanover

Agency Ulm
Karlstraße 31–33
89073 Ulm
Telephone +49 731/14034-0
Responsible branch: Stuttgart

Agency Rosenheim
Bahnhofstraße 15
83022 Rosenheim
Telephone +49 8031/40831-0
Responsible branch:
Munich

Advisory Centres

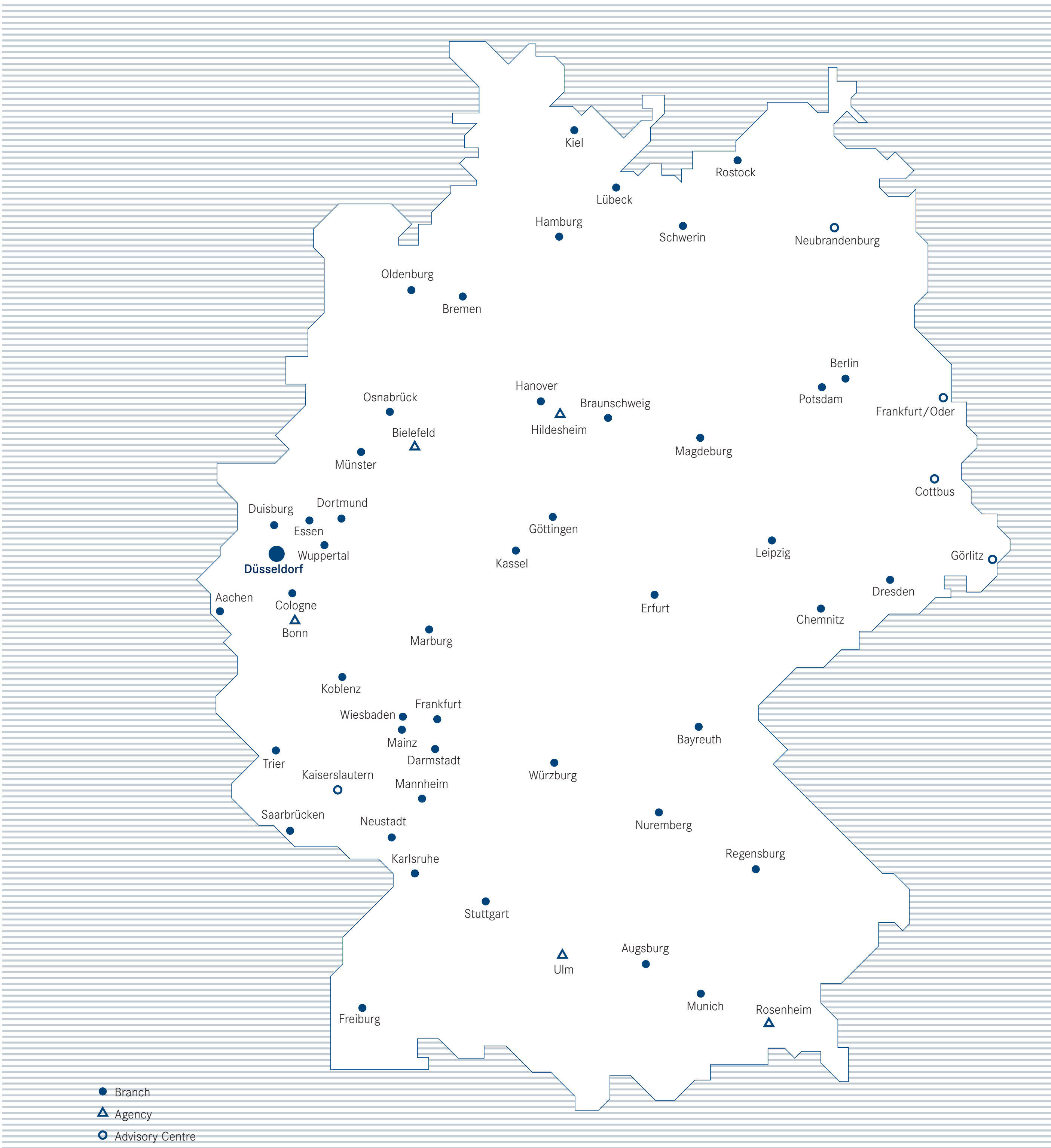
Advisory Centre Cottbus
Dreifertstraße 12
03044 Cottbus
Telephone +49 331/27521-0
Responsible branch: Potsdam

Advisory Centre Frankfurt/Oder
Berliner Straße 23a
15230 Frankfurt/Oder
Telephone +49 331/27521-0
Responsible branch: Potsdam

Advisory Centre Görlitz
Konsulplatz 3
02826 Görlitz
Telephone +49 351/80001-0
Responsible branch: Dresden

Advisory Centre Kaiserslautern
Münchstraße 6
67655 Kaiserslautern
Telephone +49 6321/9251-0
Responsible branch: Neustadt

Advisory Centre
Neubrandenburg
An der Marienkirche (Ärztehaus)
17033 Neubrandenburg
Telephone +49 395/563927-3
Responsible branch: Rostock or
Schwerin


Kiel
Rostock
Lübeck
Hamburg
Schwerin
Neubrandenburg
Oldenburg
Bremen
Berlin
Hanover
Braunschweig
Potsdam
Frankfurt/Oder
Osnabrück
Hildesheim
Bielefeld
Magdeburg
Münster
Cottbus
Duisburg
Dortmund
Essen
Göttingen
Wuppertal
Kassel
Leipzig
Görlitz
Düsseldorf
Aachen
Cologne
Dresden
Erfurt
Chemnitz
Bonn
Marburg
Koblenz
Frankfurt
Wiesbaden
Mainz
Bayreuth
Trier
Darmstadt
Kaiserslautern
Würzburg
Mannheim
Saarbrücken
Neustadt
Nuremberg
Regensburg
Karlsruhe
Stuttgart
Augsburg
Ulm
Munich
Rosenheim
Freiburg
Branch
Agency
Advisory Centre

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

1958	Introduction of account services free of charge for creditor accounts.
1961	Constitution of the Annual General Meeting as a result of the rapid growth in membership which has reached 5,477.
1965	The tenth branch office is opened. One of the first banks in Germany to enter the real estate business.
1972	Membership at 22,809. There are now 16 branch offices. Number of employees up to 581. Balance sheet total exceeds DM 1 billion for the first time.
1979	First primary cooperative bank to issue its own bearer bonds.
1982	Balance sheet total exceeds DM 5 billion. Membership reaches 54,501. Now 40 branches. Number of employees at 1,135.
1985	First primary cooperative bank to issue participating certificates.
1990	Bank expands into the new federal states and sets up 10 new branches there.
2002	Successful developments in the anniversary year despite structural and income crisis in the banking sector.
2004	Move to the new Head Office in Düsseldorf, Richard-Oskar-Mattern-Straße 6.
2006	Operating profit before risk provisioning: Euro 292 million; best operating result in the Bank’s history. Total membership reaches 100,982.
2007	In the year of worldwide financial crisis: Increase in balance sheet profit to Euro 113.4 million; number of customers reaches 306,600.

Publisher	Deutsche Apotheker- und Ärztebank Richard-Oskar-Mattern-Str. 6 40547 Düsseldorf
Layout and complete production	Meßner + Meßner, Advertising and Project Agency Düsseldorf
Photos	Michael Dannenmann, Hartmut Welsch
Image Statistics (Sources)	German Federal Statistics Office, German Federal Bank, European Central Bank, eurostat, own calculations