

2005

**A** Deutsche Apotheker-  
und Ärztekbank

Annual Report 2005



Balance Sheet Figures (€ million)	2005	2004	Change in %
Balance Sheet Total	<b>29,644</b>	27,349	+ 8.4
Customer Loans	<b>19,575</b>	18,206	+ 7.5
Customer Deposits	<b>11,482</b>	10,888	+ 5.5
Securitised Liabilities	<b>7,177</b>	7,502	- 4.3
Liable Equity Capital*	<b>2,592</b>	2,479	+ 4.6

#### Earnings Development (€ million)

Net Interest Income	<b>465.4</b>	446.2	+ 4.3
Net Commission Income	<b>119.2</b>	90.7	+ 31.4
General Administrative Expenses	<b>324.1</b>	309.9	+ 4.6
Operating Profit before Risk Provisions	<b>259.1</b>	234.1	+ 10.7
Loan Loss Provisions	<b>55.8</b>	58.6	- 4.8
Net Income after Taxes	<b>105.2</b>	89.6	+ 17.4

#### Selected Key Figures

Return on Equity	<b>14.1 %</b>	13.1 %
Cost-Income Ratio	<b>56.5 %</b>	57.9 %
Equity Ratio*	<b>11.7 %</b>	12.1 %
Core Capital Ratio*	<b>7.3 %</b>	7.3 %

#### Ratings

Standard & Poor's	<b>A/A-1</b> <b>Outlook stable</b>	A-/A-2 Outlook stable
Moody's	<b>A2/P-1</b> <b>Outlook stable</b>	A2/P-1 Outlook stable
FitchRatings (Verbund rating)	<b>A+/F-1</b> <b>Outlook stable</b>	- -

#### Other Data

Number of Employees	<b>2,007</b>	1,959	+ 2.5
Number of Members	<b>101,036</b>	99,484	+ 1.6
Number of Customers	<b>289,000</b>	277,500	+ 4.1

\* after Annual General Meeting

Deutsche Apotheker- und Ärztebank  
Annual Report 2005



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Dear Members, Customers and Business Partners,

The mood in the German economy has changed significantly in the course of the year 2005: While a rather pessimistic view of the future economic development prevailed during the first half of the year, expectations were much more confident in the following months. At the beginning of 2006, the business climate was even better than it had been in a long time. As a result, there are fewer doubts about the sustainability of the expected upswing. However, as domestic demand is only gradually recovering, the economy's strong dependence on exports has been only moderately reduced. What is more, the expansionary forces are not strong enough to bring about a sustained improvement in the labour market situation.

In 2005, the income statements of German banks benefited from strict cost control, buoyant securities trading and significantly lower risk provisioning than in the problematic year 2004. Nevertheless, according to the Federal Authority for Financial Services Supervision (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin), the sector has not yet been able to overcome the general weakness in earnings power, because earnings from operating activities are too low due to excessive competition in the lending business. Therefore, the banks' expectations for the year 2006 are rather muted, particularly because the reduction of risk provisioning can hardly be repeated and only some financial institutions make full use of the cost-saving effects of the standardisation and industrialisation of banking processes.

Looking at health policy one gets the impression that the new Federal Government, although aware of the problems in the German health care system, will not introduce any effective reform just because of the ideological barriers on both sides of the coalition. Thus the basic problem of Statutory Health Insurance (SHI), the imbalance between income and outgoings, remains unsolved; it has to be noted, however, that the problem of SHI is not its outgoings but its income. Government resolutions have made this problem even more acute: The short-term decision to cancel the Federal grant for non-insurance-related benefits, which was only introduced in 2003, as of 2007 will cause additional financial problems.

Consequently, cost pressure in the health care sector will continue to increase. It is to be feared that once again the service providers in practices, hospitals and pharmacies will be held responsible, who are already suffering from a high workload as well as from the precarious situation of the health care system. This is not only a question of remuneration, which often does not correspond to the service provided, but also one of bureaucratic regulations and government strings. Against this background it is easy to understand that the medical professions are losing some of their attractiveness for young students, and that the willingness to take the risk of setting up a private practice is decreasing.

We are concerned about this development, particularly because it supports the trend that outpatient care, which is as a rule provided by self-employed professionals, is shifted to institutional organisations. There is no doubt that our Bank faces new challenges resulting from the erosion of self-employment. In addition, we are carefully observing the gradual shift away from strictly sectoral care.





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

Therefore, the strategic positioning of new divisions and of our own subsidiaries, which was already started some years ago, is all the more important to us, as it creates the preconditions for addressing these developments in an appropriate manner and for actively accompanying the changes in the health care system. This is based on our conviction that the health sector will continue to be a growth market - although fundamental reforms of the system will be as inevitable as the readiness for change on the part of the service providers, above all with regard to modern forms of cooperation.

Apart from the personnel and organisational preconditions we have created in order to support our customers as a partner for the medical professions beyond the usual banking services, it is of great value to us that our Bank has a “healthy” constitution in every respect. For in this way we can guarantee a range of services that reflects, on the one hand, our long-standing (more than 100 years) profession-specific experience; on the other hand, our services are

also geared to foreseeable future developments and to the needs of pharmacists, physicians, psychological psychotherapists, dentists and veterinarians.

This Annual Report may give you a clue as to what we mean by a “healthy constitution”. The earnings figures of the annual financial statements show an appropriate expansion of net interest income and an increase in non-interest business, the latter being pushed within the framework of our securities strategy. True, administrative expenses were higher than in the previous year, too. However, the further improvement in the cost-income ratio indicates that the cost increases were more than offset by improved earnings in the operating business. As a matter of fact, the operating result in its different expressions has reached new record levels.

The volume analysis shows a solid balance sheet expansion, which was mainly based on the large number of new customers who were interested in our Bank’s financing expertise. Practice financing plays a key role here, especially with regard to long-term customer retention. Of course we are pleased that far more than half of all business start-ups by pharmacists, physicians and dentists are financed by us every year. This is an expression of confidence in our expertise, and it strengthens our position as the number one financial services provider to the medical professions.

Against this background, and as a company that wants to take part in actively shaping the future, we look forward with confidence to the challenges that lie ahead of us. Yet we are fully aware that in a period of radical change in the health care system, our Bank will be facing new tasks and will have to adapt to new situations in a timely

manner. The only thing that is certain is change. Therefore, rather than viewing this change as a disadvantage, we see it as an opportunity for further development and progress.

In order to show that we do not only think so, but also act accordingly, we will introduce a more modern and future-oriented corporate design to express the way we see ourselves: As an open-minded partner for the medical professions.

Yours sincerely,

Deutsche Apotheker- und Ärztebank



Günter Preuß



Dr. Franz Georg Brune



Gerhard K. Girner



Günther Herion



Werner Albert Schuster



Claus-Harald Wilsing

# Agenda

of the Annual General Meeting  
on Friday, 9 June 2006, 14.00 hours, Swissôtel Düsseldorf/Neuss,  
Rheinallee 1, 41460 Neuss

Words of Welcome

1. Report of the Board of Directors for the 2005 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 2005 Financial Statements  
b) Resolution regarding the appropriation of distributable profit in 2005
5. a) Ratification of the Actions of the Board of Directors in the 2005 Financial Year  
b) Ratification of the Actions of the Supervisory Board in the 2005 Financial Year
6. Proposal to amend the Articles of Association  
Adjustment of the time at which to calculate the decisive number of members for the new election of the Annual General Meeting in § 26c (1) of the Articles of Association and in § 1 (1) of the election regulations
7. Election of the Supervisory Board
8. Any other business

The session may be briefly interrupted at the beginning of Item 7 of the Agenda to give the individual professional groups an opportunity for consultation.

**Günter Preuß**

Düsseldorf  
Spokesman

**Dr. rer. pol. Franz Georg Brune**

Düsseldorf

**Gerhard K. Girner**

Düsseldorf

**Jürgen Helf**

Düsseldorf  
(until 30 June 2005)

**Günther Herion**

Düsseldorf

**Werner Albert Schuster**

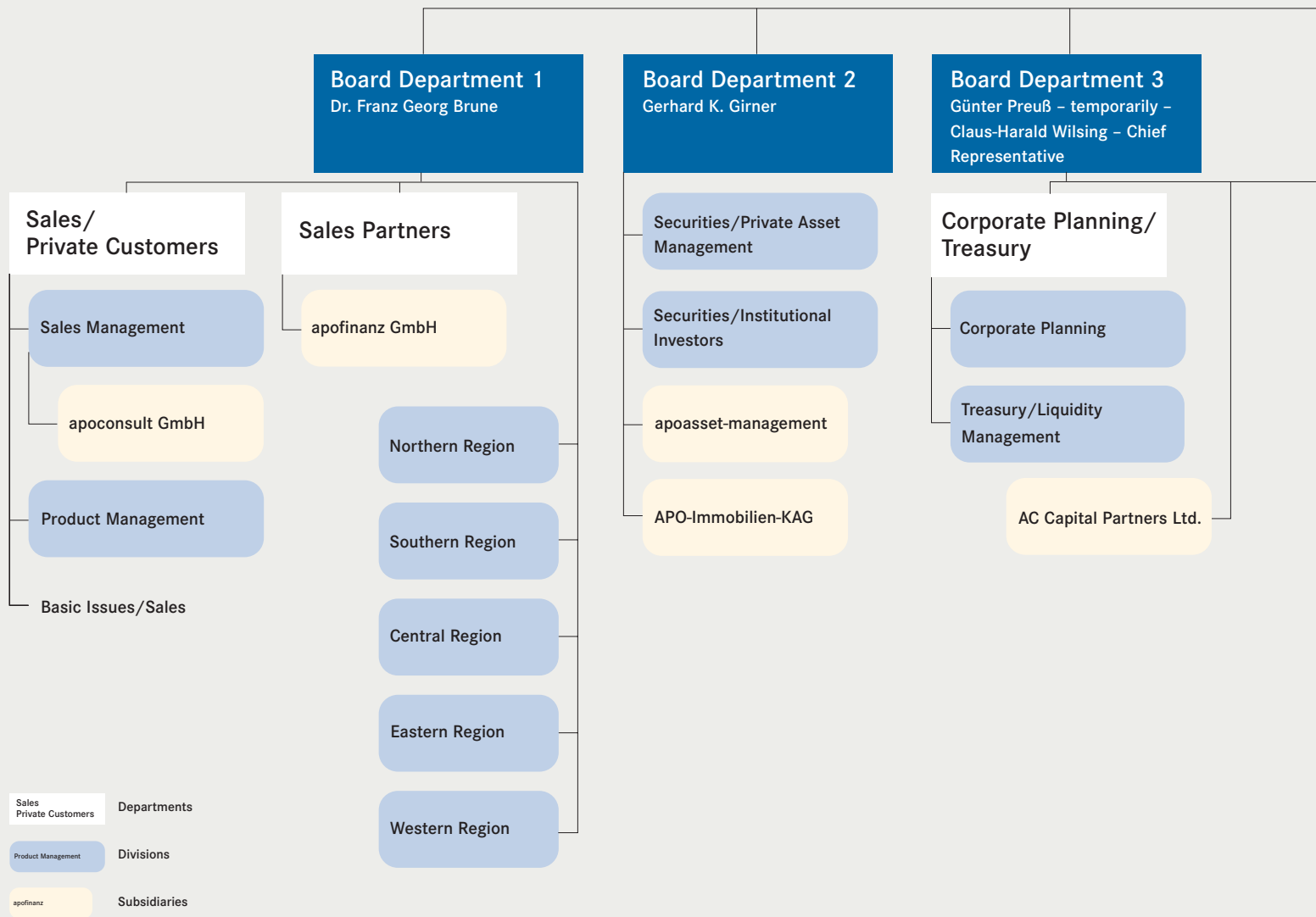
Düsseldorf

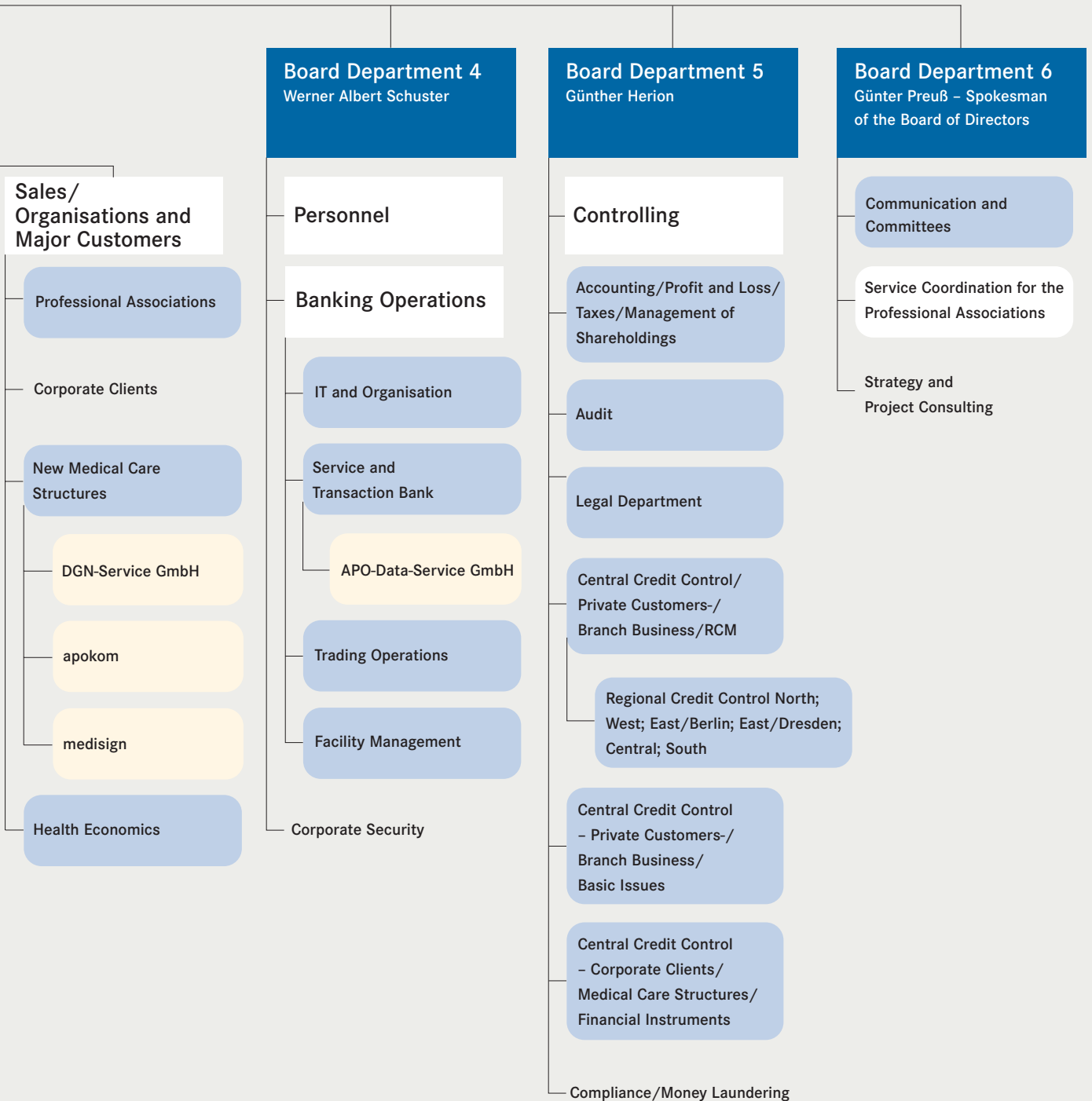
**Claus-Harald Wilsing**

Chief Representative  
Düsseldorf  
(from 1 January 2006)

# Organisational Chart

## Deutsche Apotheker- und Ärztebank





**Dr. med. dent. Wilhelm Osing** Düsseldorf Chairman  
**Norbert Hinke** Düsseldorf\* Vice-Chairman  
**Ralf Baumann** Düsseldorf\*  
**Berthold Bisping** Neuss\*  
**Dr. med. dent. Dieter Dahmann** Neuss (deceased on 12 November 2005)  
**Dr. med. dent. Wolfgang Eßer** Mönchengladbach  
**Hans-Günter Friese, Pharmacist** Fröndenberg  
**Erich Gottwald** Töging\*  
**Wolfgang Häck** Neuss\*  
**Thomas Höll** Düsseldorf\*  
**Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe** Düren  
**Uschi Jaeckel** Mülheim/Ruhr\*  
**Hermann-Stefan Keller, Pharmacist** Mainz  
**Dr. med. Andreas Köhler** Berlin (from 17 June 2005)  
**Dr. med. Ulrich Oesingmann** Dortmund  
**Gerhard Reichert, Pharmacist** Hengersberg  
**Dr. med. Manfred Richter-Reichhelm** Berlin (until 17 June 2005)  
**Christian Scherer** Neustadt\*  
**Michael Sell** Düsseldorf\*  
**Roland Wark** Heusweiler\*  
**Dr. med. Dr. med. dent. Jürgen Weitkamp** Lübbecke (from 20 January 2006)  
**Dr. med. Wolfgang Wesiack** Hamburg

\* 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

**Prof. Dr. h. c. J. F. Volrad Deneke**  
Bonn

Honorary Members of the Bank

**Dr. med. dent. Rudolf Cramer**  
Wiesbaden

**Elfriede Grl**  
Munich

**Jürgen Helf**  
Meerbusch

**Dr. med. dent. Rudolf Oschika**  
Moers

**Dr. jur. Albert Peterseim, Pharmacist**  
Essen

**Klaus Stürzbecher, Pharmacist**  
Berlin

**Dipl.-Betriebswirt Werner Wimmer**  
Meerbusch

Dipl.-Betriebswirt **Wolfgang Abeln** Pinnow  
Dr. med. **Helmut Anderten** Hildesheim  
Dr./RO **Eric Banthien** Hamburg  
Dr. med. **Johannes Baumann** Coswig  
**Karl-August Beck, Pharmacist** Fürth  
Dr. med. **Margita Bert** Rüsselsheim  
Dipl.-Volkswirt **Christoph Besters** Waldkirch  
SR Dr. med. **Wolfgang Beyreuther** Zwickau  
Dr. rer. nat. **Rainer Bienfait, Pharmacist** Berlin  
**Rudi Bittner** Landshut  
Dipl.-Volkswirt **Dieter Bollmann** Hamburg  
Dr. **Roswitha Borchert-Bremer, Pharmacist** Lübeck  
Dr. med. dent. **Jürgen Braun-Himmerich** Nierstein  
Dr. med. vet. **Ernst Breitling** Gärtringen  
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  
Dipl.-Stom. **Holger Donath** Neu Heinde  
Dr. med. **Wolfgang Axel Dryden** Kamen  
Dr. med. **Wolfgang Eckert** Berlin  
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** Schlangenbad  
Dipl.-Med. **Regina Feldmann** Meiningen  
Ass. jur. **Christian Finster** Bad Schönborn  
Dr. med. **Hans-Walter Fischer** Verden  
SR Dr. med. **Franz Gadomski** Saarbrücken  
Dr. med. dent. **Dietmar Gorski** Wilnsdorf  
**Eberhard Gramsch** Göttingen  
Dr. med. vet. **Karl-Ernst Grau** Sendenhorst  
Dr. phil. **Jörn Graue, Pharmacist** Hamburg  
SR Dr. med. dent. **Manfred Grub** Gönnsdorf  
Dr. med. **Manfred Halm** Dresden  
Dipl.-Stom. **Dieter Hanisch** Freyburg  
Dr. med. **Leonhard Hansen** Alsdorf  
Dr. med. **Gunter Hauptmann** Saarbrücken  
Dr. med. **Klaus Heckemann** Dresden  
Dr. med. dent. **Rudolf Hegerl** Daun  
**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/Greene  
**Wilfried Hollmann** Essen  
Dr. med. dent. **Jörg-Peter Husemann** Berlin  
Dr. med. **Burkhardt John** Schönebeck  
Dipl.-Kfm. **Daniel F. Just** Munich  
Dr. jur. **Ulrich Kirchhoff, Lawyer** Hanover  
Dr. med. **Thorsten Kleinschmidt** Braunschweig  
Dr. med. **Alois Knoth** Pirmasens  
Dipl.-Kfm. **Hans Kopicki** Düsseldorf  
Dr. phil. **Bodo Kosanke** Bad Segeberg  
Dr. rer. pol. **Andreas Kretschmer** Düsseldorf  
Dr. rer. soc. **Thomas Kriedel** Dortmund  
Dr. med. dent. **Peter Kriett** Bad Segeberg  
Dr. med. dent. **Peter Kuttruff** Stuttgart  
Dr. rer. pol. **Andreas Lacher** Gauting  
Prof. Dr. rer. pol. **Dirk Lepelmeier** Düsseldorf  
**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  
**Dipl.-Ing. Hartmut Miksch** Düsseldorf  
**Peter Milius** Darmstadt  
**Dr. med. dent. Dirk Mittermeier** Bremen  
**Hansjörg Mogwitz, Lawyer** Hanover  
**Dr. med. Carl-Heinz Müller** Trier  
**Dr. med. Axel Munte** Munich  
**Christian Neubarth** Hildesheim  
**Dr. Ralph Nikolaus** Dresden  
**Dipl.-Kfm. Siegfried Pahl** Haan  
**Dr. rer. nat. Paul Peter** Frankfurt  
**Dr. med. dent. Helmut Pfeffer** Wohltorf  
**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** Ingolstadt  
**Dipl.-Volkswirt Manfred Renner** Planegg  
**Dr. med. Karl-Friedrich Rommel** Mechterstädt  
**Dr. med. Jochen-Michael Schäfer** Kiel  
**Dr. med. dent. Karl-Horst Schirbort** Burgdorf  
**Dipl.-Finanzwirt Peter Schmidt** Kall  
**Dr. med. Karl-Heinz Schmidt** Ransbach-Baumbach  
**Dipl.-Med. Ralf-Rainer Schmidt** Leipzig  
**Dipl.-Med. Thomas Schmidt** Hohen-Neuendorf  
**SR Dr. med. Ulrike Schwäblein-Sprafke** Hohenstein-Ernstthal  
**Dr. med. dent. Richard Siepe** Eslohe  
**Dirk Smolka, Dentist** Bonn  
**Dr. med. Till Spiro** Bremen  
**Dr. med. Wolfgang Stehle** Friedeburg  
**SR Dr. med. dent. Helmut Stein** Clausen  
**Dr. med. Volker Steitz** Binnen  
**Dr. med. dent. Karl-Heinz Sundmacher** Hockenheim  
**Dieter Teichmann** Munich  
**Dr. med. Jürgen Tempel** Wunstorf  
**Dr. med. Ulrich Thamer** Dortmund  
**Dr. med. Christoph Titz** Ganderkesee  
**Dr. med. dent. Ulf Utech** Frankfurt  
**Ralf Wagner, Dentist** Heimbach  
**Ulrich Weigeldt** Bremen  
**Dr. med. dent. Holger Weißig** Gaußig  
**Dr. med. Dr. med. dent. Jürgen Weitkamp** Lübbecke  
**Dr. med. Elmar Wille** Berlin  
**Dr. med. Kuno Winn, MdL** Hanover  
**Dr. med. dent. Walter Wöhlk** Kiel  
**Heinz-Günter Wolf, Pharmacist** Hemmoor  
**Dr. rer. pol. Thomas Zalewski** Stuttgart  
**Dr. med. Gerd W. Zimmermann** Hofheim/Ts.  
**Dr. med. dent. Gert Zimmermann** Braunfels  
**Dr. med. Maximilian Zollner** Friedrichshafen



# Report of the Board of Directors

## Management Report 2005

Economic Environment  
Capital Markets  
Summary of Business Development  
Lending Business  
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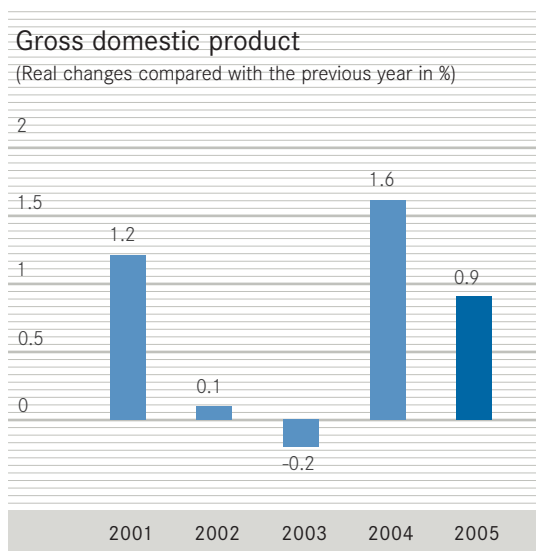
## Economic Environment

### World economy in disequilibrium

The upswing of the world economy is still on shaky legs. Terrorist attacks, hurricanes and fears of pandemics put a damper on the economic recovery in 2005. However, this dampening effect was relatively mild, which was largely due to the continued robust economic activity in the United States and the progressive recovery of the Japanese economy. In the eurozone, on the other hand, the trend reversal of 2004 did not hold last year, against all expectations: Real gross domestic

product (GDP) rose by only 1.4 %, down from 2.3 % in the previous year.

This situation is likely to reverse in 2006. Given the continued interest rate hikes on the part of the Federal Reserve, a noticeable slowdown in economic activity is to be expected in the United States, while the GDP growth rate in the eurozone might increase to almost 2 %.



### Excellent sentiment in Germany

This development is likely to be driven, not least, by Germany. Although the domestic economy was at the bottom of the eurozone league table again last year with a GDP growth of 0.9 % (2004: 1.6 %), the sentiment in the country is excellent: In December, the widely observed IFO business climate index of the Economic Research Institute in Munich reached its highest level in five years, which is attributable, among other things, to the continued export strength of the German economy.

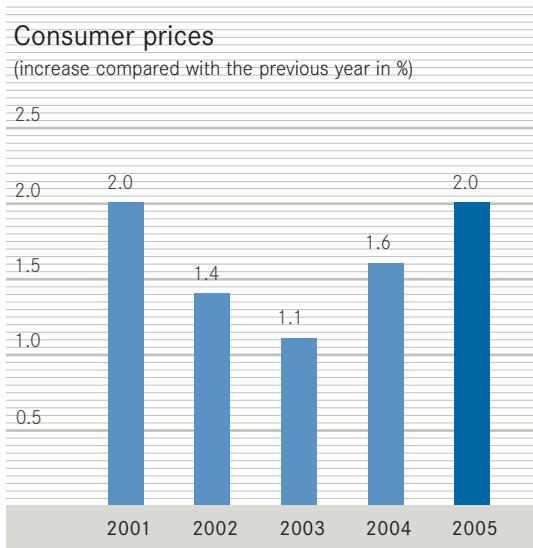
The picture is marred by persistent weakness in domestic demand, which will continue in



the coming years as well, according to the Organisation for Economic Cooperation and Development (OECD). In the experts' opinion, this is not due to a lack of available income,

but to deep-rooted consumer distrust. Nevertheless, the football World Cup as well as possible anticipatory effects resulting from the increase in value-added tax in 2007 might





creased to 13 % on average (2004: 11.7 %). A substantial improvement of the situation is not to be expected.

Consumer prices rose again last year. However, at 2 % the inflation rate is still at an acceptable level, according to the European Central Bank – particularly because a decrease in inflation can be expected for the coming year.

lead to some increase this year. Overall, a growth in German GDP of about 1.5 % seems within realistic reach for 2006.

The situation on the labour market, on the other hand, is downright gloomy: The number of unemployed rose on an annual average by almost half a million people to 4.86 million. Correspondingly, the unemployment rate in-





## Capital Markets



### Euro on a downward slide

As expected, the value of the Euro dropped significantly against the US dollar in 2005. While the European single currency was quoted at about 1.34 US dollar in December 2004, it stood at only just over 1.18 US dollar one year later. This was due, on the one hand, to the stronger economic growth in the United States and, on the other, to the increasingly attractive interest rate level in this region as a result of the continued rise in key interest rates. Last year, the Federal Reserve raised its key interest rates by a total of two percentage points to now 4.25%. The European Central Bank (ECB), too, raised its main refinancing rate on 6 December 2005 for the first time after five years of continuous interest rate cuts. In comparison with its American counterpart, however, the ECB increased its rate by a moderate 25 basis points to 2.25%.

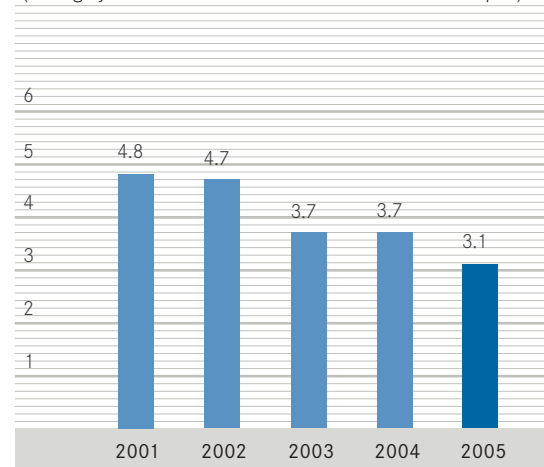
The current yields of German fixed-interest securities came under severe pressure in 2005. Average interest rates temporarily fell below 3%. Since the beginning of the 1990s, current yields have thus declined by almost six percentage points.

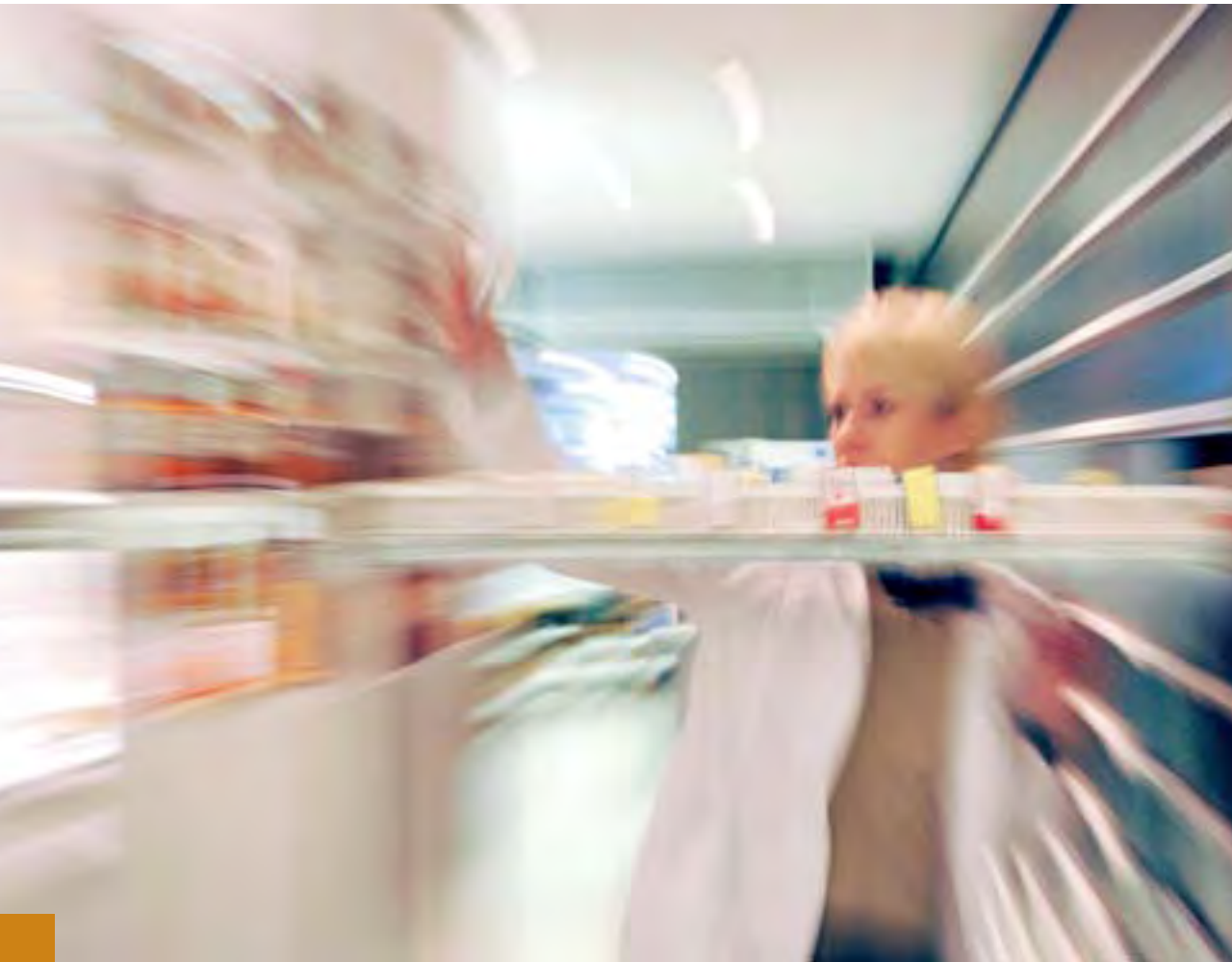
### Bullish stock markets

Correspondingly, the stock markets were among the clear winners in the past calendar year. In euro terms, all major international indices posted double-digit gains. The Japanese benchmark index, the Nikkei 225, was at the top of the list with an increase of 40.3%, followed by the German DAX 30, which gained 27.1%, and the French CAC 40, which rose by 23.4%. The DAX closed the year at 5,408 points, reaching its highest level since the boom years of 1999 and 2000. This positive development is all the

#### Current yields

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





more astonishing given the fact that further steep increases in raw materials and energy prices in the year under review were squeezing the companies' profit margins.

An end to this upward trend is not yet in sight. In the first one and a half months of this year alone, the DAX was up about

another 400 points. However, some experts are already warning of a possible overheating of the stock markets.



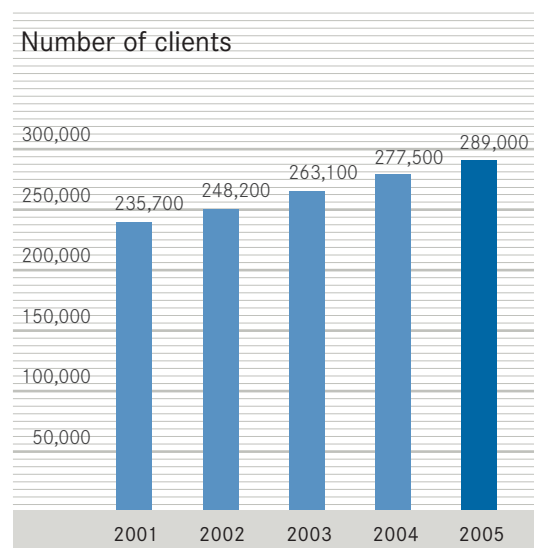
## Summary of Business Development

### Earnings-conscious growth

In the 2005 Financial Year, Deutsche Apotheker- und Ärztebank continued its successful development of the previous years. The further addition of new clients and the accompanying growth, in particular in the lending business, provided the basis for a continued earnings improvement. At the same time, according to the maxim of achieving “growth in earnings, while saving on resources”, the cost-income ratio improved again, so that the operating result in its different expressions reached new record levels. But also those developments that are not directly expressed in the Bank’s data set were gratifying. For instance, the projects to enhance service and efficiency or to fulfil legal requirements were pushed forward at a rapid pace; in addition, we started to improve our area-wide presence by founding new agencies. In conclusion, we can certainly say that in the past year the Bank could further strengthen its number one position as the leading financial service provider to the medical professions.

### Increase in net interest and commission income

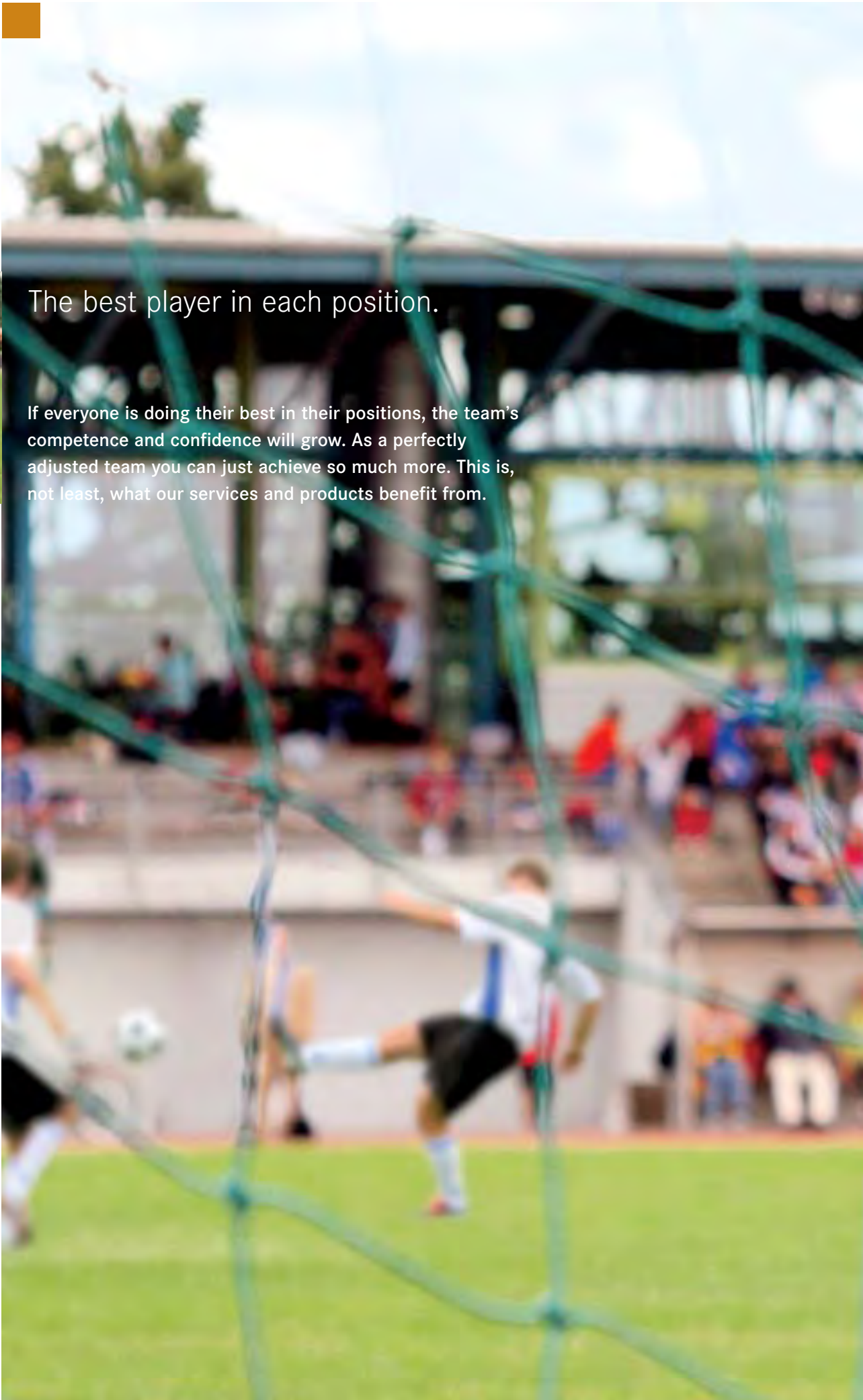
Above all the interest of the members of the medical professions in profession-specific financing expertise led to an increase in the number of customers by 11,500 to 289,000. Financing demand from the existing customer base contributed to the expansion of loans which, in connection with successful global treasury measures and interest enhancements in the liquidity reserve, resulted in an increase in net interest income of 4.3% to Euro 465 million.





The best player in each position.

If everyone is doing their best in their positions, the team's competence and confidence will grow. As a perfectly adjusted team you can just achieve so much more. This is, not least, what our services and products benefit from.





apofinanz

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The development of non-interest business can be regarded as particularly gratifying. Net commission income rose by 31.4% to Euro 119 million. Considerable growth was achieved above all in the classical securities business as a result of the new securities strategy with a stronger focus on asset management and in response to new product concepts. Thus, the decline in income from the brokerage of insurance policies resulting from the discontinuation of the tax privilege was more than offset.

### Moderate increase in administrative expenses

True, the Bank's cost development is characterised by our consciously economical dealing with resources. However, we do not see cost savings as our only goal, because otherwise the quality of service would be affected and some earnings opportunities left out. Against this background, administrative expenses including depreciation on tangible assets increased by 4.6% to Euro 324 million in the year under review. The 5.8% rise in personnel expenses is mainly due, apart from wage increases from collective bargaining and special payments, to new appointments and replacement of staff. The increase in operating expenses of 4.7% is primarily attributable to the costs for strategic and statutory projects. The improvement in the

cost-income ratio by 1.4 percentage points to 56.5% shows that the increase in administrative expenses was acceptable from a commercial and business policy point of view.

### Operating result at record level

The complex determinants of the operating business are reflected as an increase in the operating profit before risk provisions by 10.7% to Euro 259 million. The operating result after risk provisions shows an increase of 19.2% to Euro 189 million. Net income after taxes improved by 17.4% to Euro 105 million. The very satisfactory operating results allowed adequate provision to be made for all foreseeable risks arising from our business operations, for the appropriate build-up of equity and for a comparatively high dividend to be paid to the more than 100,000 members of the Bank.

### Solid balance sheet expansion

Our business policy is aimed at achieving qualitative, i. e. earnings-conscious growth, which is also expressed in the development of the balance sheet of the year under review. Compared to the end of the previous year, the balance sheet total increased by 8.4%, or Euro 2.3 billion, to Euro 29.6 billion. Although we do not regard growth as a value



in itself, we are still pleased to note that with the dimensions achieved, our Bank has been the largest cooperative bank for more than 30 years, because the marked expansion reflects, among other things, the continued addition of new customers.

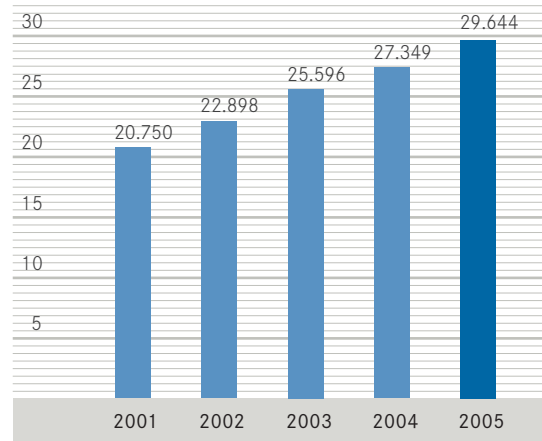
In 2005, as in the previous years, the balance sheet growth was driven by the demand for loans for business start-ups and real-estate financing as well as for other investments. Customer loans increased by 7.5% to Euro 19.6 billion. In the financing of business start-ups, we further strengthened our already clear market leadership position. Refinancing of the loans occurred by accepting customer funds and issuing certificated liabilities.

### Experienced partner

We interpret the gratifyingly positive response by pharmacists, physicians, psychological psychotherapists, dentists and veterinarians as well as their associations and commercial organisations to the range of services offered by the Bank also as an indication that, especially in view of the difficult underlying conditions in the health sector, having a bank with experience in that profession as your partner is greatly appreciated. We believe that the sound knowledge acquired by our customer advisers over many years that enables them

### Balance sheet total

(in Euro bn)



to understand the business and management concerns in practices and pharmacies, as well as their openness to new developments in the health sector, have become special values that contribute to lasting customer relationships and are likely to acquire even greater importance in the light of the changes in the medical professions.

### More customer-oriented service

Although we were largely able to cope with the significant increase in business volume through the optimisation of handling processes without hiring additional staff, the maintenance of service quality, the continued improvement of our advisory services and the increase in the number of jobs with



special skills requirements necessitated the recruitment of new employees. As a result, the number of employees rose by 48 to 2,007 in the year under review. The effective number of employees (including staff on short-term contracts, early retirement, trainees etc.) is 2,250 (2004: 2,182). Our customers are served by 46 outlets and branches throughout the whole of Germany, four agencies, five advisory centres as well as our subsidiaries and the head office in Düsseldorf. With the newly established “agency” branch type, whose introduction was realised in the year under review, we meet our cus-

tomers’ request for stronger local presence. Thus we have improved our services for the members of the medical professions also in those areas where there is some customer potential, but not enough to set up a branch of the classical type. As a first step, four agencies were founded in the year under review, in the cities of Bielefeld, Bonn, Hildesheim and Ulm.

## The new man in the Bank’s management



“Being someone who is used to looking for success in a niche, who wants to achieve his goals by quality rather than quantity, I will surely settle in and feel at home with APO-Bank in no time. With this in mind, I will carry on the good traditions of this institute, for example, by supporting the professional associations with great commitment, and take up its seriousness and solidity, although we will add some new accents here and there.”

**Claus-Harald Wilsing, Chief Representative of  
Deutsche Apotheker- und Ärztebank**







## Lending Business

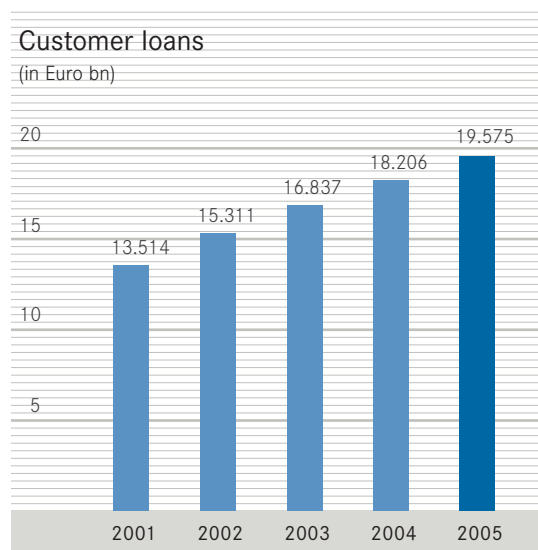
### Financing specialist for the medical professions

In 2005, as in the previous years, the expansion of the balance sheet total is again attributable to the high level of new lending business. Demand from the members of the medical professions for the Bank's highly specialised financing expertise in the three business areas of business start-ups, real-estate financing and other financing has been higher than ever. This increase is impressively reflected in the 7.5% growth of the customer loan portfolio to Euro 19.6 bil-

lion. The total volume of credit – including guarantee credits – amounted to Euro 20.0 billion.

The high level of demand for credit and, therefore, the actual amount of credit given, is expressed by the volume of new advances in the loans sector, which, at a level of Euro 3.3 billion, exceeds the already high level of the previous year by about Euro 200 million. This renewed growth is particularly remarkable in light of the increasingly unfavourable underlying conditions in the health sector. Also in the 2005 Financial Year, it was generally very important to us to combine the granting of loans with an exceptionally high standard of advisory service and to attach particular importance to the economic aspects of the future.

Under the item of very substantial repayments, in particular unscheduled repayments, which are possible because of the flexibility of our products, the loan portfolio increased by Euro 1.4 billion to Euro 17.6 billion. New advances were made with a focus on business start-up and real-estate financing. In view of the maturity dates, the volume of advances on current accounts





as at the closing date remained constant at Euro 2.0 billion.

### Market leader in the financing of business start-ups

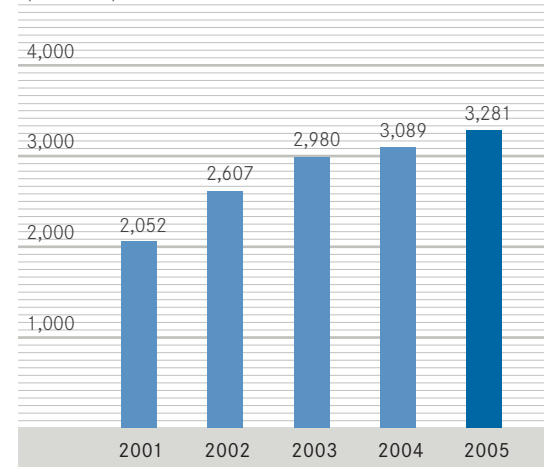
With regard to the use of funds, 29 % of new advances were used for business start-ups, 42 % for real-estate financing and 29 % for other financing - for example to finance investments in replacements and new assets as well as for private purposes. The financing of self-employment has been the hallmark and core business of our Bank for decades. Also in the 2005 Financial Year, we further strengthened our market leadership position. Our customer advisors' specific and comprehensive advisory competence in the development of individual financing solutions for start-up plans remains the key success factor here. Wherever possible, they take account of any available low-interest public funds in their financing concepts. For instance, the "Unternehmerkredit" (Entrepreneur Loan) programme offered by the "Mittelstandsbank" (SME bank) of the "Kreditanstalt für Wiederaufbau" (KfW, Reconstruction Loan Corporation) as well as the business start-up and growth financing loans granted by the individual states were increasingly integrated into financing solutions. From a risk policy perspective, it is positive to note that more than three quarters of

business start-up plans were based on the acquisition of a practice or pharmacy or the entry into an existing practice or joint practice arrangement.

### Dynamic growth in real-estate financing

Also in the year under review, the Bank's real-estate financing division recorded an exceptionally positive development. The loan portfolio grew by 11.6 % to Euro 7.2 billion, sustaining the growth momentum of the previous years. Thus, real-estate financing is the second pillar of the Bank's lending business both in terms of volume and in view of the number of 6,400 new funding transactions.

**New advances in the loans sector**  
(in Euro m)

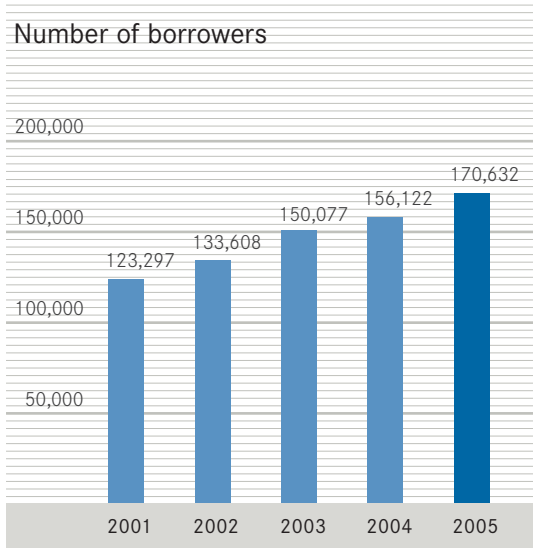




To be a winner you must want to win.

What counts is initiative, creativity and personal commitment. They can lead to convincing results. For our enterprise – and for our customers. In this way, we can pursue ambitious goals together.





In August 2005, the range of interest rate cap loans was successfully expanded by the introduction of a product with a 15-year maturity. This product innovation met with extremely positive response both from our distribution channels and from our customers. By the end of the Financial Year 2005, commitments with a credit volume of more than Euro 250 million were granted. Our customers' positive response shows that the combination of 15 years of interest rate security and full redemption flexibility is a decisive argument in favour of financing through us.



## Deposit Business



### More liquid assets held

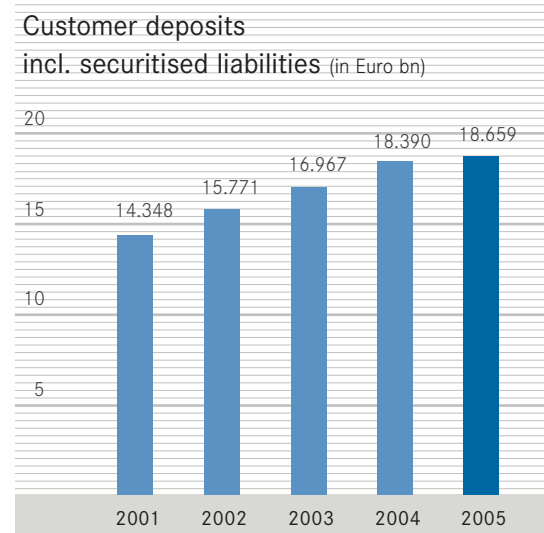
In the year under review, the total volume of deposits was up by 1.5% to approximately Euro 18.7 billion. This growth was due not only to client deposits in the narrower sense, but also to the issue of bearer bonds, whose placement is explained in the “Treasury/ Liquidity Management” section.

There has been growth in deposits on demand by 4.2% to Euro 4.5 billion, which was due to closing-date disposals by institutional clients. On the other hand, the analysis of the average values shows an even more significant increase compared with the previous year, which is mainly due to the higher liquidity held by private clients.

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, extensive fee refunds for the use of domestic ATMs with the BANKCARD, a versatile and efficient credit card service rounded off by the PC banking and the

“apodialog” range of services described in more detail elsewhere in this report.

In order to push paperless money transfers, the “Online 2005” project was carried out from April to December of the year under review. Attractive prizes were raffled off among those clients who did not make any paper-based transfers during this period, whose salary/fee was posted via the Bank, and who made at least 18 postings per quarter via PC/Internet: three times Euro 10,000, 1,000 magnum bottles of champagne and 1,000 coupons for a 12-month period





to use one of the intranet services DGN/ DZN/aponet free of basic charges.

For short-term investments, our liquidity account has been available for many years as a call account without payment functions. In mid-year, the terms were updated. This update focused on the introduction of a tiered interest rate structure, the waiver of minimum investment requirements and the possibility of using PC banking for account management.

### APO GoldenTwin – our attractive dual credit card service

There were more than 700 orders in the year under review for our dual credit card service VISA GOLD and MASTERCARD GOLD, the “APO GoldenTwin”. This dual credit card, which was introduced in the year 2000, is now being used by nearly 99,000 people. The bank waives the usual annual credit card fees entirely for this service. Furthermore, the card package offers flexible liquidity on the one hand through an optional credit facility called “APO CashCredit” but also a short-term investment facility for credit balances up to Euro 25,000.

### Expansion of term deposits and loans against promissory notes

Term deposits increased in the year under review by 4.8 % to Euro 3.2 billion. However, this rise is not due to investments made by private customers, but – as can be seen in the average values – to closing-date disposals. The APO loans against promissory notes were again well received by our institutional clients and expanded by 9.6 % to Euro 3.4 billion. As expected, there was a slight decline in savings accounts of various types and maturities because of interest in other forms of investment.





## Asset Management



### Gratifying development

2005 was a good year for the capital markets: Neither ecological disasters nor exploding energy and commodity prices could prevent stock markets from rising. Eventually, the major European stock indices were one fifth higher than one year before, and the German stock index rose by even more than one quarter. The only way for investors to profit from the quotations of US stocks was through currency gains, while investments in the Japanese stock market or in the emerging countries of Latin America or Eastern Europe generated significantly above-average returns. The bond market, too, finally took a turn for the better after having suffered significant temporary losses: At times, a return of almost 4% could hardly have been expected.

Against this background, our securities business with private customers made yet another very positive earnings contribution in 2005. Much of this success was based on greater investor confidence in the markets, but it also reflects the consistent further development of our securities strategy. It should be particularly pointed out here that we are adapting our range of products to



the needs of our clients. In the interest of our customers, all products are subject to strict quality management according to our “best advice approach”.

Also in 2005, we pressed ahead with product innovations, which is clearly reflected by the fact that demand for our Bank’s certificates is meanwhile at a steadily high level. In this field, we cooperate only with the most competent providers in Europe. Following our philosophy, we are integrating our range of products into a comprehensive advisory process for our customers in order to achieve the best possible allocation of assets in line with the individual customer strategy.



### Open for closed funds

Despite the restrained development of the economy and the growing discussion on tax issues, sales of closed funds showed a very positive development compared with the previous year. We are pleased that the good sales result of the previous year was surpassed by about 30% in this segment. Like in the previous year, the limited number of investment and return alternatives led to strong demand for direct investments. The focus here was clearly in the field of domestic and foreign real-estate funds. Our strategic approach of doing without the tax-optimising segments proved worthwhile, particularly for our customers, and was again confirmed by the positive business development. In the current Financial Year 2006, we will maintain our conservative business orientation and continue to cooperate with efficient partners and well-known companies.

### Asset management in strong demand

Our asset management for wealthy private clients also experienced rapid growth. We were able to further expand our position in the counselling of these demanding customers. Both the number and the volume of mandates entrusted to us increased by 47%. The “Einkommen Plus” (income plus) invest-

ment strategy with its “Total Return” approach, which was developed in the second half of the year 2004, was the most favourite investment strategy and the mainstay of growth in our asset management business. This shows that the investment objectives, preservation of capital and monthly annuity payment, have met our customers’ requirements.

### Funds of funds over one billion

The Bank’s sales success, as well as continued high income from fund-linked life insurance led to an inflow of funds of more than Euro 400 million into the three funds of funds managed by our subsidiary Apo Asset Management GmbH (apoasset) in the year 2005. This means that the development of the APO funds of funds was even more gratifying than in the previous years. Given their continued satisfactory performance, the combined volume of the three funds of funds surpassed the Euro 1 billion mark for the first time at the beginning of December 2005. Thus, the “APO-Dachfonds” fund of funds family has meanwhile become one of the five biggest products of its kind in the German market.

# apoasset

## apoasset in an upward trend

Our subsidiary apoasset once again recorded a satisfactory business development. Due to a very pleasing increase in “assets under management”, the company was managing a volume of more than Euro 3 billion in special and general funds for the first time at the end of 2005. Parallel to this, the result also improved further. The upward movement of the last few years is also expressed by the fact that apoasset was able to pay a dividend for the first time in 2005.

With regard to those apoasset mandates investing in European shares, the new quantity-based decision process more than fulfilled the high expectations with an impressive additional performance as compared to the market. With these results, we have meanwhile succeeded in convincing the majority of our clients of the advantages of the new approach. On the bond side, the development was curbed by the fact that the yield level remained below 4% again. In view of the technical interest rate, institutional customers continue to consider this rate as a minimum requirement. The money market fund once

## The Bank's orientation towards asset management

“Adding up all types of investments under our management to a market value of Euro 29 billion and an earnings contribution of about Euro 100 million, we do not need to fear comparison with our competitors. On the contrary, our investment business has almost doubled since 2001, but there is still a long way to go for us to increase the penetration degree of portfolio to core customer to 50% and the ratio of net commission income to net interest income to 30%. That would be worth the ‘sweat of hard work’; for then, we would be managing some 12 billion more, increasing our annual earnings contribution by Euro 50 million.”

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





## Top performance.

You must be able to rely on each other in order to accomplish great goals together. This requires respect, clear communication and open cooperation. Only then, a team will be able to surpass itself.







again reached one of the top positions. This is yet another field where the company benefited from its investment style, which is oriented toward high credit quality.

The APO Medical Opportunities fund, which was launched in autumn 2005, is of particular importance for the further growth of apoasset. This fund invests worldwide in attractive stocks from the health care market. Following the example of the successful APO Rendite Plus cooperation, apoasset entered into a partnership with a renowned company, the Munich-based consultancy Medical Strategy GmbH, also with regard to this fund. apoasset reckons that the growth market “health” will be an interesting investment theme not only for the Bank’s customers. Moreover, the fund should benefit from the Bank’s unique expertise as the partner for the medical professions.

#### **Further expansion of business with institutional clients**

Also in the institutional advisory business, the volume of institutional assets under the Bank’s management increased far beyond expectations. Specialised securities funds, whose volume grew from Euro 3.6 billion to Euro 5.2 billion, accounted for the greatest percentage share. The volume in this group of services increased by 32% compared with the year-earlier level. This development was favoured by our decision four years ago to act, as a depositary bank, also as a product provider in the master funds segment. Despite the low yield level on the capital market, sales in the direct business, the placement of promissory note loans and registered securities to our customers, remained at the high level of the previous year. However, the focus in the direct business was on structured bond products, which are becoming increasingly complex and consultation-intensive due to their most varied



call options and combined interest coupon adjustment.

Once again, we have significantly expanded our capacities in the fields of product management and strategic asset management consultation. Under the roof of one division, we offer our institutional clients risk-bearing ability calculations, control modules for risk adjustment, management of the individual asset classes and risk controlling as an outsourcing service. Furthermore, we will provide our customers with a new product, which was completed in 2005: The individual preparation of asset liability studies. We are certain that this will enable us to offer another important building block for the management of capital assets.

### aik in second place in the sector

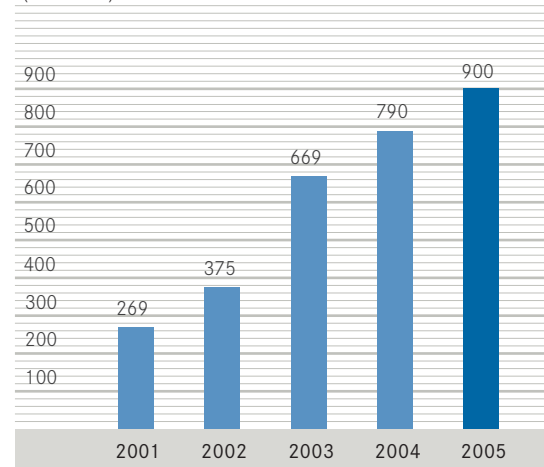
Our property investment company, APO Immobilien-Kapitalanlagegesellschaft mbH (aik), a joint venture of Deutsche Apotheker- und Ärztebank and professional pension funds, continued the successful business development of the past few years. In 2005, another individual fund was launched for a professional pension fund from the medical sector, and another joint fund with three investors was designed at the end of the year and launched at the beginning of 2006. To date, aik services a total of 17 institutional investors.

Meanwhile, aik has launched seven individual funds and two joint funds, rising to second place in the sector in terms of number of funds after only seven years of activity. As a result of numerous property acquisitions at home and abroad, real estate assets increased by about 15% in 2005 compared to the previous year.

The targets set were achieved or even exceeded through value-added-oriented management and strategic development of the property portfolio. In the field of property management, aik achieved a positive letting performance with lease contracts for an area of approximately 20,000 m<sup>2</sup> and a rental income of approximately Euro 2 million.

### Real property assets

(in Euro m)



Despite its safety-oriented and conservative investment policy, aik generated current net earnings of 5.70% on average for all funds in the 2005 Financial Year, of which the company paid an average dividend of 5.15% to investors. The performance of all properties acquired by aik in relation to capital employed was 6.46% in the past Financial Year.







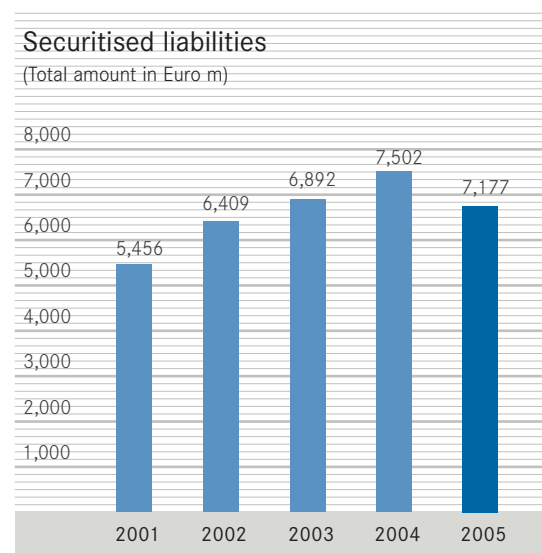
## Treasury/Liquidity Management

### Successful placements

The growth in the lending business is also reflected in our refinancing activities in the capital market. We pushed forward with our strategy to attract new international investors with benchmark bonds. In the year under review, both a fixed-rate benchmark bond and a floating-rate benchmark bond were very successfully placed with international investors.

We further extended our refinancing activities by adding tailor-made issues for institutional investors. Overall, long-term issues and promissory note loans with a volume of Euro 2.7 billion were placed in the capital market in 2005. By the end of the Financial Year, we had made use of the “European Medium Term Note Program” to an amount of Euro 5.5 billion.

For short-term financing requirements, we had established the “European Commercial Paper Program” to the amount of Euro 1 billion in the year 2001, which ensures permanent liquidity at attractive rates of interest and offers a higher degree of flexibility for liquidity management. The outstanding volume was at approximately Euro 530 million at the end of 2005.



The contribution of the private customers business remained successfully stable, with its volume remaining approximately constant. At the moment, bonds with a volume of about Euro 1 billion are placed with private customers.

### Interest rate and liquidity risks actively managed

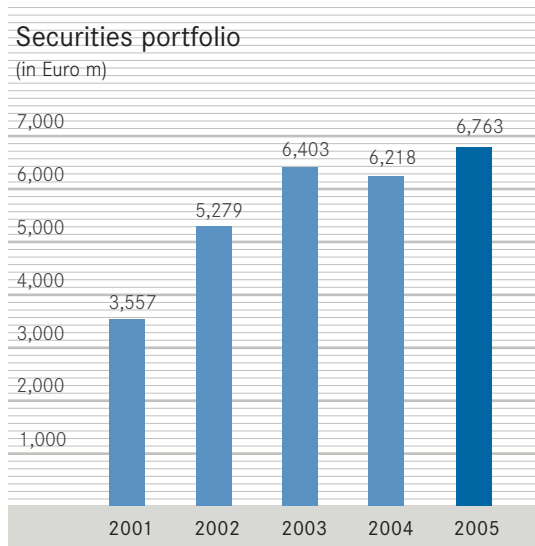
The portfolio of securities for the profit-oriented investment, at identical rates, of free floating liquidity amounted to Euro 6.8 billion. The



Bank's interest rate and liquidity risks are actively managed. The liquidity reserve is controlled in strict compliance with a narrowly defined security concept. These securities are included in both the liquidity and balance sheet structure management and the control of the Bank's aggregate interest position.

#### Participation in AC Capital Partners Ltd.

On 29.09.2005, Deutsche Apotheker- und Ärztebank took over 51 % of the shares in AC Capital Partners Ltd., which was founded in 2003. AC Capital Partners Ltd. is a successfully established investment management company headquartered in Dublin. The company specialises in funds management in the field of alternative investments and on the development of high-quality structured products. With this acquisition, Deutsche Apotheker- und Ärztebank intends to press ahead with the strategic expansion of its treasury operations. In addition, AC Capital Partners Ltd. will serve as a "product factory", offering lucrative investment opportunities especially to the institutional clients of Deutsche Apotheker- und Ärztebank and thus contributing to a further improvement of customer relations.



## Sales Channels

### Contact with the Bank: The customer decides

The so-called “multi-channel banking”, which is meanwhile regarded as the perfect medium for the sale of banking products, was introduced by our Bank as early as 1996. It enables every single customer to decide how and when they wish to contact us. Since then, the individual sales channels have been constantly expanded and adapted in line with the latest developments. However, we still regard personalised advice as an indispensable part and hallmark of individual service. Therefore, we expanded our advisory service capacities again in the year under review.

### Area-wide presence increased

On 4 October 2005, the first agencies were opened in Bonn and Bielefeld, followed by the new locations in Hildesheim and Ulm in November. With the new “agency” branch type, we offer our customers a comprehensive range of advisory services for financing and investment talks, with the exception of over-the-counter business and safe deposit boxes. All this is done in a flexible way and by





making individual appointments. We consciously chose four towns where the Bank had not been represented before, but which at the same time offer an interesting mix of existing and potential customers. All four agencies are located in the city centres, for example at the edge of the government district in Bonn or in the well-known “Wellehaus” building in Bielefeld.

With this new concept, we pursue the goal of offering our customers, apart from the services of our mobile sales arm “apofinanz”, advisory services in areas where we have no

branches. We want to be closer to our customers, without burdening the Bank with the high start-up and operating costs of a new branch of the classic type. With the new agencies we are able to meet our customers’ request for stronger local presence at appropriate locations as well as to win new customers.

#### apofinanz as an integral part of mobile customer consulting

As a result of the positive experience of the last few years, no less than 78 mobile financial

## Growing with the customer



“The ‘Active Existing Customer Management’ project has gained momentum. Through a record number of 85 on-the-spot workshops, all branches were introduced to this important future topic. For the year 2006 and beyond, our maxim has to be: ‘Growing with the Customer’. This includes everything that is important for a customer-oriented, tradition-conscious and at the same time future-directed bank: ‘the customer’ – our partner – and ‘growing’ as the basis of the Bank’s profit and success.”

Dr. Franz Georg Brune, Member of the Board of Directors of Deutsche Apotheker- und Ärztebank



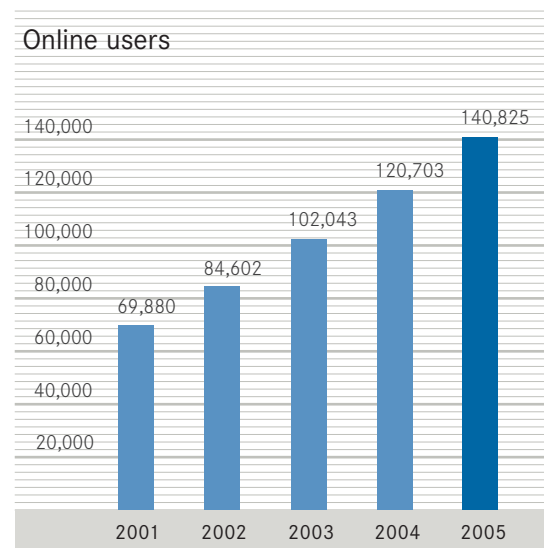
consultants of apofinanz are already offering their customer consulting services at the place where they are demanded and at times that meet the needs of our customers. In the future, we will use the “Finanz-Service GmbH of the APO-Bank”, which is the full name of the joint subsidiary with Deutsche Ärzteversicherung, even more consistently as APO-Bank’s “prolonged arm” in regions that are not or only insufficiently reached by our branches. In this way, we want to meet our high advisory standards even with regard to those customers whose practice or domicile is further away from the next branch. Our financial consultants reliably offer the whole range of banking services, including financial planning. Thus, apofinanz represents a stable factor for our Bank’s brokerage business in terms of volume and income.

### Start of the project to introduce a new Internet banking system

Within the framework of our “Relaunch Internet Banking” project, which was initiated in August 2005, we are planning both a visual remake and a substantial expansion of the functions and services of our Internet banking system (Online-Client). Among other things, the new version of the former homebanking standard “Homebanking Computer Interface (HBCI)”, also called FinTS (Financial Transaction Services), will also be supported

then. Examples of the number of function expansions to be mentioned here are EU transfer, permanent direct debit for the regular collection of receivables, and asset statement (summary of all accounts).

The implementation of all aspects is extremely complex because the procedures have an impact on a major part of our core banking systems and depend on the latter. We are confident to be able to set the second half of the year 2006 as a realistic date for the introduction of the new Internet banking system. Anyway, all our customers will be informed in time when we are able to offer our new Internet banking system on the basis of the FinTS specification.







Realising opportunities in a targeted way.

Only those who are ready to face new challenges and to take on responsibility can lead the team to the top. This requires initiative and the will to motivate yourself and others every day.

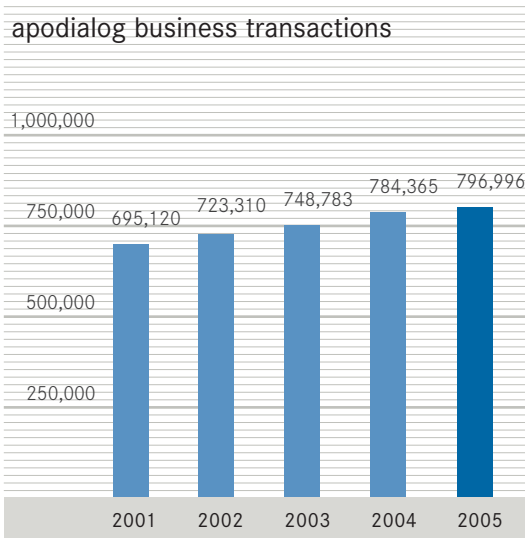


### Unbroken trend towards cashless payment in practices and pharmacies

Also in the year 2005, the credit card continued to be a well-established form of payment in practices and pharmacies. Our service is already being used by a total of approximately 8,600 customers. Overall, 9.5 million credit card payments were settled and a volume of Euro 575 million was credited to customer accounts through the credit card payment systems from our partner TeleCash that our customers have installed. For our customers, credit card payment has thus already become a decisive component for increasing their liquidity. Obviously, the trend towards credit card payments remains unbroken, because patients and customers like to use the systems as a comfortable form of payment in practices and pharmacies.

### apodialog: service outside the business hours of our branches

As an important supplement to our range of services, our “apodialog” telephone service



is also available to our customers, particularly outside the opening hours of the branches. Our clients make use of this possibility, especially in the evening and on weekends. The range of services includes questions regarding the current account and other products of the Bank as well as credit transfer orders, term deposit and savings account investments. The electronic banking hotline is available for questions regarding electronic account management via the Internet and StarMoney. Within the framework of our apobrokerage service, apodialog accepts secu-







rities orders by telephone. In the year under review, a total of almost 800,000 business transactions were realised through this sales channel.

### Viewing complaints as opportunities

Against the background of increasingly intense competition in the interbank market, strong customer loyalty is a strategic necessity for our Bank. But despite all efforts, occasional differences of opinion between customer and Bank as a result of the ever more complex services and of inevitable human failings can never be ruled out in the daily operations.

For this reason, we established the Customer Communications department some years ago. If customers have the impression that they do not receive the necessary understanding for their concerns in an individual case, they have the possibility to turn to a neutral person in the Bank. The employees of the Customer Communications department are very committed to finding solutions to the problem, to clarifying misunderstandings and to restoring the good relations between customers and the Bank.

If a customer feels that a complaint has been successfully settled, this will not only prevent him from terminating his business relations



with us; a complaint settled to the customer's satisfaction can even lead to increased customer loyalty to our Bank. Moreover, we regard our clients' suggestions as important information about weaknesses and as an opportunity to improve the quality of advice, service and products.



## Partner for the Medical Professions

### Close cooperation with organisations

As a professional financial institution, our Bank has traditionally been geared to close cooperation and agreement with the professional associations of pharmacists, physicians, dentists and veterinarians. In this time of numerous health policy discussions and reforms, this is more important than ever.

Our relationship with the professional associations are based on mutual trust and are a fundamental element of the Bank. These intense relations are of special importance against the background of the slow but sustained change in the German health care system from area-wide individual practices to interdisciplinary and cross-sector cooperations.

The GKV Modernisation Act (GKV-Modernisierungsgesetz GMG) for the first time established the political will to go for the roots of the structures. Creating preconditions for new forms of care as well as changing organisational structures within the professional associations are substantial elements of the GMG. APO-Bank is ready for this;

together with the associations, we are pushing forward future issues such as “New Medical Care Structures” and “E-Health”.

In future, we also want to concentrate more on those segments of the health care sector that have not always been at the centre of our activities. One of these segments is veterinarians. With regard to veterinary practice financing, the Bank is well positioned. However, also the market for veterinarians is undergoing a major transformation, so that we will have to make stronger efforts to prepare ourselves for the changes that it will bring.

### Prepared for changes in care structures

In the third year after the introduction of the GMG, we have noticed that the outpatient care structures are under considerable pressure of change. Several trend breaks can be identified, especially in the medical sector. Among other things, the structural changes facilitated by the GMG as well as the changes in the medical professional law have to be mentioned here. In the meantime, pressure to act has built up in the medical



practices as a result of restricted income combined with rising costs. These determining factors are leading, on the one hand, to a dissolution of the traditional sector

barriers, driven in particular by the providers of inpatient medicine, and, on the other hand, to various forms of cooperation, particularly of spatially concentrated cooperation.



In the Bank, we have prepared for the anticipated changes in care structures very early by establishing the New Medical Care Structures division within the Sales Organisation and Large Customers department. This division has the original task of providing advisory and financial support to the different new business models, which by far exceed the traditional organisation forms of outpatient care.

As the partner for the academic medical professions, of course we give those projects priority that concentrate on promoting cooperations under the responsibility of doctors, that serve the move away from institutionalised forms of professional practice, that are oriented towards the promotion of medical cooperation between family doctors and specialists including employed physicians in the outpatient care sector, that improve medical care by including quality-supported and quality-assuring measures or that create prospects for registered doctors with their own practices as well as employed doctors and junior doctors. We assume that the political approaches to change the Panel Doctor Law will certainly further push the outlined development of the medical care structures.

### **apokom provides advisory services in our target market**

In this connection, the Bank faces a considerable demand for structuring information. We offer our support to medical professionals who want to take advantage of the opportunities offered by the changing health care landscape. As early as in 2000 we therefore established a subsidiary for advice in cooperation and management, which provides 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. We provide this support from the first project idea to its realisation in the company. Our advisory services are meant as a supplement to those offered by the professional associations - true to the motto: Everyone should do what he can do best.

### **health care akademie provides management competence**

Established forms of cooperation often lack competent permanent support with management issues. In order to remedy this lack, our Bank has founded the “health care akademie” (formerly: Network Academy) together with the Federal Board of Physicians (Bundesärztekammer) and the National Association of Statutory Health Insurance Physicians (Kas-



senärztliche Bundesvereinigung) as founding members. Its task is to provide management knowledge for new forms of cooperation and care in the health sector. The offers of the health care akademie are very popular, so that eight management courses have meanwhile taken place.

### **E-health will change work processes**

In the coming years, the introduction of the electronic physician card will fundamentally change the processes in the health sector, and thus also our clients' work processes. Our Bank has responded to this development by offering support and solutions to the requirements made on medical professionals and their associations. The electronic physician card will only lead to more efficiency in the health sector if it facilitates – embedded in a telematics infrastructure – applications such as the electronic prescription or the electronic patient file. Therefore, it is necessary to equip every service provider with components for secure data transfer. Here, one can distinguish between the connector as the communication endpoint in the practice, the card readers, the secure transmission path, and the electronic Health Professional Card.



### **medisign GmbH issues first officially available HPC**

The introduction of an electronic Health Professional Card for physicians entailed in the introduction of the electronic health card (elektronische Gesundheitskarte, eGK) will make the exchange of information in the health sector more efficient and secure. The Bank has adapted to this development early on by issuing a multifunction signature card with various applications that fulfil the strict requirements of the signature law. This card is issued via the Bank's 50% stake in medisign GmbH, together with the medical billing service "Privatärztliche Verrechnungsstellen". At last year's MEDICA trade fair, medisign issued the first officially available "Health Professional Card" (HPC), one of the most important components of the future telematics infrastructure, to pilot doctors. Moreover, medisign is represented in numerous test regions and has qualified as an issuer of the electronic physician card. The subsidiary benefited from previous experience in issuing signature cards, which simplify e-banking and medical billing and are also used by the professional associations to secure their online billing.

With the issuance of the ZOD (Zahnärzte Online Deutschland, Dentists Online Germany) card according to the requirements of the



## dgnservice

Federal Association of Panel Dentists (Kassenzahnärztliche Bundesvereinigung, KZBV), the Bank remains – via its subsidiaries DGN Service and medisign – the only provider of the Health Professional Card (HPC) for dentists. We are pleased to notice that the Bank has established itself firmly in the market through its technologically innovative and competent solutions.

### **DGN Service – leading provider and telematics service provider for secure communication**

With 35,000 customers, our subsidiary DGN Service GmbH, whose core services include the very successful intranet services for health professional D/G/N Deutsches Gesundheitsnetz (for physicians), DZN Deutsches Zahnarzt-Netz (for dentists) and aponet Professional (for pharmacists), is the leading provider and telematics service provider for secure communication in the medical sector. DGN Service operates its own trust centre, which is certified, for example, for “Zahnärzte Online Deutschland” (ZOD, Dentists Online Germany). As a system house for the professional associations and companies of the German health market, DGN Service is a complete provider for the conception, realisation and operation of specialist portals and telematics platforms for the optimal support of the respective

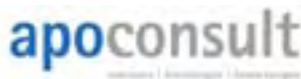
business processes. With its solutions for physician networks and medical care centres, DGN Service also supports new forms of cooperation in the health sector.

At the MEDICA 2005 trade fair, DGN Service presented a functioning model of the future telematics infrastructure in which first applications, such as the e-prescription, had already been implemented. On the occasion of a visit of Karl-Josef Laumann, NRW Minister for Health, the solution was acknowledged as being future-oriented.

In addition, DGN Service already today offers solution models for other components of the future telematics infrastructure, such as, for example, the connector, thus presenting itself very well positioned for the future.

### **Corporate clients business in the health sector will be expanded**

Apart from the support of the professional associations and the New Medical Care Structures, we will intensify our business with corporate clients operating in the health market through careful but sustained expansion. Our focus will be on companies from the area of pharmaceutical wholesale and from the pharmaceutical industry, as well as on companies involved in services,



production or trade in the health sector. Furthermore, we are particularly interested in companies operating in the areas of in-patient diagnostics, therapy and rehabilitation as well as in the area of nursing care. Here, the Bank attaches special importance to the cooperative approaches together with the New Medical Care Structures.

### Transmission of know-how in analyses and seminars

The Bank responded to the high demand for information about state-initiated new forms of cooperation by expanding its seminar programme. Topics such as “The future lies in cooperation” or “Together rather than alone – entrepreneurial concepts for the future” considerably increased the nationwide number of participants in seminars on the new possible practice structures. Most of these seminars, which had been conceived by our subsidiaries “apoconsult” and “apokom”, were again organised in collaboration with the Association of Statutory Health Insurance Physicians and some professional associations, e. g. the Hartmannbund, according to our business philosophy “partner for the medical professions”. Overall, 180 training events on all business subjects relevant to practice management took place in the year under review. The seminars were attended by approximately 6,000 participants.

As a result of the economic situation in the health sector, the seminars on offer still concentrated on matters of business management and liquidity. Very high demand was registered again for seminars on the subject of “Success in selling your practice” and “Selling your practice for a profit”. These seminars are part of the extensive service package offered by the Bank to all those members of the medical professions who intend to sell their practice to a successor in the foreseeable future. This service package includes brochures (“What is the value of my practice?”), checklists, and a comprehensive file on those giving up their practice. The latter comprises about 410 practices for sale nationwide, offering a convenient way of seeking a suitable practice via the Bank’s own intranet in the course of a meeting with a consultant.

The highly positive response to seminars for tax consultants led us to offer this series of seminars again in 2005. At the focal point were the content and impact of the new “EBM 2000plus” remuneration system. By conveying information of this kind, the Bank is giving tax consultants effective support in the service they provide to their clients in the medical sector.

Information brochures about business management, which the bank provides free of charge to its customers, were frequently

demanded again last year. Their subjects range from “My own practice” or “My own pharmacy” and “Together rather than alone” to “What is the value of my practice?”.

Responding to the unchanged high interest in information on preparing self-employment as a registered doctor/dentist with an own practice, we completely revised our brochure “My own practice” in the year under review and brought out its 7th edition with a circulation of 10,000. It includes an extensive presentation of the new forms of cooperation.

The public is particularly interested in the results of the investment analyses for physicians and dentists, which are carried out and published every year in cooperation with the Central Institute of Panel Doctors in the Federal Republic of Germany (Zentralinstitut für die kassenärztliche Versorgung in der Bundesrepublik Deutschland, ZI) and the Institute of German Dentists (Institut der Deutschen Zahnärzte, IDZ). These analyses are based on the start-up financing made during one year and provide important information about the investment behaviour, particularly when compared over a longer period

of time. Special attention is paid, above all, to the development of a practice’s value paid in the financing of a practice acquisition.

Many self-employed medical professionals have only insufficient knowledge about the income available for their private cost of living or the available liquid funds. The documents drawn up by the tax consultant show the practice’s net income, but not the amount of expenses that still have to be paid for the redemption of the loan for the practice, for old-age provision or for taxes. In this situation, the INKO CL controlling and liquidity analysis programme, which was developed together with the Central Institute of Panel Doctors in the Federal Republic of Germany (ZI), is a valuable help. In addition to the INKO start-up consultation programme, which has been used successfully for years, the INKO CL ideally rounds off the Bank’s economic advisory service.





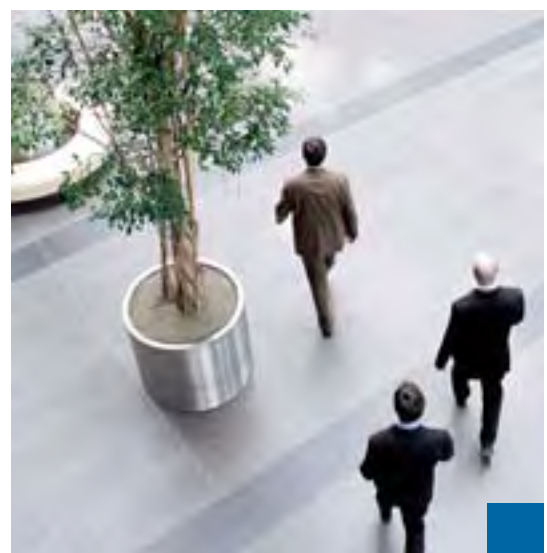
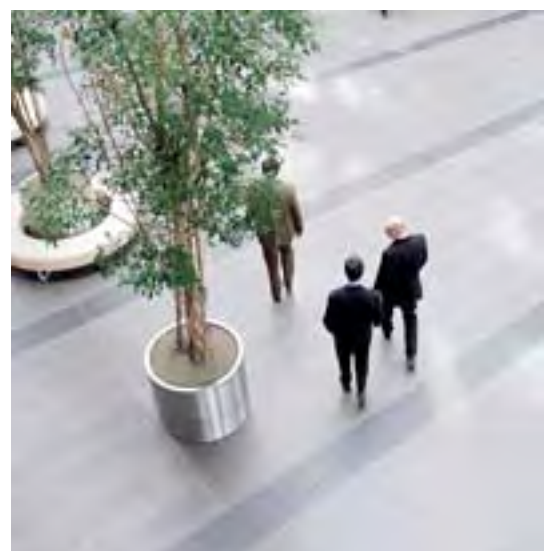
## Banking Operations

### “Industrialisation” of banking processes continues

In the year under review, the strategy for “industrialisation” of internal banking processes was consistently used and expanded in the organisation of the Bank and in the internal work processes. We understand “industrialisation” as the expansion of the distribution services offered by the back office units and the application of principles based on the industrial division of labour in the process.

The main focus of activities was on the improvement of customer service and on the introduction of lean, fast and at the same time high-quality processes. Besides that, further processes were thoroughly checked for efficiency and capability for the future. All these efforts are based on the general premise that growth should be financed through internal optimisations in accordance with APO-Bank’s strategy.

The further developments of the IT-components with names like “EKK Plus”, “APO Office Plus” and “APO Rate” have made major contributions to process optimisation. They serve the automation of operational





back office processing in the lending business. The central idea of current and future optimisations is “integrated workflow processing”, which increases the degree of automation and interconnection of work steps and systems in the whole back office organisation and, in a following step, provides for the use of electronic archives. Both the processes of new business and the processes of active customer care are accelerated and improved with regard to content. The capacity reserves thus realised are reinvested in order to deal with new business resulting from more new customers.

### Risk-oriented decision making process optimised

In the course of various projects for credit process optimisation, we have further optimised the risk-oriented decision making process through further development of scoring and rating procedures for private and corporate clients and established a comprehensive reporting system. Of central importance is the automated security evaluation of real estate and other securities as well as the automated determination of limit proposals for our clients. In the year under review, we further improved our electronic customer file management system in order to record and expand all credit data concerning § 18 of the German Banking Act (KWG).

### Back office processing reorganised

Another important step towards concentration on core processes is the outsourcing of our domestic and international payments to our subsidiary, APO Data-Service GmbH (apodata), which is responsible for the back office processing. The necessary organisational and personnel management conditions were created at the beginning of 2005. Through far-reaching integration and optimisation of payment processes in a newly created central organisation unit, potentials for a more economic provision of payment services are to be identified and realised by the end of 2006.

In addition, it was decided to “lean” the processes between the branches and the regional service centres of apodata by taking on additional service tasks from the branches. This brings us closer to our goal of focusing our sales units on back office processing. With this measure, our taking on of the complete current account and savings account processing in 2004 has been concluded. Additional optimisation and centralisation measures within apodata as well as outsourcing to third-party suppliers made it possible to take on the new tasks without hiring additional staff.

In order to guarantee the highest level of quality in our internal services regarding the



long-term aspects of customer loyalty and quality assurance, a new organisation structure was introduced in apodata. At the same time, processes to stabilise the processing quality at a high level were piloted with positive results. Bank-wide implementation is planned for the beginning of 2006.

### IT strategy continued

In 2005, the strategy for the further development of “IT and organisation” from the year 2000 was revised and adjusted to the future

“requirements”. At the strategy’s core is a systematic and integrated development plan for the application systems in order to cope with the strategic challenges from market developments, changes in technology and legal requirements that are foreseeable by 2010. Thus, it forms the planning basis for the most important IT projects.

The continuation of the strategy is translated into concrete implementation projects focussing on the expansion of professional functions and the provision of customer information to support the distribution,

## Creating lean processes



“After the successful further development of our most important IT platforms in the last year, we will, in 2006, be intensively dealing with the technical support of the various processes in the IO area of our Bank. The focus will be on integrated process management, i. e. the automation and optimisation of such processes that are still interrupted by paper interfaces. This creates additional scope for development. And also our employee survey last year showed clearly that there is demand for even better technical support and lean processes without any bureaucratic hurdles.”

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





Success is best enjoyed together.

Success is only possible in a strong team. You need passion, enthusiasm, much joy in what you are doing – and an open, human style. Then you can become established as one of the top teams in the first division.



settlement and control processes. Moreover, the strategy regulates the way in which data is managed, which is directly reflected in the specialist departments in the form of clear data structures and improved reporting possibilities. In view of the importance of IT as a technological driver of the business strategy, we continued to invest in additional staff with special qualifications and in intense measures of further education also in the 2005 Financial Year.

### New Kordoba system

With the introduction of the new “Kordoba Classic” core banking system, we have ensured that our accounting and settlement system is future-proof in the long run. From the aspect of active technology management, we have replaced the previous manufacturer-specific technological platform by a standard Unix product. In order to achieve optimal process support, the specialist departments are supported in their daily work through comprehensive functional improvements. Our clients may benefit from the investment because it enables them to look at current information on account balances and on

pending accounting entries at any time in the course of the day. The development work is going according to plan. The first stage of the introduction of the system was realised in March 2006. However, completion of the entire project is not expected until the year 2008. Moreover, the strategic Kordoba development cooperation was expanded and strengthened in the past Financial Year. A new modern software module for loan accounting will be implemented as an integral part of the accounting system. Thus, Kordoba fully covers the functions of the classical banking business.

The expansion of our market position in the “Securities and Treasury” areas is very important for the Bank. In this context, we are planning long-term expansion measures for the asset and risk management by 2008.

### Improved IT infrastructure

Apart from the creation of strategic foundations, appropriate account was taken of the requirements to make functional expansions and to modernise our platforms, while necessary infrastructure projects were carried





out without affecting the current business operations. The main objectives were achieved, such as the installation of a demand-related, future-oriented workplace infrastructure and a fail-safe and performant system environment. After extensive preparations, an average of 60 completely new workstations were set up per day nationwide within a period of three months, so that a total of 2,800 stationary and mobile bank workplaces were equipped with a new operating system and application software.

In order to support our depositary bank function in managing special and public funds, a new fund platform was introduced in the year 2005, which was taken into operation at the end of the year with 91 funds.

As regards the work on the implementation of the organisational and technical preconditions for meeting the new Basel Capital Accord “Basel II”, another milestone was achieved in good time and quality in the year under review. In order to meet the statutory reporting requirements from “Basel II” regarding analysis, monitoring and reporting of risks, we successfully introduced a consolidated and integrated data management system at the end of the year under review. For the year 2006, we intend to create the organisational preconditions for the supervisory approval of our risk control in accordance with the “Advanced Internal Rating Approach”.

### Increase in provision for operational risks

In 2005, we made considerable investments in the improvement of our emergency management system on the basis of catastrophe scenarios – from partial power and IT failure to “unusability” of the head office – in order to ensure the ability to act and the maintenance of business operations in case of serious breakdown or failure of IT systems. Apart from improvements of the organisational regulations, we also thought it important to raise the level of physical security. Among other things, we improved the availability of emergency workstations by relocating them to a building separated from the head office building. This makes it possible to maintain the most important banking functions even in case of a catastrophe. The reliability of the computer centre was increased by the complete rebuilding of the backup power system and the expansion of the air conditioning and gas detection systems. Additionally, the postage department and envelope stuffing department were fully outsourced to an external service company.

As a result of Basel II and the recommendations of the “Federal Office for Information Security” (Bundesamt für Sicherheit in der Informationstechnik), the responsibility to combat the loss of availability and the qualitative damage of data in the broadest sense has become increasingly important. Against



this background, we considerably expanded the centralised and decentralised data protection for the mainframe and for our own operation of the decentralised workplace systems and special systems. Responsibility for the central emergency management lies with a special action committee, which ensures the coordination of all activities according to a defined operation process in the case of a crisis. The Bank has a framework of guidelines that make it possible to deal with emergency situations in an appropriate and damage-limiting way. In order to maintain the manual emergency operation, corresponding emergency plans are available which are oriented to the requirements of the individual business areas.

Emergency planning for the lending business was expanded in 2005. Afterwards, in order to check the suitability for practical use of the emergency planning, extensive emergency tests are carried out, simulating the failure of individual or entire IT systems of the head office or of individual locations.

### New service provider for securities processing

In the Trading Operations department, the selection of a new service provider for securities processing and portfolio management, which started as early as in 2004, was finished in 2005, and the decision was followed by a concrete implementation project. As a result of the introduction of the new securities processing platform, we now have a modern and efficient infrastructure within one of the market-leading transaction banks and, at the same time, will be able to reduce the cost development of securities processing through high economies of scale in the future.

By completing the introduction of our new funds platform for special and public funds we were able to create an efficient basis for the expansion of this business area. Apart from a much better cost-to-performance ratio in operations, all necessary conditions for the future development in this business division have been fulfilled. In 2006, a well-aimed optimisation of fund accounting will lead to a further expansion of business as well as to an increase in efficiency and quality, while costs will remain stable.



### Modernisation measures in the branches

In 2005, the Bank again pursued its strategy of maintaining the value of its real estate assets. Under the motto “Maintain what is tried and tested”, we conducted an efficiency calculation for the location of our branch in Cologne and then developed a modernisation and restructuring plan for this tradition-rich sales location. In a construction period of only six months, the building was completely renovated. Among other things, the counter area was newly designed and a self-service zone with cash dispensing and depositing machines was created in the foyer. The interior design and space planning follows the trendsetting design of the new head office.

At the Darmstadt location, we moved to new spacious and pleasant premises, too. These also have a self-service zone with cash dispensing and depositing machines in the foyer. We opened branches of a new type at the locations Bielefeld, Hildesheim, Bonn and Ulm in 2005, with the aim of actively addressing customers and improving our area-wide network. This new type of branch without tellers is focused on the optimal credit and invest-

ment counselling for those customers who used to live far away from the next branch location.

### Reorientation of facility management further developed

In 2005, we continued our reorientation towards an integrated management of real estate, the so-called “facility management”, which started in 2004, and we attached special importance to the quality assurance of the processes and performances. This also includes an evaluation of suppliers and service providers as well as using the knowledge gained from this evaluation in the current quality improvement.





## Equity Capital

### Capitalisation at a good level

In spite of the very positive increase in lending business, we have maintained the good level of equity ratios and of the core capital ratio in particular. The renewed increase in core capital of approximately Euro 90 million is due to the strengthening of equity out of own funds and to an expansion of business credit. We have adjusted the dynamics of the business credit expansion in view of the capital level achieved and the implementation of Basel II, which we expect to ease the pressure on equity capital due to the quality of our loan portfolio.

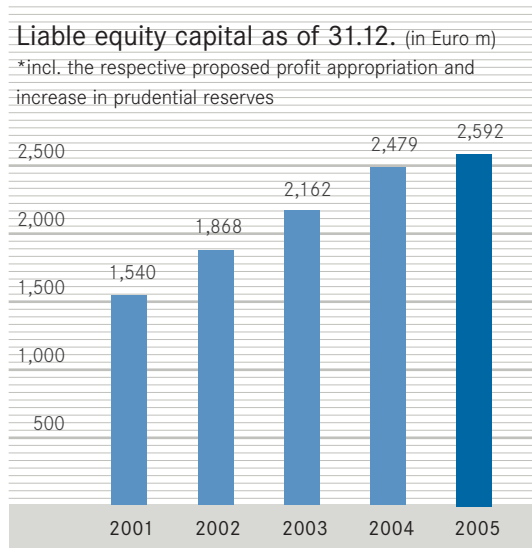
### Increasing number of members

The Bank gained approximately 4,200 new members in the year under review. The number of members rose on balance by 1,552 to 101,036. With the entry of new members and the subscription of further shares by existing Bank shareholders, creditable capital contributions from members rose by Euro 37 million. As a result, the Bank disposed of members' capital contributions for remaining members of Euro 800 million as of 31 De-

cember 2005. 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 rising number of members and members' shares at the same time expresses the loyalty and lasting confidence on the part of health professionals in the certainty and continuing prosperous development of their professions' own Bank.

### Liable equity capital of approximately Euro 2.6 billion

Independently of growth in equity from new members, the Bank strengthens its capital base whenever reasonable and necessary from funds that it generates itself. Supervisory Board and Board of Directors shall propose to the Annual General Meeting that a sum of Euro 57 million from the accounting profit of Euro 105.2 million be allocated to the open reserves and a comparably high dividend of 6% be distributed. As a result, the Bank will dispose of liable equity capital of Euro 2.59 billion after implementing the pro-



posals for the appropriation of profits and taking into account the increase in prudential reserves.

**Appropriation of profits**

€

<b>Accounting profit</b>	<b>105,240,425.15</b>
Legal reserves	28,778,415.04
Other reserves	28,267,123.17
6 % dividend	48,159,614.55
Carried forward for new account	35,272.39



## Our Staff

### Thanks and appreciation

Our thanks and appreciation go to all of our employees, who have again supported the success of Deutsche Apotheker- und Ärztebank with their strong commitment and much initiative in the past Financial Year. Moreover, we would like to thank the employees' representatives, who have supported the employees' interests with a lot of commitment, for the trusting and constructive cooperation.

From an employment-policy point of view, the 2005 Financial Year was again characterised by high dynamics. This is particularly reflected in the further development of our leadership model with its additional leadership instruments to be implemented, in the expansion of our staff development programme through function-specific IT training and the targeted encouragement of junior staff, and, finally, also in the successful assumption of leadership responsibilities by our junior executive staff, which, in our opinion, strongly confirms our method of encouraging junior staff. Last but not least, the growth of our





Bank is reflected in the recruitment and integration of qualified staff.

### New “Leadership” project initiated

The financial services market is facing constant change and ever new challenges. In this setting, it is indispensable to have motivated, capable employees who want to use and steadily improve their potential. One of the most important success factors for this is good leadership. In order to be able to use this success factor more efficiently, we have initiated a project on the topic of leadership in the year under review. Its aim was to adjust the already existing leadership model to the new challenges, in order to make the core competences of a successful executive visible in an integrated model. The model was elaborated by employees of the Bank, which guaranteed the best possible orientation to practice. The four aspects of “People, Values, Change and Results” were defined as the decisive cornerstones of the leadership model. The revised model was first presented within the framework of a leadership meeting to which we invited all executive employees of the Bank, the junior managers promotion group, the chairmen of the central works council and of the works council of the head office, as well as successful Board members of other companies as guests. The target was to create a forum to discuss the model, and

to facilitate the exchange of ideas beyond the matters of our Bank by presenting leadership models of other companies. Within the Bank, the further development of our leadership model has also initiated a discussion about the value orientation of our time. The target of this process is to describe and promote the social responsibility of our Bank and our employees.

### Promotion of own junior managers

For some time, we have preferred to fill leading positions with candidates from our own ranks. Against this background, the junior managers promotion group was already implemented some years ago. This group is to prepare employees within the framework of a qualification programme to take on management duties in the form of branch, department or division management. In the year under review, seven members of the junior managers promotion group were given responsibility for a branch or a regional credit control unit. Only one position was filled with an external candidate. We regard this development as a great success of our junior managers promotion activities for the assumption of leadership responsibility, and we are convinced that the sustainable development of our own management staff will contribute to guaranteeing the success of the Bank.



### High status of education and further training

In a time of constant change, maintaining the high professional qualification of our staff has a high status. The required qualification of our employees is guaranteed by the use of our extensive demand-related seminar offerings. In the past Financial Year, we expanded our range of offers with function-related IT training. After a detailed use analysis in the individual function groups, an internal team of trainers offers IT trainings that are exactly geared to the target group. The aim is to impart detailed knowledge of our consulting and processing tools and to guarantee their optimal and efficient handling. Time-consuming travelling is minimised by using mobile training rooms on the spot in the branches.



### Workplace health management expanded

Health promotion through prevention is becoming more and more important both within and outside of companies. We contribute to the health promotion of our employees by offering, for example, influenza vaccination, company sports teams and preventive measures such as back school, medical massage or walking courses. In the last Financial Year, more than 300 employees took advantage of these offers.

In the year 2004, the bank also implemented the “management group”. This group is made up of young division, regional and branch managers and enables them to further develop their potentials. With this model of management education, we have created a sustainable basis for the stabilisation of the Bank’s corporate structure and provided for a high level of continuity in filling open positions.

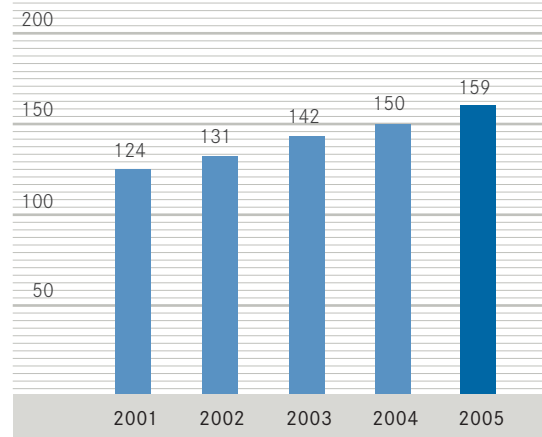
### Key figures from the personnel division

In the year under review, the number of employees rose by 2.5%; as of 31 December 2005, our staff consisted of 2,007 employees. The share of female employees is 53%. The average age of the employees is 41 years, the average period of employment with the Bank is 12 years. Gross personnel expenses increased by Euro 8.8 million from Euro 150.4 million to Euro 159.1 million in the year under review. This growth in expenses is mainly due to the wage increases from collective bargaining and the recruitment of new employees in the past year.

Last year, 17 trainees successfully completed their training as bank employees. We were able to recruit 13 young colleagues of these as employees. From now on, they will support us in various areas of the Bank. Also in the future, we want to provide initial education in order to be able to recruit trainees to meet part of our personnel requirements. Therefore, on 1 August 2005 another 21 new trainees started their training as bank employees in our Bank.

### Personnel expenses

(in Euro m)



## 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 2005, as in the years before, we have therefore 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 credit risk strategies as well as the risk guidelines for all types of risks, which are defined by the Bank's Board of Directors, provide the framework for risk control. Observance of these guidelines is monitored at the portfolio level within the framework of the overall bank control and through continuous reporting.

We distinguish between the following types of risks:

#### 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. Commercial transactions are performed only within the limits of clearly defined rules on competence. Only those products may be traded that have passed through an introduction process for new products before. We have limited the type, scope and risk potential of the transactions by an internal bank limit system.



### Liquidity risk

We understand liquidity risk as the risk of rising refinancing costs in the money and capital markets due to changes in the rating and/or a change in the liquidity position. Our Bank's refinancing costs are dependent on the current interest rate level and on the size of credit spreads. The credit spread is basically calculated from the term of refinancing and the Bank's rating.

### Operational risk

We understand operational risks as the risk of losses that occur as a result of the failure or inappropriateness of internal processes, humans and systems or through external events.

## Measuring the sales performance



“In 2005, within the framework of the further development of our bank performance control, we defined the methods and control processes particularly suited for our business. Now in this transitional phase, we are able to use some of their essential elements in our sales planning and bank control already in 2006. It is our aim to present earnings as well as the accompanying risks and controllable costs in relation to their causes – in a transparent way, from the team over the branch, the region and the business area to the Bank as a whole. Apart from presenting the overall success of the business area, the focus is on measuring the sales performance of the current year.”

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

## Sales risk

We understand sales risks as the deviation of the realised result from the target performance in the market business areas with customer business. Sales risks are taken in the business areas Private Customers/Branch Business and Organisations and Large Customers (as well as Securities/Institutional Clients).

## 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 is 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 measuring risks, complying with the legal framework conditions, reporting risks and for assuring the quality of risk data for all types of risks lies with the specialist department Risk Controlling within the Controlling department.

The Audit department 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 Auditing Committee regularly meet to discuss the current risk situation as well as measures for risk control and limitation. Since 2004, this has also been done, among other things, by means of a detailed, quarterly risk report.

### **Control and monitoring of the individual types of risks**

#### **Counterparty default risks**

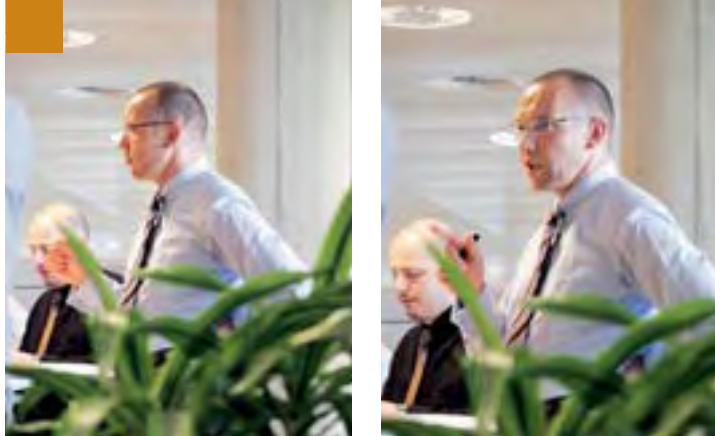
The counterparty default risk is limited and monitored in all portfolios by means of individual and portfolio caps. This takes account of both individual risk and also the group exposure/the risk category. Sophisticated rating approaches are used for the different sub-portfolios.

The APO-Masterskala (APO master scale) makes the results of the customer-group-specific internal rating procedures and the rating results of third parties comparable, so that the same rating categories always have the same default probability, irrespective of the procedure used.

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

#### **Private Customers/Branch Business portfolio**

The branch customers' counterparty default risks are controlled via the six regional credit control units – assigned to the Central Credit Control/Private Customers Business – in collaboration with the branches. The loan applications, which are made by the branches and given a market vote, are assessed in the regional credit control units; a rating for the borrower is initiated and assigned by the assessment of the back office. 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 using 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 customer/branch business portfolio, we have defined the low-risk business, where loan decisions can be made according to the two-eye principle. This mainly includes loan approvals, which occur in a large number but only with small volume of credit, provided they also have a good rating.

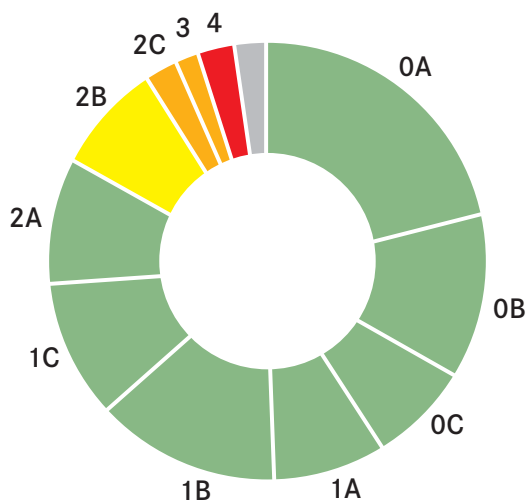
The existing procedures of intensive management and problem credit management were designed in accordance with the requirements of the MaRisk. Intensive management includes the elaboration, together with the customer, of a catalogue of measures to solve liquidity or earnings problems with the goal of returning to standard management of the customer as quickly as possible. 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 is impossi-

ble, 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.

Apart from a further optimisation of processes, we have further developed our internal rating procedure, which is especially focused on our customer group, in order to even further increase the degree of portfolio coverage. The rating procedure includes relevant early warning indicators and allows us to identify impending payment problems at an early stage.

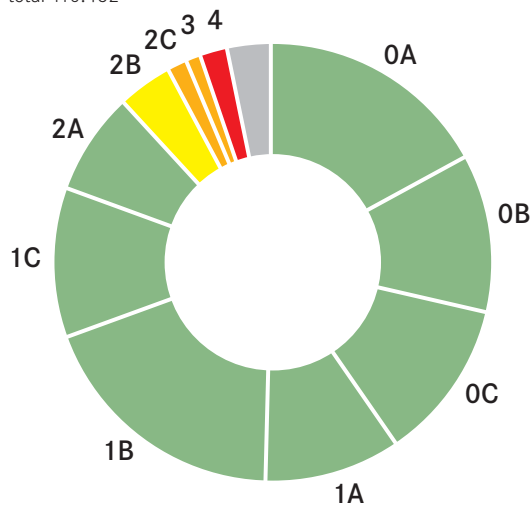
### Rating class distribution in the Private Customers/Branch Business portfolio

**Volume distribution** (in € m)  
 on the basis of loans taken  
 total € 18.783 m



Rating class	Meaning
0A	Commitments impeccable as regards credit-worthiness. No risk factors.
0B	
0C	
1A	Commitments good as regards creditworthiness with individual risk factors
1B	
1C	
2A	Commitment with low risks
2B	Commitment with greater risks
2C	High-risk commitments
3	Higher-risk commitments
4	Commitments threatened by default (according to Basel II definition) - 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

**Distribution of borrowers**  
 on the basis of loans taken  
 total 110.482



The portfolio summary shows that a very large share of borrowers is in good rating classes. At the same time, we must point to the broad spread of this portfolio, which is composed of almost 170,000 individual borrowers. The largest individual risk accounts for less than 0.1 % of the total credit volume of the sub-portfolio.

## Organisations and Large Customers portfolio

We have assigned professional associations, companies in the medical sector and new medical care structures to this 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 submit-

ted applications and the continuous monitoring of individual loans, but also of the portfolio.

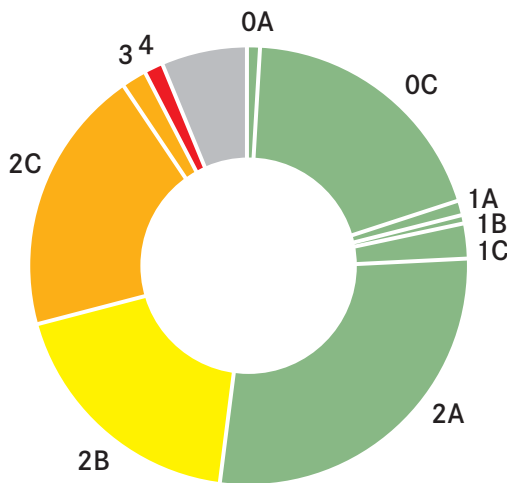
In the corporate clients business, the rating system of the Bank Verlag, a pool solution of the Bundesverband Deutscher Banken (Federal Association of German Banks), is used to assess corporate risks. Thus we could achieve portfolio coverage of more than 90% in the past year.

For the New Medical Care Structures portfolio, which mainly comprises the financing of special real estate for the use by medical care centres, a rating procedure was developed in 2005 in accordance with the criteria for the simple risk weighting of specialised financing according to Basel II. This procedure takes account of the peculiarities of the health market as well as of special real estate for medical professionals, and it allows for a structured and consistent analysis of the individual projects with the help of qualitative and quantitative criteria. The procedure has been used for all new business since the third quarter of 2005. Within the framework of its implementation, all portfolio activities were given a rating.



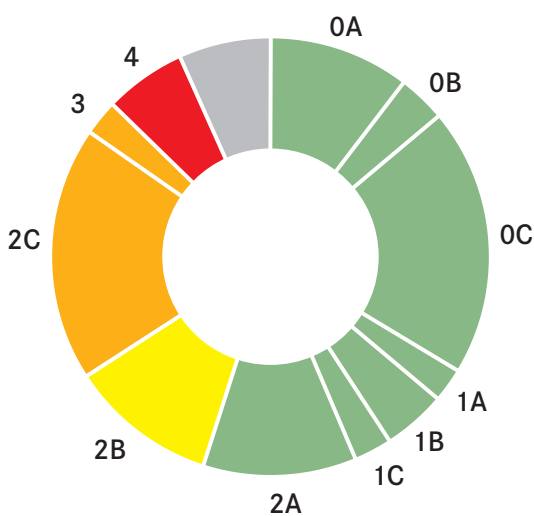
### Rating class distribution in the Organisations and Major Customers portfolio

**Volume distribution** (in € m)  
 on the basis of loans taken  
 total € 1.536 m



Rating class	Meaning
0A	Commitments impeccable as regards credit-worthiness. No risk factors.
0B	
0C	
1A	Commitments good as regards creditworthiness with individual risk factors
1B	
1C	
2A	Commitment with low risks
2B	Commitment with greater risks
2C	High-risk commitments
3	Higher-risk commitments
4	Commitments threatened by default (according to Basel II definition)
	- 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

**Distribution of borrowers**  
 on the basis of loans taken  
 total 282



As regards the Organisations and Major Customers portfolio, risk is concentrated in rating classes 2B and 2C. These rating classes may not be interpreted as increased risk, because they are typical for a Corporate Clients portfolio of small and medium-sized companies.

## 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 the clients of the Securities Institutional Investors division, additional risks are taken from foreign exchange and securities trading as well as from 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.

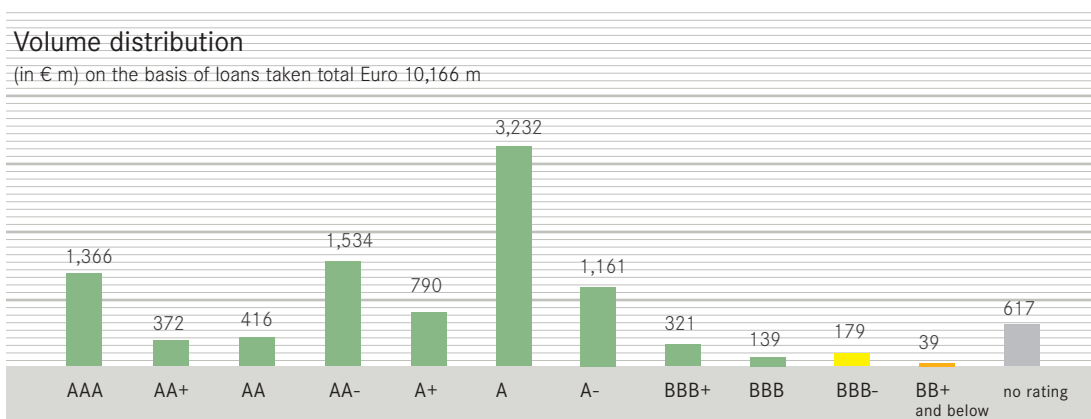
In order to reduce the counterparty default risk from derivative commercial transactions, we enter into multi-product master netting

agreements. Moreover, a collateral management system for the derivatives business was introduced in the 2005 Financial Year, 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 and the USA; other country risk is only taken in the case of structured financial products. No limits were set for country risks due to their small extent.

Counterparty default risks are controlled by the Central Credit Control Corporate Clients/ Medical Care Structures/ Financial Instruments department, and they are measured and monitored by the Risk Controlling department.

### Rating class distribution in the Financial Instruments portfolio\*



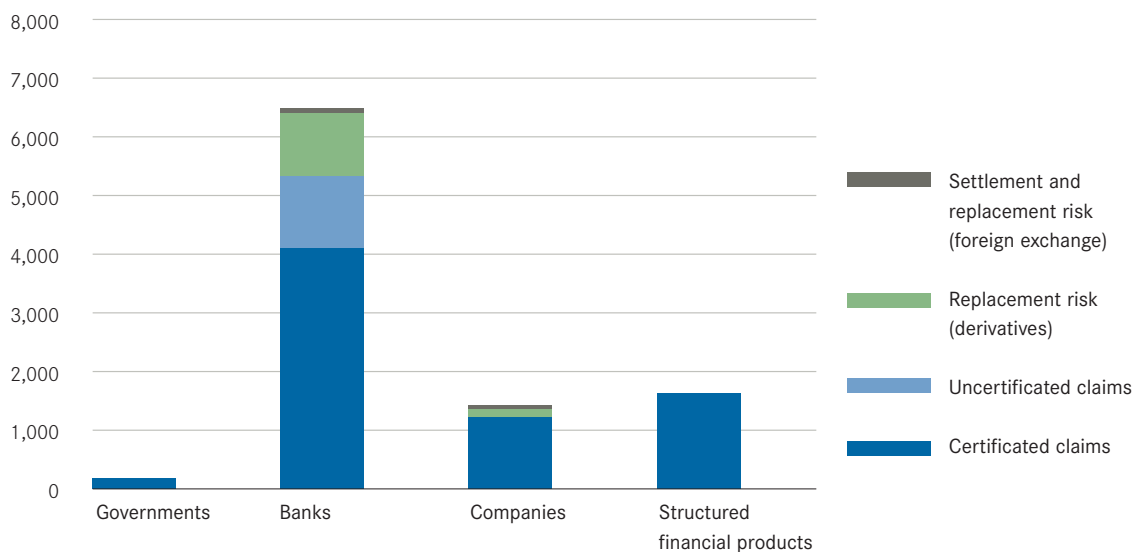
\* includes money dealings, liquid investments and derivatives



### Financial instruments by sectors and types of risks

Sector	Certificated claims	Uncertificated claims	Derivatives	Foreign exchange	Total
	(book value Euro m)	(book value Euro m)	(LEE Euro m)	(LEE Euro m)	
Governments	162	6	0	14	182
Banks	4,289	1,310	1,150	45	6,794
Companies	1,233	0	131	127	1,491
Structured financial products	1,699	0	0	0	1,699
<b>Total</b>	<b>7,383</b>	<b>1,316</b>	<b>1,282</b>	<b>186</b>	<b>10,166</b>

Volumes = loans taken (key date) on the basis of book values or loan equivalent exposures (LEE) in Euro m



The rating distribution reflects the Bank's conservative risk policy. The transactions with AAA ratings are mainly ABS structures. Another focus of the portfolio is on derivatives and money market lines of banks with an A rating.

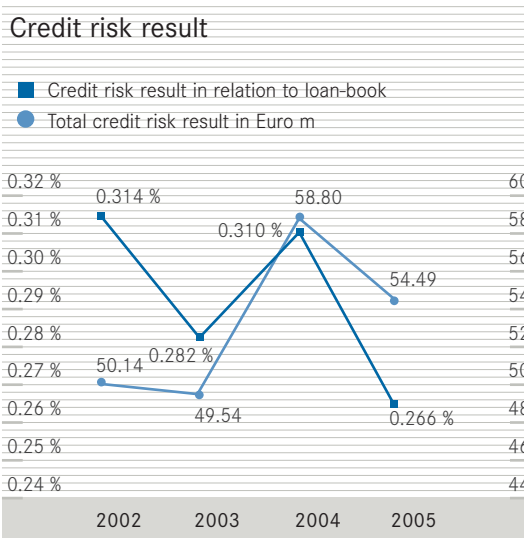
## Investments portfolio

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.

At the end of September 2005, we acquired a 51 % stake in the Irish asset management company, AC Capital Partners Ltd., after having invested in its product developments for years within the framework of the Bank's own investments. With the majority stake, we have further expanded our competence in alternative investments for our institutional clients as well as in the Bank's own investments.

## Risk provisioning and special risk developments

As in the past Financial Years, the Bank made sufficient provision for all credit risks as of 31.12.2005. The graphic shows the detrimental effects on the profit and loss account of the bad debt provision since 2001:



In the Private Customers/Branch Business portfolio, we maintained our policy of cautious risk assessment also in the year 2005. In relation to the extended volume of credit, provisioning of the year 2005 remained at the level of the previous years. There were no provisions for larger individual risks required.

There are no risk concentrations, neither in individual health professional groups nor at a regional level.

In the Organisations and Large Customers portfolio, no significant risks occurred in the Financial Year, so that only low risk provisions were made.



In January 2005, the Bank received a statement of claim from the BKK für Heilberufe, which we evaluated in detail in last year's Annual Report. In its decision of 2 May 2006, the Regional Court Düsseldorf dismissed the action by the BKK für Heilberufe against APO-Bank in the first instance. The Bank had regarded this action as pointless from the start and feels confirmed in this view by the court.

No major additional risks have arisen after the balance sheet date. We expect the value adjustment ratio to be at the same level as the average of the Bank in recent years also in the current year.

### Market price risks

The department of Corporate Planning/ Treasury is responsible for controlling the market price risks, while the Risk Controlling department is responsible for measuring and monitoring the risks.

The interest rate risk is the decisive factor for the Bank's market price risks. Other forms of market price risk are of minor importance.

The substantial element for the control of market price risks is a differentiated limit system which limits the risk of the different portfolios or the risk at the overall bank level with respect to the market value. It is based on different scenarios, taking account of normal and stress situations. The results are not only analysed with regard to the limit system, but are also included in the Bank's planning calculations.

#### Analysis of Limit Exploitation 2005 on the key date

(maximum 100 % in each case)

	31.03.2005	30.06.2005	30.09.2005	31.12.2005
<b>Market price risks</b>				
<b>Currency risks</b>				
Foreign currency/foreign notes and coins/				
precious metals	16.6 %	23.3 %	20.2 %	23.4 %
<b>Risk of changes in interest rates</b>				
Money dealings	58.4 %	63.7 %	50.1 %	60.8 %
Liquidity reserve	66.8 %	69.9 %	85.9 %	94.2 %

### Liquidity risks

The Treasury/Liquidity Management division is responsible for controlling the liquidity risk, which takes place in compliance with the external framework conditions. In order to guarantee permanent solvency, regular liquidity analyses and cash flow forecasts are drawn up. To secure sufficient liquidity, we hold marketable floating-rate securities, which can be sold or are eligible as collateral at any time. The liquidity reserve of the Bank was significantly extended as in previous years, while the excellent credit risks remained unchanged.

### Operational risks

The control instruments for the management of operative risks were further developed and integrated into the business operations. Here, the focus is on the regular analysis and identification of weaknesses as well as on the optimisation possibilities for processes. In this context, regular analyses in the individual business areas are carried out with the decentralised OpRisk managers. Moreover, an operational loss database was established for the damages that occur in the business areas. Within the framework of the quarterly OpRisk reporting, the entire Board is informed about the risk situation.

Following the previous risk analyses, we expect only small financial risks for our Bank. Prevention measures have been taken for all identified risks, and possibilities of early identification as well as emergency plans have been created.

### Sales risks

In 2005 the Bank for the first time drafted a procedure for the quantification of sales risks. Within the framework of the monthly results presentation and the quarterly risk reporting, the entire Board is kept informed about the risk situation, and appropriate measures are taken if necessary. In view of the analyses carried out so far, only marginal deviations are to be expected.

### Ability to bear risks 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 the new supervisory law requirements, we have further developed our concept of capital adequacy. The central approach is based on the idea that all expected losses have already been planned

and taken into account in the profit margin business and that special funds have to be made available only for unexpected losses. These funds, defined within the Bank as risk covering funds, are part of the risk cover potential, which can be used for covering risks in the case of losses without threatening the Bank's continued existence. Furthermore, the risk cover funds are distributed among the Bank's risk areas and limited. The identified risks are measured and applied against the limits. Within the framework of the quarterly risk reporting, both the Board of Directors and the Supervisory Board are informed about the current situation.

In the year under review, the Bank was able to cover all potential risks and to satisfy the members' dividend rights including the tax due on the same at any time.

## Outlook

### MaRisk

On 20 December 2005, the Federal Supervisory Office for Financial Services (Bundesanstalt für Finanzdienstleistungsaufsicht) published the minimum requirements for risk management (MaRisk), which have replaced the former minimum requirements for lending operations (MaK), trading activities (MaH) and internal audit (MaiR). This has provided

the framework for the implementation of qualitative banking supervision in accordance with Basel II.

The Bank has established a project that will identify the specific need for action according to a target-performance analysis. We assume that the Bank will meet the requirements in many sub-areas and that the necessary adjustments will be carried out in a timely manner.

### 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. Already in preceding years, an extensive bank-wide project was launched to implement the anticipated rules of the new Basel Capital Accord, and the project manager reported to a "Process Steering Committee Credit" also comprising members of the Board of Directors. The project is advancing as planned. At the beginning of 2006, the Bank made an application for approval of the internal ratings-based approach and is confident to obtain the approval for the Private Customers/Branch Business portfolio at the beginning of 2007. The other portfolios will follow subsequently.

We assume that sophisticated methods of risk measurement in combination with the Bank's favourable risk profile will reduce the equity burden. This is strongly confirmed by test calculations, also those done as part of our participation in the Quantitative Impact Studies (QIS) 4 and 5 performed by the Bank's supervisory office, which were carried out in 2005.

### Summary of the risk situation

The Bank consistently continues to pursue its conservative risk policy. The decisive risks are closely monitored and limitation measures are taken. The risk provision set aside covers all discernible risks. 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 rating systems and risk control processes, which were developed on the basis of our special competence in business with medical professionals, are subject to continuous further development and guarantee early information about changes in the Bank's risk situation, thus allowing for active risk limitation in cooperation with our clients.





## Rating

### Rating as a competitive factor

Deutsche Apotheker- und Ärztebank has regularly subjected itself to critical review and credit analysis by the renowned and internationally recognised rating agencies Moody's and Standard & Poor's since 1998 and 1999. The Bank is assigned both a long-term and a short-term rating. These ratings take into account all aspects that are relevant for the credit-worthiness of a financial institution, including the ability to meet future deposit obligations.

The central advantage of an external rating is the 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. Our Bank, too, increasingly funds its asset growth on the international capital market. Therefore, our external rating is an important success factor for our growth-oriented business model.

### Ratings of APO-Bank

In the 2005 Financial Year, Standard & Poor's raised APO-Bank's long-term and short-term ratings from "A-" to "A" and from "A-2" to "A-1". The outlook remains stable. Moody's confirmed its previous rating of "A2" (long-term rating) and "Prime-1" (short-term rating). The outlook from Moody's remains stable as well.

Moreover, in October 2005, the rating agency FitchRatings assigned the first so-called Verbund rating for the cooperative Finanzverbund. With a stable outlook, the long-term rating was classified "A+" and the short-term rating "F1". The Verbund rating 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 Deutsche Apotheker- und Ärztebank. So besides the existing ratings of Moody's and Standard & Poor's, APO-Bank's credit-worthiness has indirectly received a positive rating also from the third internationally recognised rating agency.

Major reasons for the good credit rating are the stable underlying financial data and the good risk profile of our Bank, its market position and the capability for the future of its focused business model as well as the participation in the security systems of the cooperative “Finanzverbund”. The positive estimation of the rating agencies and the confidence in the long-term credit-worthiness of the Bank are also reflected in the yet again extended base of international investors.

## Corporate and leadership culture



“Please let us never forget that in our increasingly integrated, complex and anonymous world, we are dependent on each other. So let us respect and appreciate one another; Deutsche Apotheker- und Ärztebank wants to set standards in this regard, too. For this reason, the Board of Directors initiated a discussion about values among senior executives in mid-August of last year, and it was decided to give special attention to these aspects of our corporate and leadership culture.”

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



## Outlook



### Customer needs and profitability in focus

In the past Financial Year, the Bank's profitability and efficiency were improved again. By taking a look at the development of operating profits over several years, it becomes clear that our focus is on intelligent growth of income and economical deployment of resources. Therefore, we will continue our efforts to perfectly meet the needs of our customers and to orient the Bank's profitability on international standards with the same degree of intensity also in the future. Great importance is still assigned to maintaining the good risk profile while maintaining a risk-adequate capital base.

### Consistently taking advantage of market opportunities

To provide the basis for a successful development in the Financial Year 2006, we continue to strive for quality-based growth in the lending business and the associated cross-selling products. In order to achieve our growth and profit targets, we want to further expand our customer base, on the one hand, and to continually improve the support of our

existing customers through the introduced active existing customer management, on the other hand. We aim at individual support oriented to the stage of life that our clients are in. Supported by new agencies and the development of multi-channel banking, we want to develop existing market and customer potentials and intensify the relationship with our customers.

Moreover, we will take the opportunities arising from the changes in the health sector, actively accompanying our customers in the changing medical sector. This includes, for example, the support of new medical care structures and of companies operating in the health market.

### Continuation of the positive trend

Under these premises, we expect another rise in net interest income. In view of the successful continuation of our new securities strategy with a focus on asset management for our customers, we assume that net commission income will almost reach the record level of the 2005 Financial Year.

We anticipate a disproportionately moderate increase in costs compared with the earnings and volume growth. The main reasons for the increase are the expansion of business and the fulfilment of legal requirements. Apart from that, within the framework of strategic cost management, we invest in projects for the improvement of service and efficiency, which contribute to a long-term increase in productivity and service quality. In view of the introduced measures for process optimisation and the strategic future-oriented investments, the cost-income ratio is likely to improve again in 2006.

### Stable risk situation and capitalisation

From today's point of view, risk provisioning for the lending operations will continue to exhibit the same stable development in 2006 as in previous years. It reflects the solid credit quality, which is supported by our many years of market experience as well as by professional risk control instruments, and takes account of the Bank's planned organic lending growth.

With a view to the capitalisation achieved and the forthcoming implementation of Basel II, which we expect to ease the pressure on equity capital due to the quality of our loan portfolio as from the 2007 Financial Year, we are planning a temporarily slightly reduced core capital ratio at a continued good level and continued strong asset growth.

### Good description anticipated for 2006

Based on these prerequisites that accord with the results of the first quarter of 2006, we expect operating profits to exceed the maximum values of the previous year. As a result, the cost-income ratio will improve again from 56.5 % in the previous year to around 56 % in 2006. The interest margin is likely to remain largely stable. Regarding return on equity, we assume that we will be able to exceed the previous year's value of 14.1 % once again. If we describe the 2005 Financial Year as "very satisfactory", then, as things look today, this assessment will almost certainly apply to the current year 2006, too.

# 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. The transactions presented for approval on the basis of provisions in statutes and in the Articles were discussed in depth.

Furthermore, 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 and the projects and measures within the framework of internal optimisation and 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 2005 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 will be adapted to the new requirements in June of this year. 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 mutual declaration of conformity is reproduced in this Annual Report, too.

Dr. med. dent. Dieter Dahlmann, member of the Supervisory Board of our Bank, passed away on 12 November 2005. His valuable work is acknowledged elsewhere in this Annual Report. By resolution of the Local Court Düsseldorf of 20 January 2006, Dr. med. Dr. med. dent. Jürgen Weitkamp, Lübbecke, was appointed as a substitute member.

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

Hermann-Stefan Keller, Pharmacist  
Prof. Dr. med. Jörg-Dietrich Hoppe  
Dr. med. dent. Dieter Dahlmann (deceased)  
Dr. med. Dr. med. dent. Jürgen Weitkamp (substitute for Dr. Dahlmann)

Re-election is possible.

In its meeting on 16 September 2005, the Supervisory Board decided to appoint Mr. Claus-Harald Wilsing to the Bank's Board of Directors after completion of the usual appointment procedure.

Mr. Wilsing has been working for Deutsche Apotheker- und Ärztebank since 1 January 2006.

Düsseldorf, May 2006

The Supervisory Board

Dr. med. dent. Wilhelm Osing  
Chairman



Annual Declaration of Conformity based on § 161 Stock  
Corporation Act (AktG)

The Board of Directors and the Supervisory Board of Deutsche Apotheker- und Ärztebank eG (APO-Bank) declare that the recommendations of the government commission “German Corporate Governance Code”, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) on 4 July 2003 were 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 (Genossenschaftsrecht) which the Bank must apply as a registered cooperative.*

This has led to deviations from the recommended standard of the Code primarily in the following regulatory areas:

- Shareholders and General Meeting (Article 2 of the Code)
- Takeover offers (Article 3.7 of the Code)
- Performance-related compensation of the Supervisory Board (Article 5.4.5 of the Code)
- Audit of Annual Financial Statements (Article 7.2 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 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 conducive 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) *Compensation of the members of the Board of Directors shall be reported in the Notes of the Consolidated Financial Statements subdivided according to fixed, performance-related and long-term incentive components. The figures shall be individualised (Article 4.2.4 of the Code).*

The remuneration paid to members of the Board of Directors is shown in summarised form in the Notes to the Annual Financial Statements. The performance-related portion of total remuneration is quoted as an average percentage. These details are important for the assessment of whether the division of the remuneration into guaranteed and performance-related portions is reasonable and the necessary performance incentives are created for members of the Board of Directors.

There are currently no remuneration components with long-term incentive effects, such as stock options or similar arrangements.

- 5) *Compensation for members of the Supervisory Board should also take account of the exercising of the Chair and membership of committees (Article 5.4.5 of the Code).*

The chairpersons and committee members currently receive no additional remuneration.

6) *Compensation for the members of the Supervisory Board should be shown individually in the Notes to the Annual Financial Statements and subdivided according to components (Article 5.4.5 of the Code).*

The Annual General Meeting defines the amount of fixed remuneration. Performance-related remuneration is not permitted by the regulations of the Cooperative Societies' Act (Genossenschaftsgesetz). We consider the information on the overall remuneration of the Supervisory Board to be adequate.

7) *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.

An adjustment of the declaration of conformity to the recommendations of the government commission "Corporate Governance Code" in the version of 2 June 2005 will be carried out in June 2006.

Düsseldorf, 17 March 2006

For the Supervisory Board

Dr. med. dent. Wilhelm Osing

The Board of Directors

Günter Preuß  
Dr. Franz Georg Brune  
Gerhard K. Girner  
Günther Herion  
Werner Albert Schuster

Claus-Harald Wilsing  
Chief Representative

## We pay our respects to our departed members

**Dr. med. dent. Dieter Dahlmann**  
**Member of the Supervisory Board of the Bank**

**Dr. med. Klaus Dehler**  
**Member of the Council of Elders of the Bank**

In the deceased we have lost personalities whose experienced advice and valuable efforts in the Supervisory Board were of great benefit to our Bank for many years. They remained closely associated with our Bank until their death.

**Dr. Helmuth Klotz**

**Dr. med. Wilfried König**

**Dr. Erich Pankok**

**Friedrich-Wilhelm von der Linde**

**Prof. Dr. med. vet. Helmut Scheunemann**

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 2005

Balance Sheet

Profit and Loss Account

Notes

Assets	€	€	€	€	Previous year in € thousand
<b>1. Cash reserves</b>					
a) Cash on hand			25,211,449.77		21,308
b) Cash in central banks			4,392,009.79		31,478
Including: with Deutsche Bundesbank	4,392,009.79				(31,478)
c) Cash in post office giro accounts			0.00	29,603,459.56	0
<b>2. Debt instruments of public agencies and bills of exchange eligible for refinancing with central banks</b>					
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)
<b>3. Loans and advances to banks</b>					
a) Due on demand			229,221,921.32		110,543
b) Others			1,623,615,199.56	1,852,837,120.88	1,666,001
<b>4. Loans and advances to customers</b>				19,574,524,969.28	18,206,302
Including: secured by mortgages	3,021,091,660.96				(2,873,169)
Municipal loans	219,471,881.99				(241,085)
<b>5. Debt securities and other fixed-interest securities</b>					
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		1,183,379,774.16	1,183,379,774.16		860,614
Including: eligible as collateral with Deutsche Bundesbank	49,900,978.20				(49,817)
b) Bonds and debt securities					
ba) of public issuers		79,189,848.08			100,292
Including: eligible as collateral with Deutsche Bundesbank	79,189,848.08				(100,292)
bb) of other issuers		3,729,328,242.60	3,808,518,090.68		3,680,945
Including: eligible as collateral with Deutsche Bundesbank	2,275,792,023.57				(2,312,633)
c) Own debt securities			72,592,006.76	5,064,489,871.60	79,125
Nominal amount	70,979,367.90				(76,962)
<b>6. Shares and other non-fixed-interest securities</b>				1,698,969,002.77	1,496,638
<b>7. Participating interests and capital shares in cooperatives</b>					
a) Participating interests			7,487,730.62		7,415
Including: in banks	116,460.01				(277)
in financial services institutions	0.00				(0)
b) Capital shares in cooperatives			8,844.13	7,496,574.75	6,249
Including: in cooperative banks	102.26				(6,240)
in financial services institutions	0.00				(0)
<b>8. Share in affiliated companies</b>				131,820,368.64	47,863
Including: in banks	3,262,690.66				(3,429)
in financial services institutions	53,015,844.54				(1,292)
<b>9. Trust assets</b>				2,790,462.19	2,825
Including: loans for third-party accounts	52,941.56				(87)
<b>10. Compensation claims against the public sector, including debt securities from their exchange</b>				0.00	0
<b>11. Intangible assets</b>				6,273,735.00	0
<b>12. Tangible assets</b>				210,390,579.15	218,829
<b>13. Other assets</b>				994,917,928.58	748,656
<b>14. Prepayments and accord items</b>				70,331,133.47	63,511
<b>Total assets</b>				29,644,445,205.87	27,348,594

Liabilities	€	€	€	€	Previous year in € thousand
<b>1. Liabilities to banks</b>					
a) Due on demand			1,430,835,069.80		415,913
b) With agreed term or period of notice			6,544,907,789.01	<b>7,975,742,858.81</b>	5,606,209
<b>2. Liabilities to customers</b>					
a) Savings deposits					
aa) With agreed period of notice of three months		222,972,937.96			231,287
ab) With agreed period of notice of more than three months		270,498,845.00	493,471,782.96		287,989
b) Other liabilities					
ba) Due on demand		4,460,114,141.65			4,280,184
bb) With agreed term or period of notice		6,527,940,412.03	10,988,054,553.68	<b>11,481,526,336.64</b>	6,088,318
<b>3. Certificated liabilities</b>					
a) Debt securities issued			7,176,879,283.96		7,502,328
b) Other certificated liabilities			0.00	<b>7,176,879,283.96</b>	0
Including: money market papers		0.00			(0)
own acceptances and promissory notes outstanding		0.00			(0)
<b>4. Trust liabilities</b>				<b>2,790,462.19</b>	2,825
Including: loans for third-party accounts		52,941.56			(87)
<b>5. Other liabilities</b>				<b>396,294,145.10</b>	351,368
<b>6. Deferred income and accruals</b>				<b>103,220,175.23</b>	101,339
<b>7. Provisions</b>					
a) Provisions for pensions and similar obligations			90,955,361.00		82,698
b) Tax provisions			11,329,799.94		35,275
c) Other provisions			28,541,842.04	<b>130,827,002.98</b>	20,495
<b>8. Special items with a reserve element</b>				<b>0.00</b>	0
<b>9. Subordinated liabilities</b>				<b>294,791,456.54</b>	341,351
<b>10. Participating certificate capital</b>				<b>408,839,239.60</b>	459,968
Including: due within two years		122,710,051.48			(163,613)
<b>11. Fund for general banking risks</b>				<b>82,000,000.00</b>	52,000
<b>12. Equity capital</b>					
a) Subscribed capital			963,339,357.88		923,454
b) Capital reserves			0.00		0
c) Revenue reserves					
ca) Legal reserves		261,221,584.96			237,722
cb) Other revenue reserves		261,732,876.83	522,954,461.79		238,233
d) Net earnings			105,240,425.15	<b>1,591,534,244.82</b>	89,638
<b>Total liabilities</b>				<b>29,644,445,205.87</b>	27,348,594
<b>1. Contingent liabilities</b>					
a) Contingent liabilities from rediscounted, settled bills		0.00			0
b) Liabilities from guarantees and indemnity agreements		389,421,675.44			303,920
c) Collateral furnished for third- party liabilities		0.00	389,421,675.44		0
<b>2. Other obligations</b>					
a) Obligations under optional repurchasing agreements		0.00			0
b) Placement and underwriting obligations		0.00			0
c) Irrevocable loan commitments		1,595,643,560.58	1,595,643,560.58		1,388,185

## Profit and Loss Account

for the period from 1 January 2005 to 31 December 2005

Previous year

in € thousand

	€	€	€	€
<b>1. Interest income from</b>				
a) Lending and money market transactions	1,124,811,073.34			1,004,275
b) Fixed-interest securities and debt register claims	157,342,628.52	1,282,153,701.86		160,942
<b>2. Interest expenses</b>		854,720,478.43	<b>427,433,223.43</b>	773,660
<b>3. Current income from</b>				
a) Shares and other non-fixed interest securities		32,968,535.00		52,404
b) Participating interests and capital shares in cooperatives		4,953,307.10		522
c) Shares in affiliated companies		0.00	<b>37,921,842.10</b>	1,697
<b>4. Income from profit pooling, profit transfer agreements or partial profit transfer agreements</b>			<b>139,382.01</b>	0
<b>5. Commission income</b>		203,777,889.30		142,921
<b>6. Commission expenses</b>		84,566,522.36	<b>119,211,366.94</b>	52,200
<b>7. Net income from financial transactions</b>			<b>1,711,315.24</b>	9,210
<b>8. Other operating income</b>			<b>8,647,990.90</b>	10,979
<b>9. Income from release of special items with a reserve element</b>			<b>0.00</b>	0
<b>10. General administration costs</b>				
a) Personnel expenses				
aa) Wages and salaries	132,143,681.06			120,991
ab) Social security contributions and expenses for pensions and benefits	26,979,498.86	159,123,179.92		29,367
Including: for pensions	7,463,038.63			(10,253)
b) Other administration costs		147,189,975.62	<b>306,313,155.54</b>	140,599
<b>11. Depreciation and value adjustments in respect of intangible and tangible assets</b>			<b>17,803,567.68</b>	18,900
<b>12. Other operating expenses</b>			<b>11,873,096.14</b>	12,911
<b>13. Write-offs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks</b>		61,702,524.75		63,313
<b>14. Income from write-ups of receivables and specific securities and write-backs of provisions for credit risks</b>		0.00	<b>-61,702,524.75</b>	0
<b>15. Write-offs and value adjustments in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets</b>		1,862,000.00		1,868
<b>16. Write-ups in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets</b>		23,908,039.65	<b>22,046,039.65</b>	0
<b>17. Expenses from the absorption of losses</b>			<b>0.00</b>	227
<b>18. Transfer to special items with a reserve element</b>			<b>0.00</b>	0
<b>19. Profit on ordinary activities</b>			<b>219,418,816.16</b>	168,914
<b>20. Extraordinary income</b>		0.00		0
<b>21. Extraordinary expenditures</b>		0.00		0
<b>22. Extraordinary profit/loss</b>			<b>0.00</b>	(0)
<b>23. Taxes on income</b>		83,703,881.13		68,979
<b>24. Other taxes not indicated in item 12</b>		487,876.89	<b>84,191,758.02</b>	333
<b>24a. Transfer to fund for general banking risks</b>			<b>30,000,000.00</b>	10,000
<b>25. Distributable profit</b>			<b>105,227,058.14</b>	89,602
<b>26. Profit carried forward from the previous year</b>			<b>13,367.01</b>	36
			<b>105,240,425.15</b>	89,638
<b>27. Withdrawals from revenue reserves</b>				
a) From the legal reserves		0.00		0
b) From other reserves		0.00	<b>0.00</b>	0
			<b>105,240,425.15</b>	89,638
<b>28. Allocations to revenue reserves</b>				
a) To the legal reserves		0.00		0
b) To other reserves		0.00	<b>0.00</b>	0
<b>29. Net earnings</b>			<b>105,240,425.15</b>	89,638



## 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. Depreciation of € 1,572,820 was not applied because there was no permanent diminution in value. Securities procured in connection with interest rate swaps were combined with these into one valuation unit. Securities with a nominal volume of € 1.8 bn on the balance sheet date were hedged by asset swaps.

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

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 settlement value. Moreover, shares of WGZ-Bank AG were contributed into an affiliated company at the fair value. This resulted in income from write-ups of € 22.5 m.

Tangible assets were carried at cost of acquisition less scheduled depreciation.  
Intangible assets in the amount of € 4,784,611 were reclassified from tangible assets.

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.

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 savings certificates and debt certificates were carried at cash value.

The provisions for pension liabilities have been made at their actuarial present value using the actuarial tables "Richttafeln 2005" (Heubeck) and on the basis of an interest rate of 6 %. In the year under review, the Bank for the first time 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.

- 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 2005 (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	0	4,587,799	0	16,162,382	a) 10,941 b) 0	14,465,505	6,273,735	3,098,083
Tangible assets:								
a) Land and buildings	250,731,389	631,567	0	0	a) 230,340 b) 0	79,015,570	172,117,046	6,790,626
b) Office furniture and equipment	104,770,372	10,814,536	0	-16,162,382	a) 8,511,937 b) 0	52,637,056	38,273,533	7,914,859
<b>a.</b>	<b>355,501,761</b>	<b>16,033,902</b>	<b>0</b>	<b>0</b>	<b>8,753,218</b>	<b>146,118,131</b>	<b>216,664,314</b>	<b>17,803,568</b>

	Acquisition costs	Changes (netted)	Book values on balance sheet date
	€	€	€
Long-term securities	122,780,842	102,079,742	224,860,584
Participating interests and capital shares in cooperatives	13,663,937	-6,167,362	7,496,575
Shares in affiliated undertakings	47,863,390	83,956,979	131,820,369
<b>b.</b>	<b>184,308,169</b>	<b>179,869,359</b>	<b>364,177,528</b>
<b>Total of a and b</b>	<b>539,809,930</b>		<b>580,841,842</b>

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

## I. Balance Sheet

- Loans and advances to banks include € 241,564,441 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)	448,193,427 (320,922,854)	636,792,585 (976,190,740)	451,129,188 (230,258,631)	5,000,000 (56,129,188)	82,500,000 (82,500,000)
Loans and advances to customers (A 4)	1,738,084 (1,335,036)	393,648,031 (342,703,396)	641,122,565 (612,628,790)	4,858,217,129 (4,425,118,346)	11,574,571,363 (10,689,756,391)

- The loans and advances to customers (A 4) include € 2,105,227,797 (previous year: € 2,134,760,560) of loans and advances with unspecified maturities.
- Of the debt securities and other fixed-interest securities (A 5) stated in the balance sheet, € 1,739,010,173 (previous year: € 1,380,518,266) will mature during 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		Associated companies	
	Financial Year	Previous Year	Financial Year	Previous Year
	€	€	€	€
Loans and advances to banks (A 3)	0	0	516,742,924	135,560,991
Loans and advances to customers (A 4)	35,222,621	38,941,922	221,945,306	64,233,497
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)	5,064,489,872 (4,720,975,679)	3,865,742,154 (3,760,063,041)	1,198,747,718 (960,912,638)	200,177,481 (110,483,170)
Shares and other non-fixed-interest securities (A 6)	771,463 (810,496)	771,463 (810,496)	0 (0)	0 (0)
Participating interests and capital shares in cooperatives (A 7)	2,595,006 (2,595,006)	2,481,828 (2,481,828)	113,178 (113,178)	
Shares in affiliated undertakings	0 (0)	0 (0)	0 (0)	

• The trust transactions shown in the balance sheet are loans for third-party accounts totalling € 52,942 and contributions to capital held in trust totalling € 2,737,521.

• Asset item 12 (tangible assets) includes:	€
- Land and buildings used in the course of own business	165,783,458
- Office furniture and equipment	38,273,533

• 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 (Ireland)	51	2005	5,252	2005	10,031
APO Asset Management GmbH, Düsseldorf	70	2005	3,386	2005	1,724
APO Beteiligungs-Holding GmbH, Düsseldorf	100	2005	36,139	2005	0 (139**)
APO Consult GmbH, Düsseldorf*	76	2005	51	2005	0 (60**)
APO Data-Service GmbH, Düsseldorf*	49	2005	2,844	2005	109
APO Leasing GmbH, Düsseldorf*	100	2005	94	2005	0 (1**)
APO Reiseservice GmbH, Düsseldorf*	100	2005	0	2005	0 (0**)
APO Vermietungsgesellschaft mbH, Düsseldorf*	100	2005	36	2005	3
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf*	5	2004	50	2004	-1,136
apokom GmbH, Düsseldorf*	100	2005	75	2005	0 (0**)
Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin*	26	2005	112	2005	-16
medisign GmbH, Düsseldorf*	50	2005	487	2005	-62
PMG Praxismanagement AG, Erlangen*	26	2005	1,208	2005	3
APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	63	2005	6,390	2005	675
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf	95	2004	50	2004	-1,136
ARZ Rechenzentrum nordrhein-westfälischer Apotheken AG, Haan	20	2005	16,324	2005	2,099
CP Capital Partners AG, Zurich	24	2004	63	2004	-2
DAPO International Finance N.V. Amsterdam	100	2005	2,563	2005	585
Deutsche Apotheker- u. Ärztebank (Ireland) Investment Company, Dublin (Ireland)	100	2005	29,251	2005	2,345
DGN Deutsches Gesundheitsnetz GmbH, Düsseldorf	100	2005	346	2005	-1,373
MD Verlag- und Werbegesellschaft mbH, Berlin*	100	2005	1	2005	22
Finanz-Service GmbH der APO-Bank, Düsseldorf	50	2005	1,029	2005	207

Company	Share in company capital %	Company's equity capital		Result of the past financial year	
		year	€ '000	year	€ '000
IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster	26	2005	114	2005	24
MCS Modulare Computer und Software Systeme AG, Eltville	26	2005	11,745	2005	917
Prof. Bicanski und Coll. IWP Beratungsgesellschaft mbH, Münster	26	2005	83	2005	36
PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	24	2005	330	2005	169
Treuhand Hannover GmbH, Hanover	26	2004	14,211	2004	2,130
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf	25	2005	2,005	2005	137

\* indirect participations

\*\* before profit transfer or loss absorption

- 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., Amsterdam  
 MCS Modulare Computer und Software Systeme AG, Eltville

- "Other assets" include the following larger amounts:

Capitalised premiums from options	€ 953,498,921
Offsetting item from foreign currency valuation	9,080,749

- Deferred items include discount amounts from assumed liabilities of € 62,814,586.
- Assets with a book value of € 190,000,000 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 "Loans and advances to banks" (€ 51,129,188), "Debt securities and other fixed-interest securities" (€ 23,149,279), "Shares and other non-fixed-interest securities" (€ 17,839) with a total of € 74,296,306 (previous year: € 74,504,975).
- Assets include foreign currency items with a value of € 207,401,439.
- Liabilities to banks include € 74,545,982 of liabilities to the relevant central cooperative bank (Westdeutsche Genossenschafts-Zentralbank AG).

- 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)	309,461,524 (235,599,642)	1,228,044,005 (606,504,104)	379,584,069 (308,124,212)	1,974,688,982 (2,049,020,199)	2,653,129,209 (2,406,960,756)
Savings deposits with agreed period of notice of more than three months (L 2ab)	0 (0)	84,208,327 (93,330,585)	153,725,785 (154,285,067)	30,970,205 (38,667,505)	1,594,528 (1,706,092)
Other liabilities to customers with agreed term or period of notice (L 2bb)	66,911,312 (63,640,726)	3,094,332,663 (2,773,554,910)	539,683,395 (191,481,867)	1,048,087,603 (1,660,653,375)	1,778,925,439 (1,398,986,706)
Other certificated liabilities (L 3b)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

- Of the debt securities issued (L 3a), € 1,678,230,780 (previous year: € 2,757,737,845) will mature in the Financial Year following the balance sheet date.

- "Other liabilities" include the following larger single amounts:

	€
Premiums from derivatives carried as liabilities	335,328,549
Interest, participating certificates and contributions of silent partners	30,424,973

- Deferred income and accruals (L 6) include discounts deducted on the payment of receivables totalling € 89,595,796.

- Details of liability item 9 (subordinated liabilities):

Expenses of € 16,443,971 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 % to 0.6 % and 6-month Euribor plus 1 % as well as fixed interest rates of 5.0 % to 5.3 %.

Subordinated note loans with fixed interest rates of 4.76 % to 7.55 %.

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

	affiliated undertakings		Liabilities to associated companies	
	Financial Year	Previous Year	Financial Year	Previous Year
	€	€	€	€
Liabilities to banks (L 1)	1,226,087	2,024,330	804,913,252	361,724,903
Liabilities to customers (L 2)	819,075,377	870,567,160	54,154,701	46,648,641
Certificated liabilities (L 3)	67,252	67,380	11,342,274	186,788,527
Subordinated liabilities (L 9)	0	0	0	0

- Liabilities include foreign currency items with an equivalent value of € 791,436,306.

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

	€
Contributions of silent partners	150,000,000
Members' capital contributions	
a) of remaining members	800,405,282
b) of departing members	11,322,603
c) of terminated members' capital shares	1,611,473
Compulsory contributions due on shares in arrears	€ 4,843,807

- The revenue reserves (L 12c) developed as follows in the course of the Financial Year:

	Legal reserves	Other revenue reserves
	€	€
Status as of 1 January 2005	237,721,585	238,232,877
Transfers		
- from the accounting profit of the Previous Year	23,500,000	23,500,000
- from the distributable profit of the Financial Year	0	0
Withdrawals	0	0
	0	0
Status as of 31 December 2005	261,221,585	261,732,877

- Unrealised reserves in the amount of € 30,194,814 were assigned to liable equity capital as per 31 December 2005 in accordance with § 10 (4a) 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 € 55,169 m (previous year: € 49,713 m) as of 31 December 2005. Included therein are the following types of transactions:

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

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

€ m	Nominal Value		Market Value		Credit Equivalent	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Interest rate-related transactions</b>						
Time to maturity						
- up to 1 year	12,905	14,418	159	148	189	164
- over 1 year up to 5 years	23,349	23,366	463	441	786	764
- over 5 years	15,117	9,543	293	76	679	470
	<b>51,371</b>	<b>47,327</b>	<b>915</b>	<b>665</b>	<b>1,654</b>	<b>1,398</b>
<b>Currency-related transactions</b>						
Time to maturity						
- up to 1 year	1,919	1,532	-2	-22	35	34
- over 1 year up to 5 years	359	143	14	3	35	15
- over 5 years	174	92	5	-9	18	7
	<b>2,452</b>	<b>1,767</b>	<b>17</b>	<b>-28</b>	<b>88</b>	<b>56</b>
<b>Stock-related transactions</b>						
Time to maturity						
- up to 1 year	855	118	0	0	44	8
- over 1 year up to 5 years	0	0	0	0	0	0
- over 5 years	0	0	0	0	0	0
	<b>855</b>	<b>118</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>8</b>
<b>Credit derivatives</b>						
Time to maturity						
- up to 1 year	0	0	0	0	0	0
- over 1 year up to 5 years	5	0	0	0	0	0
- over 5 years	75	3	0	0	0	0
	<b>80</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other transactions</b>						
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	501	501	6	8	82	83
	<b>501</b>	<b>501</b>	<b>6</b>	<b>8</b>	<b>82</b>	<b>83</b>
<b>Total: in aggregate</b>	<b>55,259</b>	<b>49,716</b>	<b>938</b>	<b>645</b>	<b>1,868</b>	<b>1,545</b>

The nominal amount of the derivatives assigned to the trading portfolio was € 7,773 m as of 31 December 2005, with a market value of € 9 m and a credit equivalent of € 11 m.



- The following liabilities are secured by transfer of assets:

	€
Liabilities due to banks	3,510,136,697

Irrespective of an assigned liability, we deposited cash collaterals of € 53.3 m within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of € 39.8 m were pledged as collateral for margin obligations at futures and options exchanges and to secure payment obligations from securities transactions.

## 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

- For the year 2005, the Board of Directors and the Presiding Committee agreed upon a remuneration structure for members of the Board of Directors according to which 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 paid to the Board of Directors in the Financial Year was € 2,800,316; the performance-related portion of the aggregate remuneration was 51 %.

- The total remuneration for members of the Supervisory Board was € 373,113, which was divided up as follows: Annual remuneration € 267,440; attendance fees € 31,692; loss of income allowance € 66,605; daily allowances € 7,376.

- The total remuneration for former members of the Board of Directors and their surviving dependants was € 1,059,512.

- Pension provisions for former members of the Board of Directors and their surviving dependants as of 31 December 2005 were € 11,145,617.

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

	€
Members of the Board of Directors	1,401,075
Members of the Supervisory Board	10,050,237

- The expenses for the audit of the Annual Financial Statements, tax advice and other services of the auditor, the PricewaterhouseCoopers company, were € 800,000 in the Financial Year.

- Financial liabilities of € 73,814,972 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	884
Guarantee obligation given to the protection scheme of the BVR cooperative banking sector organisation	73,814,088

- As at 31 December 2005, 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
Mr. Preuß	apokom GmbH, Düsseldorf	Chairman of the Supervisory Board
	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Chairman of the Administrative Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board
Dr. Brune	APO Asset Management GmbH, Düsseldorf	Member of the Supervisory Board
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Member of the Supervisory Board
	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board
	Finanz-Service GmbH der APO-Bank, Düsseldorf	Chairman of the Supervisory Board
Mr. Girner	APO Asset Management GmbH, Düsseldorf	Chairman of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Chairman of the Supervisory Board
	Apothekerversorgung Mecklenburg-Vorpommern, Schwerin	Member of the Administrative Board
	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin (Ireland)	Member of the Board of Directors
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs AG, Cologne	Vice-Chairman of the Supervisory Board
	Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne	Member of the Supervisory Board
	INKA Internationale Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
Normura Maintrust GmbH, Frankfurt	Member of the Supervisory Board	
Mr. Herion	AC Capital Partners Limited, Dublin	Member of the Board of Directors
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
	ENRO AG, Essen	Member of the Supervisory Board
	Rheinisch-Westfälischer Genossenschaftsverband e. V., Münster	Member of the Administrative Board
	ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf	Member of the Supervisory Board
Mr. Schuster	APO Data Service GmbH, Düsseldorf	Chairman of the Supervisory Board
Mr. Abler	APO Asset Management GmbH, Düsseldorf	Member of the Supervisory Board
Mr. Becker	apokom GmbH, Düsseldorf	Member of the Supervisory Board
	CP Capital Partners AG, Zurich	Chairman of the Administrative Board
	DAPO International Finance N.V., Amsterdam	Member of the Supervisory Board
	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin (Ireland)	Member of the Board of Directors
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
Mr. Bisping	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
	apokom GmbH, Düsseldorf	Member of the Supervisory Board
	ARZ Haan AG, Haan	Member of the Supervisory Board
	PMG Praxismanagement AG, Erlangen	Member of the Supervisory Board
Mr. Kunac	APO Data Service GmbH, Düsseldorf	Member of the Supervisory Board
Mr. Sommer	APO Asset Management GmbH, Düsseldorf	Member of the Supervisory Board
Mr. Voll	DAPO International Finance N.V., Amsterdam	Member of the Supervisory Board

- The average number of employees in 2005 was:

	Full-time	Part-time
Clerical staff	1,858	128
	<b>1,858</b>	<b>128</b>

33 trainees on average were also employed.

- Changes in membership

	Number of members	Number of shares	Liable amounts €
Beginning of 2005	99,484	515,821	773,731,500
Additions in 2005	4,193	35,558	53,337,000
Reductions in 2005	2,641	14,281	21,421,500
End of 2005	101,036	537,098	805,647,000

The capital shares of the remaining members increased during the Financial Year by	€ 37,853,749
The uncalled liabilities increased during the Financial Year by	31,915,500

Amount of the 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, Bank Director  
Gerhard K. Girner, Bank Director  
Jürgen Helf, Bank Director (until 30 June 2005)  
Günther Herion, Bank Director  
Werner Albert Schuster, Bank Director

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

Dr. med. dent. Wilhelm Osing, Chairman, Dentist	Uschi Jaeckel*, Trade Union Secretary
Norbert Hinke*, Vice-Chairman, Bank Employee	Hermann-Stefan Keller, Pharmacist
Ralf Baumann*, Bank Employee	Dr. med. Andreas Köhler (from 17 June 2005), Physician
Berthold Bisping**, Bank Employee	Dr. med. Ulrich Oesingmann, Physician
Dr. med. dent. Dieter Dahlmann - deceased - (until 12 November 2005), Dentist	Gerhard Reichert, Pharmacist
Dr. med. dent. Wolfgang Eßer, Dentist	Dr. med. Manfred Richter-Reichhelm (until 17 June 2005), Physician
Hans-Günter Friese, Pharmacist	Christian Scherer*, Bank Employee
Erich Gottwald*, Bank Employee	Michael Sell*, Bank Employee
Wolfgang Häck*, Bank Employee	Roland Wark*, Bank Employee
Thomas Höll*, Bank Employee	Dr. med. Dr. med. dent. Jürgen Weitkamp, Dentist (from 20 January 2006)
Prof. Dr. med. Jörg-Dietrich Hoppe, Physician	Dr. med. Wolfgang Wesiack, Physician

\* employee representatives

\*\* representatives of management executives

Düsseldorf, 21 March 2006  
Deutsche Apotheker- und Ärztebank eG  
The Board of Directors

Preuß

Dr. Brune

Girner

Herion

Schuster

**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 2005 until 31 December 2005. Under German commercial law regulations and the supplementary rules of the Articles of Association, responsibility for the accounts and for preparation of the Annual Financial Statements and Management Report lies with the Board of Directors of the cooperative bank. It is our duty to give an opinion on the Annual Financial Statements – including the accounts and Management Report – on the basis of our audit.

We audited the Annual Financial Statements in accordance with § 317 Commercial Code (HGB), in observance of the generally accepted German auditing principles for Annual Financial Statements adopted by the Institute of German Qualified Accountants (Institut der Wirtschaftsprüfer, IdW). Accordingly the audit must be planned and performed in such a way as to be able to detect, with a sufficient degree of certainty, any inaccuracies and breaches that have a material effect on the presentation of the view of the net worth, financial position and income position conveyed by the Annual Financial Statements in accordance with the generally accepted accounting principles and the Management Report. When determining the audit examinations, knowledge of the business activities and legal and financial environment of the cooperative and 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 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 position and income 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, 29 May 2006  
PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

(Prof. Dr. Dicken), Certified Auditor

(ppa. Koschwitz), Certified Auditor



## About the Bank

[Division Heads and Unit Heads at Head Office](#)

[Heads of Regional Divisions and Branches](#)

[Heads of Regional Credit Control Units, Managers of Subsidiaries](#)

[Head Office, Branches](#)

[Agencies and Advisory Centres](#)

[Regional Divisions](#)

[History of the Bank](#)

Division Heads	<b>Heinz Abler</b>	Sales Private Customers
	<b>Berthold Bisping</b>	Sales Organisations and Major Customers
	<b>Holger Brettschneider</b>	Controlling
	<b>Hans Fells</b>	Sales Partners
	<b>Stefan Kunac</b>	Banking Operations
	<b>Claus Verfürth</b>	Personnel
	<b>Jörg Voll</b>	Corporate Planning/Treasury
Unit Heads at Head Office	<b>Hans-Jochen Becker</b>	Accounting/Profit and Loss/Taxes/Investment Management
	<b>Rainald Brune</b>	Treasury/Liquidity Management
	<b>Hugo Daldrup</b>	Central Credit Control/Private Customers/ Branch Business/Regional Credit Control
	<b>Heinz Deterding</b>	Facility Management
	<b>Regina Dörr</b>	Central Credit Control Corporate Clients/ Medical Care Structures/Financial Instruments
	<b>Heiko Drews</b>	Product Management
	<b>Thilo Gewaltig</b>	New Medical Care Structures
	<b>Wolfgang Hammel</b>	Legal Department
	<b>Manfred Hermes</b>	Communications and Committees
	<b>Andreas Kalle</b>	Sales Management
	<b>Eckhard Lüdering</b>	Central Credit Control/Private Customers/ Branch Business/Basic Issues
	<b>Jürgen Otto</b>	Auditing
	<b>Martin Pietsch</b>	IT and Organisation
	<b>Axel Schneider</b>	Trading Transactions
	<b>Dr. rer. pol. Barbara Schwoerer</b>	Strategy and Project Consulting
	<b>Dr. rer. pol. Thomas Siekmann</b>	Corporate Planning
	<b>Klaus Söhler</b>	Service and Transaction Bank
	<b>Ulrich Sommer</b>	Securities/Institutional Clients
	<b>Uwe Zeidler</b>	Securities/Private Asset Management



Heads of Regional Divisions	Eastern Region	<b>Michael Brüne</b>
	Northern Region	<b>Johannes Henkel</b>
	Central Region	<b>Christian Hübscher</b>
	Western Region	<b>Jürgen Grabensee/Peter K. Konrad</b>
	Southern Region	<b>Winfried Schülken/Rolf Post</b>

Branch Managers	Aachen	<b>Hartmut Paland</b>	Leipzig	<b>Helmut Picker</b>
	Augsburg	<b>Joachim Lehmann</b>	Lübeck	<b>Dietmar Godt</b>
	Bayreuth	<b>Erwin Hacke</b>	Magdeburg	<b>Thorsten Werner</b>
	Berlin	<b>Stefan Mühr</b>	Mainz	<b>Petra Knödler</b>
	Braunschweig	<b>Eberhard Groß</b>	Mannheim	<b>Werner Gebauer</b>
	Bremen	<b>Reinhard Pretzsch</b>	Marburg	<b>N. N.</b>
	Chemnitz	<b>Wilhelm Spitz</b>	Munich	<b>Bruno Höfter</b>
	Cologne	<b>Werner Höhl</b>	Münster	<b>Franz-Josef Gebker</b>
	Darmstadt	<b>Uwe Natter</b>	Neustadt	<b>Otmar Herrmann</b>
	Dortmund	<b>Carsten Ferch</b>	Nuremberg	<b>Martin Steinkühler</b>
	Dresden	<b>Raimund Pecherz</b>	Oldenburg	<b>Dirk Müller</b>
	Düsseldorf	<b>Siegfried Crefeld</b>	Osnabrück	<b>Werner Goldkamp</b>
	Duisburg	<b>Markus Herzig</b>	Potsdam	<b>Jürgen Nitsche</b>
	Essen	<b>Frank Orichel</b>	Regensburg	<b>Frank Hillemanns</b>
	Frankfurt	<b>Gerhard Schork</b>	Rostock	<b>Ronald Hensel</b>
	Freiburg	<b>Jörg Jahnz</b>	Saarbrücken	<b>Dietmar Schmidt</b>
	Göttingen	<b>Michael Arndt</b>	Schwerin	<b>Gerrit Altenburg</b>
	Hamburg	<b>Peter Schlögell</b>	Stuttgart	<b>Lothar Heim</b>
	Hanover	<b>Michael Goltz</b>	Thuringia	<b>Peter Jesse</b>
	Karlsruhe	<b>Michael Kreuzer</b>	Trier	<b>Ulrich Ober</b>
	Kassel	<b>Franz-Josef Nolte</b>	Wiesbaden	<b>Werner Ensberg</b>
	Kiel	<b>Peter Geiß</b>	Würzburg	<b>Bernd Posdlich</b>
	Koblenz	<b>Hartmut Thimm</b>	Wuppertal	<b>Michael Kutscher</b>

Heads of Regional Credit  
Control Units

Berlin	<b>Jost Vierbücher</b>
Dresden	<b>Dr. Gerald Barth</b>
Düsseldorf	<b>Karl-Josef Wening</b>
Frankfurt	<b>Paul Krüger</b>
Hanover	<b>Andreas Leinz</b>
Munich	<b>Uwe Paul</b>

Managers of Subsidiaries

AC Capital Partners Ltd.	<b>Jana Becher</b> <b>Thomas Rost</b>
Apo Asset Management GmbH	<b>Friedhelm Jansen</b> <b>Ulrich Nötges</b>
APO Data-Service GmbH	<b>Klaus Söhler</b> <b>Ludger Korth</b> <b>Alfons Schulte-Kellinghaus</b>
APO Immobilien-Kapitalanlage- gesellschaft mbH (aik)	<b>Wilfried Gärtner</b> <b>Dr. Stephan Hinsche</b>
DGN Service GmbH	<b>Ansgar Geist</b>
Finanz-Service der APO-Bank (apofinanz)	<b>Hans Fells (temp.)</b>
Kooperations- und Organisations-Management GmbH (apokom)	<b>Georg Heßbrügge</b> <b>Dr. Gerhard Schlicht</b>
medisign GmbH	<b>Uwe Meyer-Vogelgesang</b> <b>Peter Gabriel</b>

Version: April 30, 2006

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93049 Regensburg Yorckstraße 13 Telephone +49 941/39603-0	97080 Würzburg Beethovenstraße 1 Telephone +49 931/35535-0
18055 Rostock August-Bebel-Straße 11/12 Telephone +49 381/45223-0	42257 Wuppertal Berliner Straße 45-47 Telephone +49 202/25052-0
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	

Agencies		Advisory Centres	
	<p>Agency Bielefeld Am Bach 18 33602 Bielefeld Telephone +49 521/98643-0 Responsible branch: Münster</p>		<p>Advisory Centre Cottbus Dreifertstraße 12 03044 Cottbus Telephone +49 331/27521-0 Responsible branch: Potsdam</p>
	<p>Agency Bonn Walter-Flex-Straße 2 53113 Bonn Telephone +49 228/85466-0 Responsible branch: Cologne</p>		<p>Advisory Centre Frankfurt/Oder Berliner Straße 23a 15230 Frankfurt/Oder Telephone +49 331/27521-0 Responsible branch: Potsdam</p>
	<p>Agency Hildesheim Kaiserstraße 25 31134 Hildesheim Telephone +49 5121/20669-3 Responsible outlet: Hanover</p>		<p>Advisory Centre Görlitz Konsulplatz 3 02826 Görlitz Telephone +49 351/80001-0 Responsible branch: Dresden</p>
	<p>Agency Ulm Karlstraße 31-33 89024 Ulm Telephone +49 731/14034-0 Responsible branch: Stuttgart</p>		<p>Advisory Centre Ingolstadt Am Pulverl 5 85051 Ingolstadt Telephone +49 841/931529-0 Responsible outlet: Munich</p>
			<p>Advisory Centre Neubrandenburg An der Marienkirche (Ärztehaus) 17033 Neubrandenburg Telephone +49 395/563972-3 Responsible branches: Rostock or Schwerin</p>



- 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.
- 2005** Operating profit before risk provisioning: Euro 259 million; best operating result in the Bank's history. Total membership passes the 100,000 mark.

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