Interim Report

2022

apoBank

Bank der Gesundheit

Overview of Business Development

Overview of business development

Bank data	30 June 2022	31 Dec 2021	Change[1] %
Members	113,425	115,239	– 1.6
Customers	495,400	482,000[2]	2.8
Employees	2,249	2,246	0.1
Locations	83	83	0

Balance sheet	€m	€m	%
Balance sheet total	66,916	67,372	– 0.7
Customer loans	37,663	37,787	– 0.3
Customer deposits	35,596	37,140	– 4.2

Income statement	1 Jan – 30 June 2022 €m	1 Jan – 30 June 2021 €m	%
Net interest income[3]	362.8	358.9	1.1
Net commission income	102.4	102.0	0.4
Other operating income and expenses	6.9	13.2	– 48.2
General administrative expenses	– 365.3	– 371.2	– 1.6
Operating profit before risk provisioning	106.8	103.0	3.7
Risk provisioning from the operating business[4]	– 3.0	– 6.1	– 50.3
Risk provisioning with reserve character[5]	– 29.7	– 24.1	23.1
Operating result before tax	74.1	72.7	1.8
Net profit after tax	32.8	37.0	– 11.3

Key figures	30 June 2022 %	31 Dec 2021 %	%-ppts
Total capital ratio (according to CRR)	17.9	17.3	0.6
Common equity tier 1 capital ratio (according to CRR)	16.2	15.9	0.3
Cost-income ratio[6]	77.8	79.8	– 2.0

Ratings	Standard & Poor's	Fitch Ratings (group ratings)
Long-term rating	A+[7]	AA–[8]
Short-term rating	A–1	F 1+
Outlook	stable	stable
Pfandbrief rating	AAA	–

1) Deviations possible due to rounding differences.
2) Indicative figure as at 30 June 2021; figure as at 30 June 2022 not comparable due to change in calculation method.
3) Including current income from shares, fixed-interest securities, shareholdings and shares in affiliated companies as well as income from profit transfer agreements.
4) This includes individual risk provisioning measures for the customer lending business as well as for financial instruments and shareholdings.
5) This includes risk provisioning measures which do not concern individual risks, as well as allocations to the fund for general banking risks and to provisioning reserves.
6) Ratio of operating expenses and operating income; operating expenses include general administrative expenses and other operating expenses; operating income includes: net interest income, net commission income and other operating income.
7) Issuer Credit Rating; Stand: Juni 2022.
8) Issuer Default Rating; Stand: Juli 2022.

Content

1

Interim Management Report

Fundamental Features of the Bank

Business model

Aligned to the growing health care market

apoBank is a cooperative full-service bank. Its business policy is geared towards the specific needs of people in the medical professions and the requirements of the health care market. As a cooperative, the business purpose of apoBank is to support its members – specifically health care professionals as well as their organisations and institutions – and their economic development. The fair participation of our members in the Bank's economic success over the long term is therefore also central to our goals.

Services in two business segments

We provide service to our customers in two business segments. In the Retail Clients business segment, we support academic health care professionals during their training, throughout their careers and in retirement, as well as other selected customers to implement their professional and private projects. We also service small companies and medical care structures. In the Professional Associations and Large Customers business segment, we advise associations of panel doctors/dentists, chambers and associations, institutional organisations in the health care sector, professional capital investors as well as larger companies in the health care market and medical care structures. These include operators of pharmaceutical, medical, veterinary, dental, inpatient and nursing care structures.

We offer our customers a wide range of financial and advisory services in payment transactions, in the lending, deposit and investment business, as well as in asset management. We round off our offering with additional services for our customers' various needs in their professional and private lives.

Strategy and goals

apoBank wants to be a financial partner of preference to its customers and to take on responsibility in the health care market. To do this, it must be financially stable in the long run and continuously strengthen its competitiveness.

To take on this key role, we consistently focus our activities on our customers' goals and needs. We believe that a trusting and stable customer relationship is the main precondition for working together successfully.

Our support services are based on our customers' specific needs. We provide intensive and personal advice on complex topics and questions. In addition, we offer our customers fast, direct and easy access to our banking services. In this context, we are continuing to expand our digital channels and our apoDirect customer centre.

We support people in academic health care professions with services and products regarding topics such as career and business start-ups as well as asset management and retirement provision. We intend to significantly expand the asset management business. For this purpose, we use our own knowledge and the expertise of our associated company Apo Asset Management GmbH, which specialises in the administration and management of securities funds for private and institutional customers from the health care sector and also offers specialised funds that focus on the health care market. In addition, our associated company aik Immobilien-Investmentgesellschaft mbH supports occupational pension funds and pension schemes. As a real estate investment company, it pursues an integrated approach that covers all stages of the real estate investment value chain.

At the same time, we want to further consolidate and expand our core business, which includes the support of new businesses, construction financing, investment financing and private loans. Here, we will leverage our expertise in the financial and health care market and will offer complementary services to support health care professionals in their work in practices and pharmacies.

In the Professional Associations and Large Customers business segment, apoBank focusses on being a strategic partner for the various operators of outpatient and inpatient care as well as for clearing centres.

We want our members to participate in our business success while at the same time continuously strengthening our capital and reserves in order to finance our growth using our own resources. To achieve this, we must ensure long-term, tangible cost reductions. A key lever here will be an ongoing increase in efficiency, primarily by optimising processes from end to end and through more consistent digital transformation of the main banking processes.

In addition to the question of how we as a bank can act in an economically sustainable manner, questions of environmental and social sustainability are also important when it comes to generating value. We see ourselves as a company that is aware of the responsibility it bears towards society. That is why we signed off on a sustainability strategy in 2021. It includes a range of measures we intend to implement to work towards our operational business becoming climate-neutral by 2030. Our goal is to be climate-neutral across all of our business activities by 2045.

Further details on the fundamental features of the Bank can be found in the Annual Financial Report 2021 (pages 23 to 27). The statements made there continue to apply.

Economic Report

Overall economic and industry-specific conditions

Growth expectations will not be met in 2022

In its spring economic forecast, the EU Commission had been expecting the economic recovery to continue in 2022 once the burdens caused by the spread of the Omicron variant of the coronavirus were overcome. Instead, global economic growth became increasingly sluggish. This was due to the impact of the Russian invasion of Ukraine, economic uncertainty, a consolidation of the already high inflation trend as well as further supply chain bottlenecks, among other things as a result of recent renewed lockdowns in parts of China from the end of March.

Growth initially continued in the first quarter as Covid-related restrictions were lifted in many industrial countries. The economy in the euro area grew in this period by a moderate 0.6% compared to the final quarter of 2021. In the second quarter of 2022, growth is likely to have almost stagnated, primarily due to the Russian war on Ukraine. Effects from the further lifting of Covid restrictions only partially compensated for this. However, high global inflation and the ongoing geopolitical tensions are likely to lead to considerably lower economic growth in the upcoming months. Growth forecasts have therefore recently been adjusted downwards.

GDP growth

	2022 (expected) %	2021 %
Germany	1.2	2.9
Euro area	2.6	5.4
USA	2.3	5.7
Emerging markets	– 3.6	6.8
World economy	3.2	6.1

Source: EU Commission, IMF

Central banks try to keep inflation in check

Although the European Central Bank (ECB) left the key interest rates unchanged in the first half of 2022 (deposit facility rate -0.5%, main refinancing operations rate 0.0% and marginal lending facility rate 0.25%), it is following the US Federal Reserve (Fed) on its path towards tighter monetary policy: The ECB discontinued its Pandemic Emergency Purchase Programme at the end of March and the remaining Asset Purchase Programme by the beginning of July. As a result, lending rates increased towards mid-year. In July, the ECB raised its key interest rates for the first time in more than a decade. The Fed is tightening its monetary policy even faster than the ECB: It already discontinued its securities purchases in March and raised its key interest rate in six steps of 25 basis points each by the end of June. According to projections by Fed members, a key interest rate of 3.25 to 3.50% is expected for most of the remainder of the year. The reason for the rising interest rates worldwide is the central banks' efforts to counteract high inflation. In June, inflation was at 8.6% p. a. (euro area) and 9.1% p. a. (USA).

A bear market for shares

Since the beginning of the year, there have been significant losses both in share prices and on the pensions markets. As measured against the MSCI World All Countries Index, the global downward correction on stock markets was around 20% by the end of June. This was mainly due to the increasing risk of stagflation as well as geopolitical risks. The foreseeable rise in key interest rates has led to yields on government bonds increasing worldwide. The yield on ten-year German federal bonds was around 1.7% in mid-June after a rate of just under 0% at the beginning of the year. The assumption that the US Fed would counteract inflation with larger increases in the key interest rate than those introduced by the ECB strengthened the exchange rate between the US dollar and the euro as mid-year approached. In addition, Europe's regional proximity to Russia and its dependence on Russian energy imports impacted the common currency. The euro lost around 8% against the US dollar, arriving at 1.05 US dollars per euro at the end of the first half of the year.

Headwind for the real estate market

Prices on the German real estate market continued to rise in the first quarter of 2022. Extrapolated to the year as a whole, residential property prices increased by 10.7% according to the real estate index vdp-Immobilienpreisindex. This shows that the unusual growth in the residential market since the outbreak of the Covid pandemic has remained. But the headwind on the real estate market is picking up speed. On the one hand, higher interest rates dampen demand. By the end of June, interest rates on real estate loans of longer than ten years to private households had already risen by an average of 1.4 percentage points according to the German Bundesbank, and this trend has continued. The supervisory authorities are also keeping a closer eye on the residential market, in particular because the Bundesbank had already warned about regional overvaluations in the past. As a result, the Federal Financial Supervisory Authority BaFin announced that banks would have to underwrite real estate loans with higher capital and reserves from April onwards, which also restricts the availability of real estate loans. In addition, the residential market is generally subject to the burdens associated with the economic cooldown. The Ifo business climate index for the construction sector dropped considerably in recent months. The index, which reflects expectations in this industry, is currently lower than it has ever been since it was introduced in 1991. The prices on the commercial real estate market have already decreased in certain segments as a result of the Covid pandemic.

Health care market

Health policy continues to face considerable challenges

In the first half of 2022, both the ongoing Covid pandemic and the consequences of the Ukraine war led to a crisis-related standstill in the large-scale health policy projects sketched out in the coalition agreement (hospital reform, cross-sectoral care and compensation, local low-threshold health advice centres, etc.). Staff shortages due to the high number of Covid cases and the setting up of a comprehensive structure to ensure medical care for Ukraine war refugees posed considerable challenges for the German health system.

In view of the current situation, the planned Statutory Health Insurance Financing Act (GKV-Finanzierungsgesetz) is being reviewed to assess its financial impact. The statutory health insurance companies expect a deficit of billions of euros in 2023 due to the pandemic, the Ukraine war and inflation. The high inflation rates, the growing statutory health insurance deficit and the "debt brake" play a role in the discourse around other health policy reform plans, too.

Financial situation of health care professionals stable in spite of Covid

From a business perspective, 2021 was a successful year for pharmacies. Thanks to a large number of specifically Covid-related tasks (distribution of FFP2 masks, testing citizens for Covid, issuing vaccine certificates, providing vaccines), the average pharmacy had a turnover of a good €3 million last year, an increase of 11% compared to 2020. The average operating income per pharmacy rose overall to €211,000 (+27%).

Expenditure by statutory health insurance on panel doctors and psychotherapists also continued to increase in 2021. Compensatory payments per doctor generally limited total fee losses to 10 to 15%. By contrast, there was no compensation for fee losses on services provided in the area of private health insurance (PKV). However, the additional expenditure for outpatient care by doctors in the area of private health insurance indicates that there were no significant fee losses. Overall, private health insurance companies spent around €2.8 billion on specifically Covid-related services in 2020 and 2021.

Dentists were protected against significant Covid-related disruptions in turnover by the liquidity assistance agreed upon in the Health and Long-Term Care Improvement Act (GPVG). Patient volumes and health care delivery were significantly higher than in the previous year, partially due to catch-up effects.

The financial situation of veterinarians has recovered overall since the beginning of the pandemic. The number of pets rose significantly last year, which automatically led to increased demand for veterinary services and will, in our estimation, have had a positive effect on the operating income of veterinarian practices specialising in pets.

Long-term challenges for the inpatient sector and for health care companies

2022 got off to a challenging start for inpatient health care. The pandemic wave continued until the end of March. The Federal Ministry of Health therefore extended the rescue package for hospitals, rehabilitation and specialised clinics. While the allowance for nursing care (Versorgungszuschlag) was allocated until 30 June 2022, the government terminated the reimbursement for keeping beds available (Freihaltepauschale) in April for the time being.

In care for the elderly as well, the pandemic left its mark in the first half of the year; the emergency package for care facilities was extended until the end of June 2022.

The pharma industry has so far been less economically impacted by the pandemic than other sectors. The medical technology industry remains on a growth path, business performance was, however, negatively affected by the economic consequences of the Ukraine war and the sanctions on Russia in the form of rapidly rising material, energy and logistics costs. In addition, the EU's Medical Device Regulation, in place since May 2021, is causing excess costs and delays with respect to the approval of medical products.

Business performance

Banking sector's business environment

The shift in the interest rate environment, technological innovations, changes in customer behaviour as digital transformation progresses as well as regulatory requirements continued to determine the prevailing conditions for the banking sector in the period under review (1 January to 30 June 2022). The banks are optimising processes and introducing technological innovations and thus pushing digital transformation to address changes in customer behaviour and stricter regulatory requirements. Furthermore, many banks are working to continue reducing their costs. The banks take into account the significant changes in the interest rate environment in the first half of 2022 on the one hand by managing their interest risks and on the other hand in the way they structure their conditions. Added to this is the growth in global economic uncertainty due to the war in Ukraine. Tthe economic consequences of the Covid pandemic on the banking sector are also not yet fully quantifiable.

Business performance satisfactory under challenging conditions

With regard to the earnings situation, we rate our business performance in the first half of 2022 as satisfactory overall against the backdrop of challenging conditions. In the reporting period, apoBank continued to work hard on further refining the procedural and technical functionalities of its IT systems. The result was that net profit after tax amounted to €32.8 million (30 June 2021: €37.0 million).

In the first half of 2022 once again, and in accordance with our statutory purpose, we supported our members and customers in achieving their professional and private goals by offering our specialised banking services. There were 115,297 members as at 30 June 2022; around 1,872 members are likely to leave by the end of the year (31 December 2021: 115,239 members).

The balance sheet total amounted to €66.9 billion as at the half-year reporting date (31 December 2021: €67.4 billion). Loans and advances to customers remained stable at €37.7 billion (31 December 2021: €37.8 billion), in spite of the currently challenging market situation. The securities portfolio rose to €10.6 billion due to the expansion of the liquidity reserve (31 December 2021: €10.2 billion).

On the liabilities side, liabilities to customers decreased for the first time in years by 4.2% to €35.6 billion (31 December 2021: €37.1 billion). Securitised liabilities, on the other hand, increased slightly to €9.2 billion (31 December 2021: €8.9 billion). Liabilities to banks reached €18.6 billion (31 December 2021: €17.8 billion).

Retail clients

In the Retail Clients business segment, we support the professional and private endeavours of pharmacists, physicians, dentists, veterinarians and psychotherapists. In particular, we offer them services and products around business start-ups as well as asset management and retirement provision.

Loan portfolio stable

The loan portfolio in this business segment held its level at €31.1 billion in the reporting period (31 December 2021: €31.2 billion). Due to strong new business, the volume of business start-up financing rose to €8.3 billion as at 30 June 2022 (31 December 2021: €7.6 billion). The volume of real estate financing increased to €18.5 billion (31 December 2021: €18.1 billion). By contrast, investment and private financing added up to just €4.3 billion (31 December 2021: 5.5 billion).

Higher average deposit volume

In the period under review, the average volume of demand, savings and term deposits of our retail clients rose slightly once again to €26.7 billion (2021: €25.8 billion).

Increase in new inflows to deposit volume

Stock markets came under pressure in the first half of 2022, particularly due to the impact of the Ukraine war on the global economy and the rise in interest rates. Sinking share prices went along with a reduction in our retail clients' deposit volume to €10.7 billion (31 December 2021: €11.9 billion) even though there were strong net inflows. Despite the stock market developments, the volume managed by our asset management unit remained stable at €4.8 billion (31 December 2021: €4.9 billion).

Growth in insurance and building society business

The brokerage volume in our life insurance business increased to €308 million (30 June 2021: €283 million[1]).

1) Figure updated as at 30 June 2022.

As interest rates have risen, building society contracts have become more attractive once again, with the total contract value also increasing to €174 million (30 June 2021: €135 million).

Professional associations and large customers

Collaboration with professional associations representing groups of health care professionals and occupational pension funds

apoBank supports professional associations representing all groups of health care professionals in the areas of finance and health care. These include the associations of panel doctors and panel dentists, the chambers as well as professional organisations.

In the year under review, the average deposit volume amounted to €5.0 billion (2021: €4.8 billion). The main reason for the increase is additional funds temporarily flowing through fee billers during the Covid pandemic.

Individually tailored advisory concept for institutional investors

In the Institutional Investors segment, we include occupational pension funds for the health care and other liberal professions, as well as other financial intermediaries. These include pension funds, insurance companies and foundations as well as church or municipal pension institutions. Our range of products and services extends from advice to development and custody of the product.

Investment consulting

We support professional capital investors in managing their risk and earnings situation and thus in achieving their earnings targets. Optimisation and implementation of strategic asset allocations as well as ongoing risk monitoring and tailored risk reporting are some of the areas our advisory services focus on. To complement this, we offer direct portfolio management and credit-worthiness analyses for direct pension investments.

Custodian business

apoBank acts as a custodian for securities and real estate special assets as well as direct investments. As at 30 June 2022, we managed 233 funds (31 December 2021: 236); the depository volume amounted to €23.1 billion (31 December 2021: €25.2 billion). This decrease is due to the drop in share prices on the stock markets.

Growth in loan portfolio in corporate clients business

In its Corporate Clients business segment, apoBank pools its integrated strategic advisory services for companies in the health care market. Among others, we support providers of inpatient care such as clinics and rehabilitation facilities, and offer them our financing solutions.

Demand for financing was high across almost all segments throughout the first half of 2022. In spite of continued intense competition, we expanded the loan volume in the Corporate Clients business segment to €5.4 billion (31 December 2021: €5.0 billion).

Net assets, financial position and results

Net interest income stable

In the interest-bearing business, we maintained the level of the previous year overall, at €362.8 million (30 June 2021: €358.9 million). As was the case last year, net interest income was bolstered by our participation in the ECB's long-term tenders as well as by strategic measures in the banking book. The new lending business amounted to €3.1 billion (30 June 2021: €2.0 billion).[1]

1) From 30 June 2022, net new lending business is shown, previous year's figure adjusted.

On the liabilities side, the trend towards short-term demand deposits did not continue in the reporting period. We introduced custodian fees for our wealthy retail clients as at 1 April 2022, taking into account an individual fee-free allowance. The fees are coupled to the ECB's negative interest rates for banks. The inflow of fees brought in a mid-single-digit million amount. This at least partially compensated for the burdens resulting from the low-interest environment in the first half of the year.

Overall, we slightly exceeded our target performance with regard to net interest income.

Net commission income stable in a difficult environment

At €102.4 million, we maintained net commission income at the level of the previous year (30 June 2021: €102.0 million). In a difficult and uncertain market environment, we saw a positive trend in earnings in our asset management business and in our deposit business with retail clients. The commission payments for loans brokered to apoBank rose. We logged lower commission inflows in the securities business. This is also one of the reasons why the commission-based business was slightly below the targeted amount overall as at the reporting date.

General administrative expenses at previous year's level

General administrative expenses amounted to €365.3 million in the period under review (30 June 2021: €371.2 million), and were thus slightly below our expectations. Personnel expenses rose negligibly to €127.1 million (30 June 2021: €125.0 million); nevertheless they were slightly below the budgeted amount. Operating expenditure including depreciation sank to €238.2 million (30 June 2021: €246.1 million), which was slightly below the budgeted amount. The bank levy alone rose by a good third, lower expenditure on projects provided some relief. The cost-income ratio sank to 77.8% (30 June 2021: 79.0%). We had expected it to be significantly higher.

Income statement

	1 Jan – 30 June 2022	1 Jan – 30 June 2021	Change[1]
	€m	€m	%
Net interest income[2]	362.8	358.9	1.1
Net commission income	102.4	102.0	0.4
General administrative expenses	– 365.3	– 371.2	– 1.6
Balance of other operating income/expenses	6.9	13.2	– 47.4
Operating profit before risk provisioning	106.8	103.0	5.8
Risk provisioning from the operating business[3]	– 3.0	– 6.1	– 50.3
Risk provisioning with reserve character[4]	– 29.7	– 24.1	28.6
Operating result before tax	74.1	72.7	2.9
Tax	– 41.3	– 35.7	15.4
Net profit after tax	32.8	37.0	– 11.3

1) Deviations possible due to rounding differences.
2) Including current income from shares, fixed-interest securities, shareholdings and shares in affiliated companies as well as income from profit transfer agreements.
3) This includes individual risk provisioning measures for the customer lending business as well as for financial instruments and shareholdings.
4) This includes risk provisioning measures which do not concern individual risks, as well as allocations to the fund for general banking risks and general banking reserves.

Slight increase in operating result

The operating result, i.e. profit before risk provisioning, was slightly above the previous year's level, at €106.8 million (30 June 2021: €103.0 million). In our business plan, we had budgeted for a marked decline. In addition to the favourable development in general administrative expenses, a positive balance between our other operating income and expenses as well as the above-budget net interest income were primarily responsible for this.

Risk provisioning for the operating business halved

Risk provisioning for the operating business was - €3.0 million (30 June 2021: - €6.1 million); this was primarily due to significantly lower net allocations to loan loss provisions. This meant that risk provisioning was only around one tenth of the budgeted amount. By contrast, we carried out value adjustments on liquidity reserve securities in a mid-single-digit million euro amount; these had become necessary as a result of the increase in interest rates. In addition, the hidden burdens of our financial instruments classified as fixed assets rose compared to the end of 2021. They reached an amount in the low triple-digit million range. Due to the good creditworthiness of the issuers, we do not expect long-term decreases in value.

Risk provisioning with reserve character amounted to - €29.7 million (30 June 2021: - €24.1 million). In our original budget, we had expected to release reserves as at 30 June 2022. The general value adjustments included in this item have had to be calculated since 1 January 2022 in accordance with IDW RS BFA 7 regulation. The effects of this change are, however, moderate.

Net profit slightly below target

The bottom line operating result before tax, at €74.1 million (30 June 2021: €72.7 million), was markedly higher than planned.

Net profit after tax was at €32.8 million (30 June 2021: €37.0 million), and was thus slightly below target. The considerably higher tax expenditure than in the previous year was due among other things to a higher bank levy and the formation of extensive reserves, neither of which are tax deductible.

Stable balance sheet total and comfortable liquidity situation

As at 30 June 2022, the balance sheet total was stable at €66.9 billion (31 December 2021: €67.4 billion). Loans and advances to customers amounted to €37.7 billion (31 December 2021: €37.8 billion). In connection with the Covid pandemic, we provided liquidity assistance for retail clients and for corporate clients in the previous years. The majority of this has now been paid back or come to an end and, with a share of less than half a percent, is thus of subordinate significance with regard to loans and advances to customers. The securities portfolio reached €10.6 billion (31 December 2021: €10.2 billion). The background to this was the expansion of our liquidity reserve, in particular in connection with our participation in the ECB's TLTROs[1].

apoBank's liquidity situation remained comfortable in the first half of 2022; we fulfilled all internal and external minimum requirements for our liquidity position. As a well-established market participant with good credit ratings, we secure funds for refinancing through various sources based on a broadly diversified customer and investor base. The largest source of refinancing continues to come from liabilities to customers. In the period under review, these nevertheless decreased slightly by 4.2% to €35.6 billion (31 December 2021: €37.1 billion).

1) Targeted longer-term financing operations; form of lending offered to banks by the ECB.

The decline is likely to also be due to the introduction of custodian fees for retail clients in the second quarter of 2022. Liabilities to customers includes the promissory note funds and registered bonds placed with our customers totalling €2.1 billion (31 December 2021: €2.1 billion).

We also issue covered bonds (Pfandbriefe), unsecured bonds (preferred and non-preferred), as well as subordinated issuances which we placed with our institutional clients, members of the cooperative FinanzGruppe and on the capital market. In addition, we utilise refinancing options offered by the Kreditanstalt für Wiederaufbau (KfW) and state development banks. Our liabilities to banks amounted to €18.6 billion as at 30 June 2022 (31 December 2021: €17.8 billion). The volume of our ECB-eligible securities rose to €9.5 billion (31 December 2021: €8.9 billion). The main reason for this rise is the investment of existing excess liquidity.

The total volume of the Pfandbrief portfolio outstanding as at the reporting date of 30 June 2022 had risen to €8.4 billion (31 December 2021: €8.2 billion).

The equity capital item is described in the section “Overall capital situation” in the risk management report. Details on the numbers of members can be found in the “Business performance” section.

Rating unchanged

apoBank’s creditworthiness, in other words its ability and willingness to fulfil all of its financial obligations fully and in a timely manner, is rated by Standard & Poor’s. As at 30 June 2022, apoBank’s issuer credit rating was A+, with a stable outlook. apoBank’s senior unsecured bonds were given an A+, and its senior subordinated bonds an A rating.

As apoBank is part of the cooperative FinanzGruppe and a member of the cooperative protection systems, the ratings by Standard & Poor’s and Fitch Ratings for the cooperative FinanzGruppe also apply to apoBank.

Summary

The intense competition persisted in the customer business in the first half of 2022. The business environment was dominated by the war in Ukraine, interest rate turnaround as well as by the ongoing Covid pandemic. apoBank focussed internally on optimising the process-related and technical functionalities of our IT systems. Net interest income and net commission income remained stable overall. General administrative expenses saw relief, as did risk provisioning from the operating business, while risk provisioning with reserve character rose. Net profit after tax is below the previous year’s level due to higher expenditure on taxes.

We view the liquidity situation as comfortable in the period under review. We benefited here from a widely diversified refinancing base.

Customer confidence in apoBank is also supported by the stability of the cooperative FinanzGruppe and its integration into the protection systems provided by the Federal Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V., BVR).

Sustainability report

The Bank complies with the legal obligation to publish a non-financial report in accordance with Section 289b HGB by issuing a separate report which follows the guidelines of the German Sustainability Code. The German declaration of conformity can be found at www.apoBank.de/nachhaltigkeit as well as on the website of the German Sustainability Code (www.deutscher-nachhaltigkeitskodex.de).

1) Including the Bank's own retained Pfandbriefe in the amount of €3.3 billion.

Risk Management Report

Principles of risk management and risk control

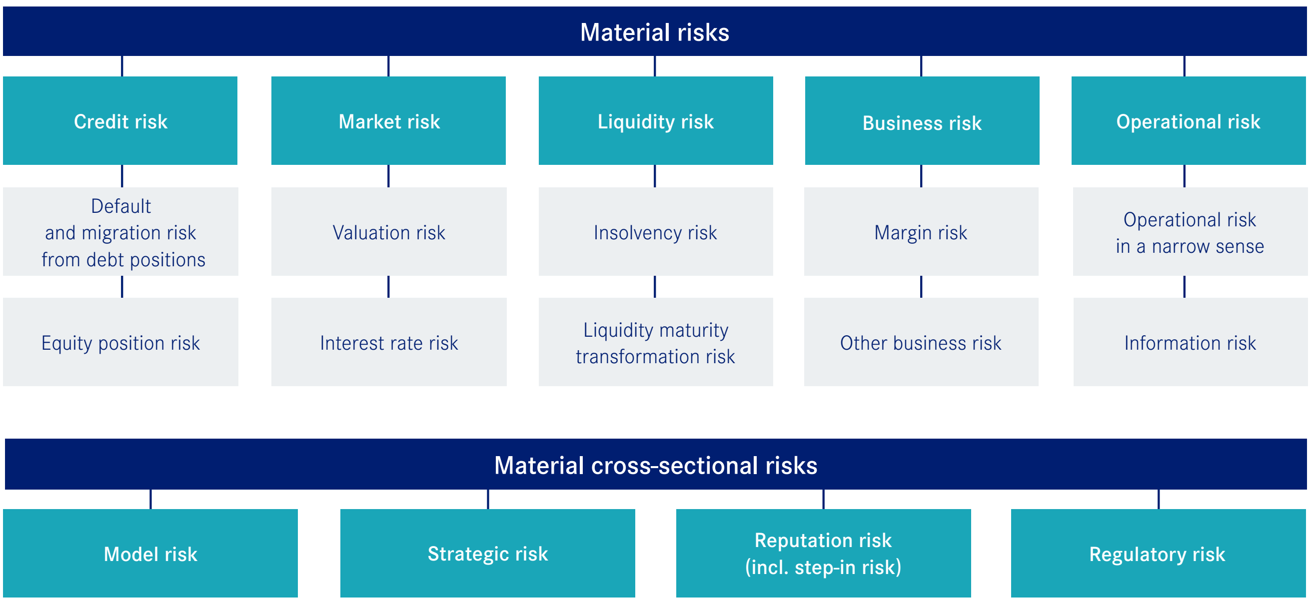
The main objective of apoBank's risk management is to secure the Bank's long-term existence. This includes guaranteeing its ongoing ability to pay out dividends and the option of retaining earnings beyond this that can be used to help finance planned business growth.

Risk management at apoBank includes the following essential elements that contribute to achieving the objectives outlined above:
- the risk inventory,
- the business and risk strategy,
- the capital adequacy concept including the stress test framework,
- the liquidity adequacy concept including the stress test framework,
- risk measurement, limitation and control,
- risk reporting,
- recovery governance and the resolution plan, as well as
- organisation of risk management.

For a detailed description of risk management including the essential elements listed above, please refer to the risk management report published in our Annual Financial Report 2021 (pages 38 to 60).

The following diagram provides an overview of the material risks at apoBank.

Classification of apoBank's types of risk



Development of the risk position in the first half of 2022

Overall capital situation

apoBank aligns its Internal Capital Adequacy Assessment Process (ICAAP) with the binding ICAAP guideline of the ECB. In the ICAAP, a sophisticated approach comprising a normative and an economic perspective is taken towards controlling capital adequacy. When monitoring capital adequacy, the correlations between the two perspectives are taken into account.

Capital situation – normative perspective
Both on the reporting date 30 June 2022 as well as in the rolling three-year capital forecast, apoBank's capital ratios were above the capital requirements and recommendations as well as above the internal target ratios. In the first half of 2022, the capital ratios rose slightly compared to 31 December 2021. Therefore, the Bank rates its capital situation as good overall.

As at the reporting date, the total capital ratio of apoBank pursuant to the Capital Requirements Regulation (CRR) amounted to 17.9% (31 December 2021: 17.3%) and the common equity tier 1 capital ratio was at 16.2% (31 December 2021: 15.9%). The common equity tier 1 ratio is identical to the common equity tier 1 capital ratio, as apoBank did not issue any additional common equity.

As at 30 June 2022, regulatory capital totalled €2,767 million (31 December 2021: €2,676 million). Common equity tier 1 capital rose from €2,446 million as at the end of 2021 to €2,503 million. The main drivers of this increase were allocations to reserves from the annual result generated in 2021 as well as lower regulatory capital deduction items.

Tier 2 capital increased in the first half of 2022 to €264 million (31 December 2021: €229 million). This was because apoBank issued subordinated capital to strengthen its total capital ratio. The backdrop to this was the decision of the German Financial Supervisory Authority (BaFin) to activate an anti-cyclical capital buffer and to introduce the sectoral systemic risk buffer for residential real estate financing.

Risk-weighted assets were at the level of the end of the previous year, amounting to €15,420 million (31 December 2021: €15,427 million). The utilisation rate of the Bank-wide limit of €17,300 million was 89.1% as at 30 June 2022.

The leverage ratio pursuant to transitional arrangements amounted to 3.9%; it thus was around one third above the regulatory minimum requirement of 3.0%, but below the previous year's level (31 December 2021: 5.0%). This decrease is due to the fact that the relief provided by the ECB to banks within the context of the Covid pandemic, allowing them to exclude central bank exposures when determining the leverage ratio, came to an end. The leverage ratio will be unburdened when the funds from the TLTROs are reimbursed going forward. Without the Bank's participation in the ECB's TLTROs, the ratio as at 30 June 2022 would be above the targeted ratio of 4.0%.

Risk-bearing capacity (normative perspective)

as at 30 June 2022	€m	Total capital ratio %
Regulatory capital	2,767.0	
Risk-weighted assets (RWA)	15,419.5	17.9

Risk-weighted assets as at 30 June 2022	**Actual risk** €m	**Utilisation of threshold value criteria**[1] %
Retail business	8,133.1	87.5
Companies	4,046.9	94.1
Sovereign states	-	-
Institutes	724.3	90.5
Shareholdings	696.6	87.1
Other RWA[2]	1,818.7	86.6

1) The threshold value criteria in the normative perspective serve as an internal instrument to monitor the development of risk in the material risks.
2) RWA for other assets, operational risk, market risk positions, credit value adjustments (CVA) and settlement risk.

Capital situation – normative perspective

The economic capital ratio, which represents the relation between the risk cover potential and the measured economic risks, was below the level at the end of 2021, at 154.8% (31 December 2021: 164.7%); it was, however, comfortably above the internal target ratio of 135.0%.

As at the reporting date, risk cover potential amounted to €2,700 million; it thus dropped in the first half of 2022 (31 December 2021: €2,971 million). This development is due in particular to the fact that the hidden burdens of the securities in the direct portfolio rose by a very large factor due to the higher interest level. The counteracting increases in hidden reserves from the interest rate hedges cannot be offset based on the current method of determining risk cover potential in the economic perspective.

Risk-bearing capacity (economic perspective)

as at 30 June 2022	€m	Economic capital ratio %
Risk cover potential	2,700.0	
Bank-wide risk position	1,744.3	154.8

Material risks as at 30 June 2022	**Actual risk** €m	**Utilisation of threshold value criteria**[1] %
Credit risk	932.6	82.5
Market risk	311.5	69.2
Liquidity risk	74.8	93.5
Business risk	286.2	86.7
Operational risk	139.2	99.4

1) The threshold value criteria in the economic perspective serve as an internal instrument to monitor the development of risk in the material risks.

The economic risks measured based on a confidence level of 99.9% and a holding period of 250 days amounted to €1,744 million as at the reporting date (31 December 2021: €1,804 million). The main reasons for this decrease are on the one hand a lower volume in the financial instruments portfolio and on the other hand measures taken in the first half of 2022 to manage the banking book. The utilisation rate of the Bank-wide limit of €2,130 million was 81.9% as at 30 June 2022.

Credit risk

The unexpected loss (UEL) from credit risks faced by apoBank was €933 million as at 30 June 2022 (31 December 2021: €989 million). The decrease in UEL compared to 31 December 2021 is due to lower inventories, particularly in the financial instruments portfolio.

The rating system of apoBank

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

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

The threshold value criterion for credit risk derived from the Bank-wide limit of the economic capital adequacy calculation of €1,130 million continued to be complied with as at 30 June 2022.

The key developments in the individual business segments are presented on the following pages.

Retail Clients business segment
In the retail clients portfolio, drawdowns dropped to €31.9 billion as at 30 June 2022 (31 December 2021: €32.2 billion).

The rating structure shows a rating distribution with an emphasis on good and average rating classes, which is typical of this customer group. The rating coverage is almost 100%. The portfolio is highly diversified: With around 240,000 borrowers, the largest individual risk accounts for only around 0.1% of the total drawdowns in this portfolio.

After offsetting new and no longer necessary provisioning measures, value adjustments to the amount of €6.3 million were made in the first half of 2022. Write-downs in this portfolio were therefore only around a fifth of the level expected.

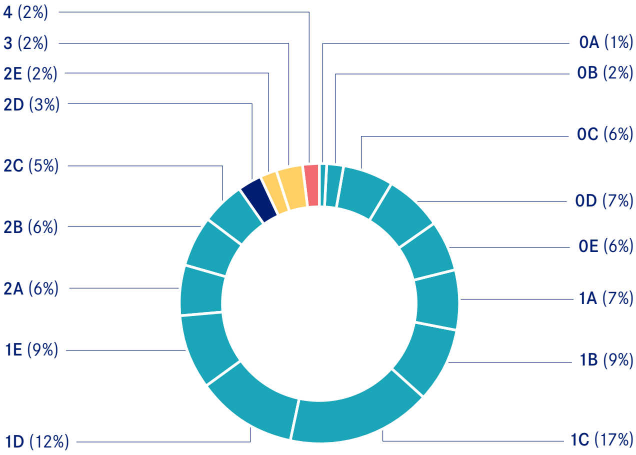
Professional Associations and Large Customers business segment
Drawdowns in the professional associations and large customers portfolio decreased by €0.1 billion to €6.1 billion as at 30 June 2022 (31 December 2021: €6.2 billion). The rating distribution of the portfolio is balanced. The rating coverage is 100%.

For the professional associations and large customers portfolio, value adjustments were released to the amount of €6.9 million after offsetting as at the 30 June 2022 reporting date. We had planned pro rata write-downs for the first half of 2022 of between €5 and €10 million.

Rating class distribution in the retail clients portfolio

Volume distribution based on drawdowns

Total of €31,928 million[1]

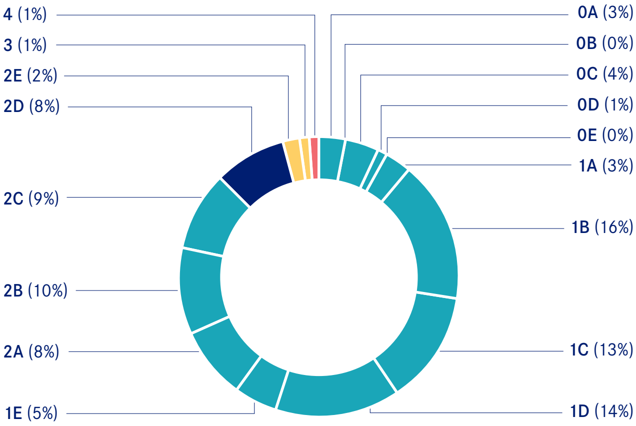


1) Percentages rounded.

Rating class distribution in the professional associations and large customers portfolio

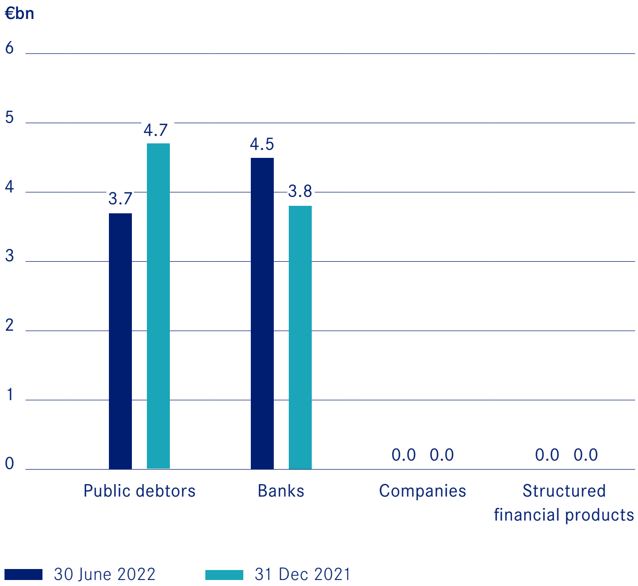
Volume distribution based on drawdowns

Total of €6,100 million[1]



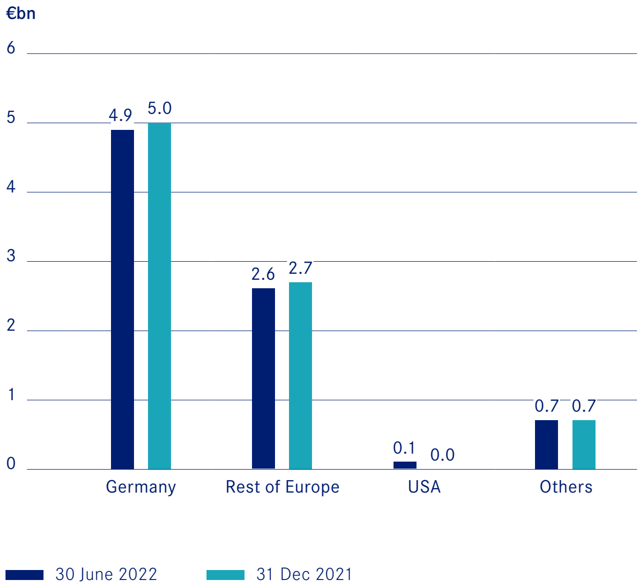
1) Percentages rounded.

Total exposure of financial instruments portfolio by sector[1]



1) Deviations possible due to rounding differences.

Total exposure of financial instruments portfolio by country[1]



1) Deviations possible due to rounding differences.

Treasury business segment

The risk volume of the financial instruments portfolio managed by the Treasury business segment amounted to €8.2 billion on the current reporting date and was thus below the figure at the end of 2021 (31 December 2021: €8.5 billion). This was mainly due to lower securities inventories. The risk volume of the derivatives in the financial instruments portfolio was stable at €0.2 billion (31 December 2021: €0.2 billion). apoBank uses derivatives primarily to hedge against interest rate risks stemming from the customer business. As at 30 June 2022, the nominal volume amounted to €25.3 billion (31 December 2021: €22.4 billion).

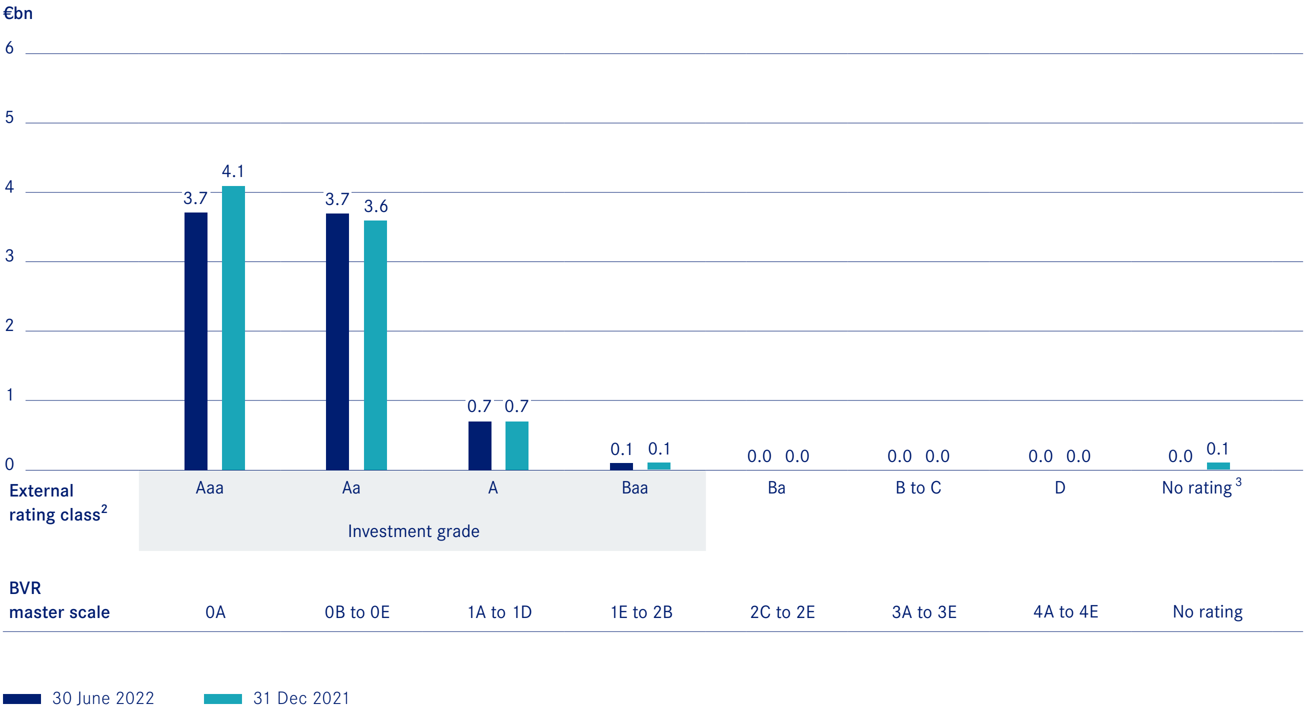
As at 30 June 2022, over 99% of the financial instruments portfolio was rated in the investment grade range. After offsetting, risk provisioning measures amounting to €6.4 million were carried out in the first half of 2022; the expected range had been between €1 and €1.5 million.

Shareholdings business segment

The book values of the shareholdings were stable at €0.2 billion as at 30 June 2022 (31 December 2021: €0.2 billion).

After offsetting of the risk provisioning measures, earnings amounting to €2.8 million were achieved in the reporting period; pro rata write-downs for this portfolio were not necessary.

Total exposure of financial instruments portfolio by rating class[1]



1) Total exposure is generally the book value (loan drawdowns or credit equivalent amount). The exposure for the INKA funds is determined by looking at the underlying assets; the exposure is accounted for on a cost value basis.
2) The letter ratings shown here comprise all rating classes of the respective rating segment (i.e. Aa comprises Aa1 to Aa3, for example).
3) The unrated exposures are mainly composed of interbank and fund items.

Market risk

The UEL from market risks faced by apoBank was at €312 million as at 30 June 2022 (31 December 2021: €364 million). This decline primarily results from measures to manage the banking book carried out in the first half of the year.

The threshold value criterion derived from the Bank-wide limit of the economic capital adequacy calculation for market risk of €450 million was complied with as at 30 June 2022.

The results of the present-value regulatory stress calculations, which are carried out monthly, confirm a moderate interest rate risk at Bank-wide level. At 9.1%, apoBank was below the regulatory reporting limit of 20% of regulatory equity (Basel II interest risk coefficient) as at 30 June 2022 (31 December 2021: 12.4%).

The following table shows the changes in present value in the banking book with respect to the individual interest scenarios.

Changes in present value in the banking book

	Ad hoc interest scenario		Basel II interest rate risk coefficient
	Interest decrease (+ 200 BP)	Interest decrease (– 200 BP)	
	€m	€m	%
31 Dec 2020	– 284	+ 55	10.4
31 Dec 2021	– 330	+ 116	12.4
30 June 2022	– 251	+ 249	9.1

Liquidity risk

The UEL for the liquidity maturity transformation risk faced by apoBank was €75 million as at 30 June 2022 (31 December 2021: €34 million). This increase in risk is mainly the result of declining customer deposits. Generally, these represent long-term, stable refinancing for apoBank. In addition, the securities purchases carried out in the liquidity management portfolio contributed to the rise in risk.

The threshold value criterion derived from the Bank-wide limit of the economic capital adequacy calculation for liquidity maturity transformation risk of €80 million was complied with as at 30 June 2022.

Business risk

The UEL from apoBank's business risk amounted to €286 million as at 30 June 2022 (31 December 2021: €296 million). Overall, the measured risks fluctuated only slightly in the period under report.

The threshold value criterion for business risk derived from the Bank-wide limit of the economic capital adequacy calculation of €330 million was complied with as at 30 June 2022.

Operational risk

The UEL from apoBank's operational risk rose to €139 million as at 30 June 2022 (31 December 2021: €121 million). The main reason for this increase was a further refinement in the method used to calculate the risk buffer for reputational losses. The operating losses incurred in the first half of 2022 decreased by 50% compared to the previous year's figure and by over two thirds compared to the budgeted pro rata figure for 2022. They mainly concerned reimbursement to clients and counterparties.

The threshold value criterion for operational risk derived from the Bank-wide limit of the economic capital adequacy calculation of €140 million was complied with as at 30 June 2022.

Overall liquidity situation

apoBank uses the Internal Liquidity Adequacy Assessment Process (ILAAP) to analyse and monitor its liquidity position from both a normative and economic perspective. The main aim of the ILAAP is to ensure that apoBank is solvent at all times. In order to provide a stable supply of liquidity, both perspectives and their correlations are analysed in detail. Liquidity supply in the first half of 2022 was guaranteed at all times.

Liquidity situation – normative perspective
As at 30 June 2022, the liquidity coverage ratio (LCR) was 272.0% (31 December 2021: 270.8%). Thus, the minimum requirement of 100% was met.

The net stable funding ratio (NSFR), at 131.6% (31 December 2021: 133.3%), was also above the 100% minimum level.

Liquidity situation – economic perspective
The economic analyses centre around the liquidity forecasts of the liquidity gap analysis. Here, the expected liquidity development in the planned scenario as well as the expected liquidity development in the combined stress scenario are analysed and limited. In the reporting period, the limits of the liquidity gap analysis were complied with every day. This is also the case for the internal minimum limits relating to the intraday liquidity as well as the long-term maturities structure.

The legally stipulated Pfandbrief cover pool limits were also complied with every day during the first half of the year.

Forecast Report

Overall economic outlook

Economic growth subject to much uncertainty going forward

Despite the ongoing issues due to the war in Ukraine and the higher inflation rates and supply chain bottlenecks that have come on the back of that, the Bundesbank assumes in its latest economic forecast that the German economy can increase its growth rate in the second half compared to the first half of the year, provided the war situation does not intensify. According to the forecast, GDP growth in Germany in 2022 would remain in the positive, at 1.2%, but would be significantly lower than forecast at the end of last year (December 2021: 4.2%). However, this growth rate is subject to a high level of uncertainty since the prevailing economic conditions strongly depend on the geopolitical developments in Russia's war against Ukraine. The main focus here is the sufficient supply of energy resources. Should Russia ration its gas supplies, the Bundesbank expects significant losses for the German economy, with growth likely to be just 0.5% in 2022, followed by a considerable slump in 2023 (– 3.5%) along with simultaneously high inflation.

Economic prospects for health care professionals

The structural trends that have been observed for some years now in the health care market (salaried employment, part-time work, cooperation models, networking and dovetailing of sectors) continue to be relevant.

After the successful previous year, pharmacies must reckon with a significant drop in profits in 2022 due to the reduction in Covid-related special effects. While profit increases are unlikely in the classical medication sales business, additional burdens on the cost side are to be expected with respect to personnel expenses due to the new collective agreement. On the positive side is the long-awaited opportunity for pharmacies to offer their customers pharmaceutical services such as measuring blood pressure and medication advice and thus increase their fees.

The 2022 fee agreement for doctors is likely to lead to additional income in the area of statutory health insurance of a total of approximately €1 billion. To compensate for increased hygiene expenses, they have also been receiving a direct-patient-contact premium since January 2022.

With the aim of mitigating the consequences of the pandemic for dentists' practices, there will be no cap on the volume of services to be rendered in 2022. This will enable dentists to leverage potential catch-up effects. In addition, dentists' practices have been permitted since June 2022 to vaccinate against Covid-19, thus gaining access to additional sources of income.

Veterinarians can expect a comprehensive amendment to their fee schedule. The reasons for this are new insights in veterinary medicine as well as changing economic conditions. The fee schedule rates and thus the income of veterinarians should rise as a result. The amendment to the fee schedule is likely to come into force in October.

Medical and health care companies continue to be influenced by the pandemic

Against the backdrop of new Covid variants, it can be assumed that the pandemic will pose further challenges to inpatient care in the second half of 2022. Hospitals will again receive financial compensation for losses in earnings due to the postponement of plannable operations from autumn at the earliest. Until June, clinics were paid a nursing care allowance per Covid-19 case. The liquidity situation of the hospitals will be supported by the five-day-payment term for hospital invoices until 31 December 2022.

Further Covid waves in summer and autumn will intensify workloads, absenteeism and personnel resignations in nursing care structures. Health policy planners therefore intend to swiftly introduce a number of nursing care relief measures. Rising prices for energy, medical products, medications, computer equipment and food supplies are additional burdens for many hospitals and rehabilitation clinics. Calls for government compensation for inflation are therefore becoming ever louder.

Many health care companies also continue to feel the impact of the pandemic, the Ukraine war and the associated sanctions. Current legislation limits the scope for pharmaceutical manufacturers to raise their prices on the basis of the extreme price hikes in energy and raw materials. Strict measures to gain control of the pandemic in Asia could increasingly burden the resilience of pharmaceutical supply chains, as many manufacturers of active ingredients are located there. In the medical technology sector in particular, supply bottlenecks in semi-conductors, raw materials and upstream products are increasingly leading to interruptions in supply chains. Far-sighted supply chain management therefore remains top priority.

Health policy plans for “burst of speed” in summer

The Federal Ministry of Health plans a “burst of speed” during the summer months. The focus is on the further refinement of digital applications such as the electronic patient records (ePA), the financing of statutory health insurers and the controlled distribution of cannabis. In addition, the nomination of a governmental commission in May signalled the starting shot for comprehensive hospital reform. The first results are expected in the second half of the year. Initially, proposals for the financing of paediatrics and midwifery as well as for a reform in emergency care are on the agenda. A decision will also be made about the introduction of the nursing staff calculation instrument (Pflegepersonalbemessungs-instrument, PPR 2.0). In order to lower the threshold for accessing the medical system, the Federal Ministry of Health also plans to make “health care kiosks” part of standard care provision in particularly disadvantaged municipalities and districts.

Without delay, the ministry also intends to present a pandemic programme to address the summer wave of Covid that started in June and to prepare for autumn. Specifically, the programme is to suggest how to move forward on raising vaccination rates, vaccine procurement as well as the follow-up regulation for Covid restrictions since the current restrictions in accordance with the German Protection against Infection Act come to an end on 23 September. Other focus areas in the current legislative period are projects around stronger outpatient care provision as well as cross-sectoral care and remuneration (“Hybrid-DRGs”).

Targeted digital transformation in health care sector

With regard to the digital transformation of the health care sector, the Ministry of Health plans to focus on three core goals in the second half of the year: the digital transformation of public health care services, the continuation of large-scale projects such as the electronic patient records and electronic prescriptions (E-Rezept) as well as the modernisation of the digital telemedicine infrastructure (TI 2.0).

Version 2.0 of the electronic patient records was launched in January 2022. Vaccination, maternity and children's check-up records as well as the dental care bonus card can now be stored electronically in the new version. It is also now possible for insurance holders to grant or deny medical providers access to certain documents. The next version to follow in 2023 will enable insurance holders to donate data to research, to store data from digital health apps and will further improve interaction.

After the Germany-wide test phase for the introduction of the electronic prescription was extended at the end of 2021, the next step is the staged rollout at dental and medical practices as well as hospitals. Accordingly, all pharmacies are to be able to process electronic prescriptions and bill them to insurance companies as of 1 September 2022. In some regions, doctors have slightly more time to implement this. gematik will lay down the next stages of introduction in the course of this year.

As gematik will revise the requirements for the Telematikinfrastruktur-Messenger (TI-Messenger), it will not be launched this summer as planned. The first TI-Messengers, which are designed to enable fast and secure communications between service providers in the health care sector, are not to be expected before 2023.

Digital transformation projects will be a priority in 2022 in clinics, too. The registration deadlines for applying for funding from the Hospital Future Fund (Krankenhauszukunftsfonds) have passed and the Federal Office for Social Security (Bundesamt für Soziale Sicherung, BAS) is issuing notifications.

Business performance

Competition in the banking sector remains intense. In particular, banks must closely monitor and manage further developments in the interest rate environment and the potential implications. They will also continue to focus on making optimum use of their resources, refining their business models and driving forward their digital transformation strategies. The decisive factors in their success going forward remain to secure long-term profitability as well as adequate capitalisation.

Continuous refining of apoBank's business model

We will work on further refining our business model this year. We will continue to pursue our strategy to selectively grow the business with members of the health care professions, their organisations as well as enterprises in the health care market. Our focus is on returning to our core business, i.e. the financing needs of our customers in the health care professions, as well as on building their assets and their retirement provision.

Furthermore, we will continue to improve structures and processes in the Bank to enhance our operating performance. We summarise the measures developed in this regard in a multi-year strategy agenda. The aim is to bring long-lasting improvement to our profitability and capital situation. This transformation process will lead to shifts in our income statement in the coming years.

As 2022 progresses, we will continue to work on improving the user-friendliness and the functionality of our digital customer interfaces. It is our top priority here to rebuild customer satisfaction after the IT migration issues.

Due to the special nature of apoBank's business model, we still do not expect any burdens worth mentioning as a consequence of the Covid pandemic. Currently, our analyses concerning the consequences of the war in Ukraine indicate that we have to reckon with lower net commission income in the securities business due to the significant decline in share prices and higher operating expenditure resulting from increased prices for energy and raw materials. At this point in time, we do not expect this to have any direct effects on our net interest income or risk provisioning expenses. However, it is not yet possible to reliably assess to what extent the markedly increasing energy and raw material prices or potential longer-term disruptions of supply chains in the medical and pharmaceutical sector could affect our clients und thus lead to a deterioration of our credit portfolio. At the moment, no acute default risks are discernible. apoBank does not hold any direct investments in Russia, the Ukraine or Belarus.

Positive performance in a challenging environment

For fiscal 2022, we expect the overall earnings situation to develop positively, as measured by operating profit before risk provisioning. Our focus remains on our core area of expertise of business start-up financing. In the construction financing business, we are growing moderately. We want to further expand the assets and pension planning business with our retail customers. Our focus here is on private asset management.

In the Professional Associations and Large Customers business segment, we focus on enterprises in the health care market, hospitals, nursing care facilities and medical care structures. We are doing this to expand our status as a house bank. Financing solutions will remain at the heart of the corporate clients business. A further area of focus is to offer specialised products for institutional investors that are also grounded in our expertise in the health care market. The emphasis here will be on independent advice based on a comprehensive range of solutions.

The balance sheet total is likely to drop very considerably again to around €60 billion after the funds from the TLTRO participations have been repaid as the year progresses.

Earnings situation 2022 reflects challenging prevailing conditions

We forecast that the key income statement items will develop as follows:

Net interest income will rise slightly, which is in line with our expectations. Here, we anticipate a stable new lending business overall. The rising interest rates since the beginning of the year and their effects on the interest curve are likely to have a positive impact on net interest income in the course of the rest of the year.

We plan a significant increase in net commission income. Given challenging conditions, we want to gradually raise the deposit volume and increase revenues in asset management through better customer penetration in the investment business as well as with new customers and mandates.

In other operating expenses and income, we plan to have lower releases of reserves in the current year, so that the balance of these items, after having made a considerably positive contribution in 2021, should not affect the earnings situation.

General administrative expenses are impacted by project and investment costs, in particular for our strategy agenda, but they will increase only negligibly. Here, the operating expenditure including depreciation will increase moderately, while personnel expenses will decrease slightly.

Taking the performance of all earnings and expenditure into consideration, the cost-income ratio will remain stable compared to the previous year.

On balance, the operating result, i.e. profit before risk provisioning, is likely to increase noticeably in 2022 as a whole.

Risk provisioning for the operating business will be slightly more than double the 2021 figure. It is nevertheless far below the model-based figures we use for our business planning.

The Bank plans to make risk provisioning with reserve character for fiscal 2022 once again, although at a significantly lower volume than in the previous year.

We expect a marginal increase in net profit in 2022 compared to 2021. Overall, this would enable us to make the necessary provisions in line with the planned appropriation of profits and to pay a dividend on the same level as in the previous years.

Capital and liquidity situation

According to our internal forecasting, the common equity tier 1 capital ratio will be very significantly higher at the end of 2022 than our internal target ratio of 12.6%; the total capital ratio will be slightly higher at the end of 2022 than our internal target ratio of 16.5%. We will therefore comply with the external capital requirements and recommendations.

We expect apoBank's liquidity situation to remain comfortable, since it is supported by a broadly diversified customer and investor base. The forecast of the liquidity coverage ratio (LCR) also shows that the internal and external minimum limits for the forecast periods defined were complied with at all times.

Opportunities and risk report

Successfully providing advice to our customers is the main prerequisite for continuing to consolidate and expand our market position. This is an essential factor in rebuilding customer satisfaction and at the same time it is key to the successful implementation of our strategic goals and the further refinement of our business model.

In the second half of 2022 too, we will continue to work on reconsolidating apoBank's reputation, which had suffered as a consequence of the IT migration. We remain focused on improving the technical and process-related functionalities of the Bank and of customer applications. Nevertheless, there will be further burdens in 2022, in particular in the shape of potentially necessary process modifications that may temporarily affect customer interfaces.

In addition to optimising its processes and structures, apoBank will not only put a stronger focus on its financing business, but also concentrate its sales approach more strongly on the asset management business. It will continue to implement cost reduction measures in the second half of 2022. This could create opportunities for higher profitability and/or improved cost efficiency going forward. These strategic measures come with investment costs that will temporarily burden our income statement. Delays in implementing the cost reduction measures could lead to a slower improvement of the cost-income ratio than planned.

The ongoing Covid pandemic, now in its third year, is likely to have further consequences for global economies. The effects will probably become clearer when government emergency aid programmes for companies come to an end. The resulting difficult market environment may, however, lead to both retail clients and institutional customers requiring more advisory services with regard to how to invest their assets. Overall we continue to foresee no clearly noticeable impact on our net assets, financial position and results, or our risk situation. At the moment, it is not possible to reliably forecast how this will develop going forward.

Apart from that, the war in Ukraine has resulted in high levels of uncertainty for the global economy. Although apoBank's business model focuses on the German health care market and the war has so far not noticeably impacted our net assets, financial position and results, or our risk situation, it is difficult to make exact forecasts here and predict potential second and third-round effects, as explained above.

With the finalisation of Basel III and as a consequence of the expected coming into force of the output floor rule, calculation of capital requirements for banks is likely to become highly standardised and thus less risk-based. Among other things, the new regulations put restrictions on capital relief from the application of the internal regulatory risk measuring models. However, the first draft of the European Banking Package (CRR III/CRV V) provides for a longer transition period. This gives apoBank more time to prepare for this regulatory-based increase in capital requirements.

In the area of sustainability, too, regulatory requirements will continue to increase for the financial industry. This is likely to necessitate adaptations to internal bank processes; additional investments are also likely to be required. Furthermore, more rigorous statutory sustainability requirements may lead to our large customers also requiring more advisory services and financing.

Climate change also presents potential risks. These can be both physical risks to assets in the bank balance sheets as a direct consequence of climate change, and transitory risks, i.e. potential financial burdens caused by economies having to adapt to climate change. apoBank will carry out an internal stress test for physical and transitory climate and environmental risks for the first time in 2022 in order to quantify potential burdens resulting from these risks. In addition, the banking supervision authority expects banks to provide more information and advice to customers about the impact of their activities and products with respect to sustainability and to take account of any negative consequences when granting loans. These requirements can influence banks' reputation as well as generating implementation costs.

Additional uncertainties arise from the opportunities and risks associated with the ongoing digital transformation of the banking business, and banking processes in particular, as well as the resulting opportunities for future-proof business models. These new technical advances may lead to increasing disintermediation in the financial industry, i.e. certain steps in its value chains could disappear. On the one hand, this creates new access channels for customers that are promising in terms of earnings, but on the other hand, providers from outside the industry ("fintechs" or "BigTechs") are pushing into the market and staking claims on banks' traditional branches of business. At the same time, customers are demanding more availability, speed, quality and transparency from financial services as digital transformation advances.

This trend brings with it both opportunities and risks. Banks can reduce the degree of vertical integration in their value chain and focus on customer-adjacent activities and processes or on specific parts of their value chain, such as the production process, thus creating scale effects. However, with the increasing number of new IT fintechs competition is growing. To avoid any competitive disadvantages as a result of these trends, banks are often forced to invest considerable amounts in digital transformation.

Another effect of digital transformation is the growing risk of cybercrime, which both fintechs and banks must protect themselves against. Growing operating, legal and regulatory costs are likely to result for banks. In addition, rising cybercrime also goes hand in hand with higher reputational risk for banks.

The increasing use of customer data opens up the opportunity to satisfy customer needs by offering new services, but it may also entail data protection risks. However, by implementing regulatory requirements around guaranteeing deposits and data protection, for example, banks fulfil the high demands regarding customer security and protection. For banks, this is a potential competitive advantage over less regulated providers. Potential risks arising from this as well as from cybercrime are already accounted for in apoBank's operational risk calculations.

Changes in the health care market as an opportunity

Opportunities and risks can also result from changes in the health care market, which is apoBank's core market.

While the number of self-employed health care professionals is declining, new opportunities are emerging around setting up a practice or pharmacy as well as branch and cooperation models. In addition, outpatient and inpatient care are converging more and more. Medical care centre models in particular are the focus of the long-term growth and expansion plans of many market participants.

We continue to focus on providing comprehensive and integrated support to health care professionals on their path to their own practice or pharmacy and we are constantly expanding our products and services. We work closely with the professional associations here.

In addition, we want to cover the specific advisory and financing requirements of outpatient medical care structures in particular. In the corporate clients business, potential is steadily growing, especially in the business with health care companies that offer outpatient or inpatient nursing care.

The Covid pandemic remains the dominant topic in the health care sector. The extent of the long-term burdens of the pandemic on the sector after the impact of non-rendered medical services and the cost of fighting the pandemic have been taken into account is not yet known. We assume that health expenditure in the coming years will continue to rise, partly due to the pandemic, with other factors such as demographics, digital transformation and technological innovation also driving market dynamics.

The wide range of areas in which technological innovation is taking place as well as advancing digital transformation are permanently changing the provision and administration processes involved in health care services. In addition, they are leading to new and alternative platforms and health care offerings, for example ordering platforms, telemedicine and video consultations. A growing number of established and new companies are discovering the health care market and its potential for digital business models, which are often based on innovative key technologies such as data analysis and artificial intelligence.

The transformation of the health care system towards more sustainability will provide impetus for further change in the health care market. Practice or company governance that considers not only economic but also environmental and social aspects will be a challenge to health market players, but will also offer opportunities to realign individual practice and business models accordingly.

From the point of view of apoBank, the health care market offers more opportunities than risks.

Our business model and our specialisation in the health care market give us the opportunity to develop and thus position ourselves successfully in a changing environment.

2

Interim Financial Statements

Condensed Balance Sheet

Assets

	(Notes)	30 June 2022 €	31 Dec 2021 €
1. Cash reserves	**(2)**	**16,273,752,499.48**	**17,259,851,907.51**
a) Cash on hand		24,575,322.99	23,755,431.44
b) Cash in central banks		16,249,177,176.49	17,236,096,476.07
c) Cash in post office giro accounts		0.00	0.00
2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks		**0.00**	**0.00**
3. Loans and advances to banks	**(3, 16)**	**1,572,150,021.99**	**1,453,960,551.17**
a) Mortgage loans		0.00	0.00
b) Local authority loans		0.00	0.00
c) Other receivables		1,572,150,021.99	1,453,960,551.17
4. Loans and advances to customers	**(3, 16, 23)**	**37,662,953,967.22**	**37,787,208,472.40**
a) Mortgage loans		9,928,744,057.02	10,078,465,250.32
b) Local authority loans		146,498,299.02	131,272,179.08
c) Other receivables		27,587,711,611.18	27,577,471,043.00
5. Debt securities and other fixed-interest securities	**(4, 6, 16, 18, 23)**	**9,681,900,022.73**	**8,997,263,368.03**
a) Money market instruments		383,443,451.84	0.00
aa) of public issuers		0.00	0.00
ab) of other issuers		383,443,451.84	0.00
b) Bonds and debt securities		5,877,185,353.98	6,500,434,773.94
ba) of public issuers		3,017,450,682.43	3,535,230,919.04
bb) of other issuers		2,859,734,671.55	2,965,203,854.90
c) Own debt securities		3,421,271,216.91	2,496,828,594.09
6. Shares and other non-fixed-interest securities	**(4, 16, 17, 18)**	**950,324,321.97**	**1,169,129,045.49**
6a. Trading assets	**(5)**	**0.00**	**0.00**
7. Shareholdings and capital shares in cooperatives	**(7, 19)**	**227,947,057.15**	**227,266,356.77**
a) Shareholdings		227,775,609.76	227,094,909.38
b) Capital shares in cooperatives		171,447.39	171,447.39
8. Shares in affiliated companies	**(7, 19)**	**9,501,475.77**	**9,501,477.77**
9. Trust assets		**51,130.18**	**51,130.18**
10. Compensation claims against the public sector including debt securities from their exchange		**0.00**	**0.00**
11. Intangible assets	**(8)**	**142,017,857.76**	**151,676,403.23**
a) Internally-generated industrial and similar rights and assets		0.00	0.00
b) Concessions, industrial property rights and similar rights and assets acquired for a consideration, as well as licenses to such rights and assets		142,017,857.76	151,676,403.23
c) Goodwill		0.00	0.00
d) Payments in advance		0.00	0.00
12. Tangible assets	**(9, 20)**	**115,847,761.52**	**119,478,726.21**
13. Other assets	**(21)**	**257,197,772.00**	**173,059,295.94**
14. Prepayments and accrued income	**(10)**	**22,714,565.82**	**24,045,390.57**
a) from issuing and loan transactions		10,998,680.37	12,217,059.48
b) Others		11,715,885.45	11,828,331.09
15. Deferred tax assets	**(22)**	**0.00**	**0.00**
Total assets		**66,916,358,453.59**	**67,372,492,125.27**

Liabilities

	(Notes)	30 June 2022 €	31 Dec 2021 €
1. Liabilities to banks	**(11)**	**18,562,970,107.64**	**17,812,660,339.65**
a) Registered mortgage Pfandbriefe issued		167,527,896.85	167,982,457.54
b) Registered public Pfandbriefe issued		0.00	0.00
c) Other liabilities		18,395,442,210.79	17,644,677,882.11
2. Liabilities to customers	**(11)**	**35,595,994,976.83**	**37,140,211,637.99**
a) Registered mortgage Pfandbriefe issued		1,054,944,301.98	1,078,149,196.59
b) Registered public Pfandbriefe issued		0.00	0.00
c) Savings deposits		103,260,259.23	95,141,865.77
ca) with an agreed notice period of three months		103,041,120.17	94,934,328.14
cb) with an agreed notice period of more than three months		219,139.06	207,537.63
d) Other liabilities		34,437,790,415.62	35,966,920,575.63
3. Securitised liabilities	**(11)**	**9,171,938,828.99**	**8,925,792,275.73**
a) Debt securities issued		9,171,938,828.99	8,925,792,275.73
aa) Mortgage Pfandbriefe		7,247,294,138.01	6,950,720,782.01
ab) Public Pfandbriefe		0.00	0.00
ac) Other debt securities		1,924,644,690.98	1,975,071,493.72
b) Other securitised liabilities		0.00	0.00
3a. Trading liabilities	**(5)**	**0.00**	**0.00**
4. Trust liabilities		**51,130.18**	**51,130.18**
5. Other liabilities	**(11, 24)**	**76,805,827.96**	**44,180,088.39**
6. Prepayments and accrued income	**(13)**	**65,540,340.30**	**60,191,701.29**
a) from issuing and loan transactions		55,241,042.22	48,896,545.54
b) Others		10,299,298.08	11,295,155.75
6a. Deferred tax liabilities		**0.00**	**0.00**
7. Provisions	**(12)**	**378,571,326.18**	**384,737,271.38**
a) Provisions for pensions and similar obligations		240,894,593.51	236,589,093.51
b) Tax provisions		13,618,121.29	3,335,401.29
c) Other provisions		124,058,611.38	144,812,776.58
8. - - -		**0.00**	**0.00**
9. Subordinated liabilities	**(11)**	**187,105,247.69**	**118,176,657.86**
10. Participating certificate capital		**0.00**	**0.00**
11. Fund for general banking risks		**942,115,460.27**	**905,450,408.74**
11a. Special items from currency translation		**0.00**	**0.00**
12. Capital and reserves	**(25)**	**1,935,265,207.55**	**1,981,040,614.06**
a) Subscribed capital		1,245,290,183.58	1,237,756,183.58
b) Capital reserves		0.00	0.00
c) Revenue reserves		657,151,787.67	628,555,705.05
ca) Legal reserves		454,230,000.00	442,750,000.00
cb) Other revenue reserves		202,921,787.67	185,805,705.05
d) Balance sheet profit		32,823,236.30	114,728,725.43
Total liabilities		**66,916,358,453.59**	**67,372,492,125.27**

1. Contingent liabilities	**(26)**	**476,498,864.07**	**507,907,102.94**
a) Contingent liabilities from rediscounted, settled bills		0.00	0.00
b) Liabilities from guarantees and indemnity agreements		476,498,864.07	507,907,102.94
c) Liabilities arising from the provision of collateral for third-party liabilities		0.00	0.00
2. Other obligations		**3,180,065,225.05**	**2,981,652,156.59**
a) Obligations under optional repurchasing agreements		0.00	0.00
b) Placement and underwriting obligations		0.00	0.00
c) Irrevocable loan commitments		3,180,065,225.05	2,981,652,156.59

Condensed Income Statement

Income statement

	(Notes)	1 Jan – 30 June 2022 €	1 Jan – 30 June 2021 €
1. Interest income from	**(28)**	**366,021,846.95**	**373,546,261.73**
a) lending and money market transactions		367,370,527.74	379,832,749.63
b) fixed-interest securities and debt register claims		– 1,348,680.79	– 6,286,487.90
Including: from negative interest rates		(– 41,527,876.68)	(– 29,574,362.52)
2. Interest expenses	**(29)**	**– 16,463,998.46**	**– 27,151,813.36**
Including: from positive interest rates		(63,090,951.60)	(56,542,929.29)
3. Current income from		**13,249,519.70**	**12,552,988.29**
a) shares and other non-fixed-interest securities		253,996.72	3,000,000.00
b) shareholdings and capital shares in cooperatives		8,425,639.52	5,783,551.27
c) shares in affiliated companies		4,569,883.46	3,769,437.02
4. Income from profit pooling, profit transfer agreements and partial profit transfer agreements		**0.00**	**0.00**
5. Commission income	**(30)**	**136,508,406.93**	**138,245,764.11**
6. Commission expenses	**(30)**	**– 34,104,654.06**	**– 36,293,937.14**
7. Net trading revenues		**0.00**	**0.00**
8. Other operating income	**(31)**	**16,014,799.08**	**30,177,352.00**
9. - - -		**0.00**	**0.00**
10. General administrative expenses		**– 351,524,861.21**	**– 357,086,880.28**
a) Personnel expenses		– 127,071,825.29	– 125,037,613.45
aa) Wages and salaries		– 101,423,201.74	– 99,221,952.41
ab) Social security contributions and expenses for pensions and benefits		– 25,648,623.55	– 25,815,661.04
b) Other administrative expenses		– 224,453,035.92	– 232,049,266.83
11. Depreciation, amortisation and write-downs in respect of intangible and tangible assets		**– 13,728,701.03**	**– 14,073,945.99**
12. Other operating expenses	**(31)**	**– 9,152,068.50**	**– 16,933,953.50**
13. Write-downs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks		**0.00**	**– 2,511,088.76**
14. Income from write-ups in respect of receivables and specific securities and from the release of provisions for credit risks		**3,554,802.37**	**0.00**
15. Write-downs and value adjustments in respect of participating interests, shares in affiliates and securities treated as fixed assets		**0.00**	**0.00**
16. Income from write-ups in respect of investments, shares in affiliates and securities treated as fixed assets		**368,623.80**	**1,373,342.13**
17. Expenses from the assumption of losses		**0.00**	**0.00**
18. - - -		**0.00**	**0.00**
19. Operating surplus	**(35)**	**110,743,715.57**	**101,844,089.23**
20. Extraordinary income		**0.00**	**0.00**
21. Extraordinary expenses		**0.00**	**0.00**
22. Extraordinary result		**0.00**	**0.00**
23. Taxes on income	**(32)**	**– 41,061,607.55**	**– 35,541,871.65**
24. Other taxes not reported in item 12		**– 198,841.00**	**– 202,831.34**
24a. Allocations to the fund for general banking risks		**36,665,051.53**	**29,103,000.00**
25. Net profit		**32,818,215.49**	**36,996,386.24**
26. Profit carried forward from the previous year		**5,020.81**	**49,323,254.62**
27. Withdrawals from revenue reserves		**0.00**	**0.00**
a) From legal reserves		0.00	0.00
b) From other revenue reserves		0.00	0.00
28. Allocations to revenue reserves		**0.00**	**0.00**
a) To legal reserves		0.00	0.00
b) To other revenue reserves		0.00	0.00
29. Balance sheet profit		**32,823,236.30**	**86,319,640.86**

Condensed Notes

A. General information

1. Framework for the preparation of the interim financial statements

The interim financial statements of Deutsche Apotheker- und Ärztebank eG (apoBank), Dusseldorf (Dusseldorf Local Court, GnR 410), as at 30 June 2022 were prepared according to the German Commercial Code (HGB), the Accounting Ordinance for Banks and Financial Services Institutions (RechKredV) and the Securities Trading Act (WpHG). At the same time, the interim financial statements meet the requirements of the Cooperative Societies Act (GenG), the German Pfandbrief Act (PfandBG) and the Articles of Association of apoBank.

Pursuant to Section 244 of the HGB, the interim financial statements are drawn up in German and in euros. apoBank exercises the option to provide information in the notes, rather than in the balance sheet.

B. Accounting, valuation and translation methods

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

2. Cash reserve

The cash reserve denominated in euros was carried at nominal value. Foreign currencies were valued at the spot exchange rate at the balance sheet date.

3. Loans, advances and risk provisioning

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

In its interim financial statements as at 30 June 2022, apoBank is applying for the first time the IDW RS BFA 7 to calculate the general value adjustments. The new guidelines in the IDW statement entail a changeover from an experience-based loss calculation method (modified tax method) to a method based on expected losses. Here, apoBank uses a simplified method at portfolio level, whereby the expected loss is calculated over an observation period of twelve months, as long as credit quality does not decline significantly at portfolio level. This approach is based on the assumption that, when granting credit, credit risk and the creditworthiness premiums included when defining the terms and conditions are in alignment with each other. This assumption is reviewed at regular intervals. If alignment at portfolio level were no longer given, a lifetime expected loss would be applied for the portfolio.

Compared to the method applied in the past, the new calculation method results in an additional income of €0.2 million as at 30 June 2022, which is reported in the item “Income from write-ups in respect of receivables and specific securities and from the release of provisions for credit risks” (Income statement 14). The change in calculation method has meant that the item “Loans and advances to customers” (Assets 4) increased by €10.3 million. The item “Liabilities from guarantees and indemnity agreements” (Liabilities 1. b) under the balance sheet bottom line) decreased by €0.2 million and the item “Irrevocable loan commitments” (Liabilities 2. c) under the balance sheet bottom line) by €3.1 million. The item “Other provisions” (Liabilities 7. c)) increased by €10.1 million.

The effects on the net assets, financial position and earnings situation are thus of subordinate significance.

4. Securities

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

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

Structured financial instruments that show significantly higher or additional (different) risks or opportunities compared to the underlying instrument due to the embedded derivative are broken down into their components and reported and valued individually pursuant to relevant regulations. As a result, these instruments are recognised separately in the balance sheet in cases where conditional or unconditional purchase obligations existed for additional financial instruments.

The acquisition costs of the equity components that were reported separately are the result of breaking down the acquisition costs of the structured financial instrument in accordance with the relative fair values of the individual components. In the event that the fair value of the embedded derivative cannot be determined, its value is calculated as the difference between the fair value of the structured financial instrument as a whole and the fair value of the underlying instrument.

The amortized cost valuation has been applied to all interest-bearing securities in compliance with the effective interest method. Existing premiums and discounts that are similar in nature to interest are amortized and recognized in interest income in the same way as effective interest.

5. Trading assets and liabilities

The internally defined criteria for including financial instruments in trading assets and liabilities are unchanged compared to the previous year.

6. Valuation units

At apoBank, micro-hedge units and portfolio valuation units are formed to hedge risks. Micro-hedge units are used in the context of asset swap packages and to cover part of the Bank's own issuances. This hedges against interest change risks. apoBank uses portfolio valuation units to hedge currency risks in various independently controlled portfolios.

In the case of the micro-hedge units, the effective portion of the valuation units formed is presented in the balance sheet according to the cost method, with the fair value method being applied for some of the portfolio valuation units. Prospective and retrospective effectiveness tests are performed.

apoBank carries out the prospective effectiveness test for the micro-hedge units using the critical terms match method. Effectiveness is assumed if the essential value drivers for the hedged risks of the underlying transaction and the hedging transaction correspond.

In the case of micro-hedge units with underlying transactions on the asset side, changes in the market value of the underlying transaction and the hedging transaction are determined and netted in relation to the last reporting date. If there is an excess loss resulting from unhedged risks, a specific write-down with respect to the underlying transaction is made in this amount, as long as the excess loss is considered permanent.

For micro-hedge units with underlying transactions on the liability side, apoBank applies the fixed valuation method as long as it is considered a perfect hedge. The Bank's own issuance is posted at the repayment amount and is not valued. Accordingly, the hedging derivative is not valued either.

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

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

As at the reporting date, the total volume of the hedged risks amounted to €548 million (31 December 2021: €338 million). These risks arise from an omitted depreciation of assets, an omitted appreciation of debt or omitted provisions for contingent losses, and are quantified based on the gross net present values of the derivative transactions. The majority of changes in value and payment flows are expected to balance out over a period of up to ten years.

As at the reporting date, apoBank had designated a total of 372 micro hedges with a nominal value of €7,881.3 million:

- 279 hedges on the Bank's own issuances against the interest rate risk with a nominal value of €6,169.1 million, including
  - 12 caps with a nominal value of €170.7 million,
  - 14 floors with a nominal value of €180.7 million,
  - 87 swaptions with a nominal value of €1,163.2 million,
  - 166 swaps with a nominal value of €4,654.5 million,
- 93 asset swaps to hedge against the interest rate risk of 59 acquired securities with a nominal value of €1,712.2 million.

As at 30 June 2022, a volume of foreign currency swaps from FX trading in the amount of €380.5 million had been used within the scope of valuation units, of which €334.3 million with the purpose of hedging offsetting FX swaps and €46.2 million of hedging several foreign currency loans. The FX swaps can be broken down based on their currency as follows:

- €147.3 million in British pounds,
- €136.8 million in US dollars,
- €67.7 million in Danish kroner,
- €12.4 million in Swedish kroner,
- €16.3 million in other currencies.

As at the reporting date, apoBank had used a volume of foreign-currency FX forward transactions of €612.8 million as part of valuation units, including €612.8 million to hedge offsetting FX forward transactions. The FX forward transactions can be broken down based on their currency as follows:

- €585.6 million in British pounds,
- €20.0 million in US dollars,
- €6.7 million in Danish kroner,
- €0.5 million in Swedish kroner.

7. Shareholdings and shares in affiliated companies

Shareholdings and capital shares in cooperatives as well as shares in affiliated companies are reported at acquisition cost or at fair value, if lower. In the case of purchase transactions, acquisition costs comprise the purchase price including directly attributable additional costs and, in the case of swaps, the application of general swap principles.

8. Fixed assets/intangible assets

Intangible assets were valued at acquisition cost and depreciated on a straight-line basis as planned. The underlying useful life is between three and ten years.

9. Fixed assets/tangible assets

Tangible assets were carried at acquisition cost less scheduled depreciation.

Buildings were amortized over their useful life on a straight-line basis or using declining-balance rates; movable assets were depreciated over their useful life on a straight-line basis. Low-value assets within the meaning of Section 6 (2) of the German Income Tax Act (EStG) were fully depreciated. Art objects were classified as non-depreciating assets and reported at amortized costs.

10. Prepayments and accrued income (assets)

The difference between the repayment amount und the lower issue price of the liabilities was reported under “Prepayments and accrued income (assets)”. The differences were spread across the terms of the liabilities as planned.

11. Liabilities

Liabilities were generally carried at their repayment amounts, taking account of accrued interest. Differences between the lower issue price and the repayment amount of the liabilities were reported under “Prepayments and accrued income” and dissolved on an accrual basis. Zero bonds and commercial papers were carried as liabilities at their issuance price plus accrued interest.

12. Provisions

The provisions for pension liabilities as at 30 June 2022 were calculated in line with the actuarial tables “Richttafeln 2018 G” (Heubeck) using the projected unit credit method. The calculation is based on an updated forecast derived from the report as at 31 December 2021 using an interest rate of 1.68% (average over the past ten financial years), a wage increase trend of 3.00% and a pension increase trend of 1.75%. As at 30 June 2022, the difference pursuant to Section 253 (6) of the HGB amounted to €11.6 million on an accounting basis.

apoBank recorded the releases and allocations to the balance sheet item “Provisions for pensions and similar obligations” in relation to the interest effects under “Other operating income” and otherwise as a net item under “Personnel expenses”. Pension provisions and the provision for deferred compensation were netted with the corresponding plan assets (initially under “Other assets”) pursuant to Section 246 (2) sentence 2 of the HGB. The fair value amounting to €16.6 million is equivalent to the acquisition costs of the plan assets. apoBank exercises the option laid out in IDW RH FAB 1.021. In connection with this, the reinsurance asset figures are adjusted to match the corresponding provisions for pension obligations figures (liabilities side takes primacy). The remaining figure of €12.9 million was offset against the corresponding pension provisions.

The provisions for part-time retirement and anniversary payments were calculated using the projected unit credit method. Both provisions were made on the basis of an interest rate of 1.29% and a wage increase trend of 3.00% in line with the actuarial tables “Richttafeln 2018 G” (Heubeck). On this basis, the provisions as at 31 December 2021 were extrapolated accordingly for the interim financial statements.

Provisions with a residual term of more than one year are discounted or compounded pursuant to Section 253 (2) of the HGB and posted at this amount (net method). The current profit/loss from discounting and compounding is generally posted to “Other operating income” or “Other operating expenses”. The results from the change in the discount rate on provisions for pensions and similar obligations are taken into account in the item “Personnel expenses”. The results from the change in the discount rate on other provisions are shown in the item “Other operating income” or “Other operating expenses”.

apoBank also made adequate provisions for the remaining uncertain liabilities.

13. Prepayments and accrued income (liabilities)

“Prepayments and accrued income (liabilities)” mainly includes discounts that are deducted when receivables are extended, as well as premiums from liabilities. The differences are spread across the terms of the receivables as planned.

14. Derivative financial instruments

Derivative financial instruments are generally valued individually in accordance with the general valuation provisions of German commercial law (Sections 252 et seqq. of the HGB) and taking the realisation and imparity principle into account, unless valuation units are formed to a permissible extent in order to hedge balance sheet items or the derivatives are used for controlling the overall bank interest rate risk.

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

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

As a basic principle, apoBank uses all tradeable interest rate derivatives in its overall bank control. They serve to hedge the interest rate risks in the banking book and for controlling P&L.

Pursuant to the latest version of IDW RS BFA 3, apoBank is required to provide proof of a loss-free valuation of interest-bearing banking book transactions. For all interest-bearing financial transactions (on-balance-sheet and off-balance-sheet) in the banking book, proof was provided that no losses will occur in future as a result of contracted interest rates. The analysis was based on the net present value/book value method, which compares the book values of the interest-bearing transactions of the banking book with the net present values attributable to interest rates, taking account of risk and portfolio management costs. apoBank did not identify any need for provisioning.

15. Currency translation

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

apoBank considers the special coverage pursuant to Section 340h of the HGB as given as long as the total item is financially balanced for each foreign currency as at the reporting date. To the extent that special coverage was in place, income and expenditure from currency translation were shown in the income statement under the items “Other operating income” or “Other operating expenses”.

C. Notes to the balance sheet

Notes to assets

16. Securities portfolio/receivables by purpose

The securities portfolio and selected receivables are divided into the following categories according to their purpose (figures including accrued interest):

Securities portfolio/receivables by purpose

	30 June 2022 €thous	31 Dec 2021 €thous
Loans and advances to banks		
Fixed assets	0	0

	30 June 2022 €thous	31 Dec 2021 €thous
Loans and advances to customers		
Fixed assets	202	607

	30 June 2022 €thous	31 Dec 2021 €thous
Debt securities and other fixed-interest securities		
Fixed assets	5,877,185	6,500,435
Liquidity reserve	3,804,715	2,496,829
Total	**9,681,900**	**8,997,264**

	30 June 2022 €thous	31 Dec 2021 €thous
Shares and other non-fixed-interest securities		
Fixed assets	950,324	1,169,129
Liquidity reserve	0	0
Total	**950,324**	**1,169,129**

17. Shares in special investment funds

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

Shares in special investment funds

Name of fund	Investment objective	Value in accordance with Sections 168, 278 or 286 (1) KAGB or comparable international regulations (fair value) €thous	Difference to book value €thous	Distributions made for the total financial year €thous	Restriction of daily redemption
APO 1 INKA	Domestic and international bonds	1,006,707	63,092	0	no
BlackRock apo Global Healthcare Private Equity Fund, S.C.A., SICAV-RAIF	Shareholdings in unquoted companies, domestic and international funds	5,150	262	104	no

APO 2 INKA was liquidated in the first half of 2022.

18. Financial instruments classified as fixed assets

Financial instruments classified as fixed assets[1]

	Book value as at 30 June 2022 €thous	Fair value as at 30 June 2022 €thous	Omitted depreciation €thous
Banks	1,709,192	1,630,760	78,432
Public debtors	2,192,961	2,009,448	183,513
Companies	68,758	65,573	3,185
Total	**3,970,911**	**3,705,781**	**265,130**

1) Includes only financial instruments classified as fixed assets that showed hidden burdens as at the reporting date.

In the first half of the year, hidden burdens in securities classified as fixed assets increased to €265,130 thousand (31 December 2021: €12,137 thousand). Therefore, as at the reporting date, a creditworthiness assessment was carried out on all securities with hidden burdens. The assessment did not identify any creditworthiness-induced decreases in value. The increase in hidden burdens is the result of interest-rate-induced factors. There are no lasting decreases in value.

19. List of holdings

The following list includes significant shareholdings pursuant to Section 285 no. 11 of the HGB. Shareholdings that are of minor importance for apoBank's net assets, financial position and earnings situation are not listed, pursuant to Section 286 (3) of the HGB:

List of holdings

Company	Share in company capital on 30 June 2022 %	Year	Capital and reserves of the company €thous	Result of the past financial year €thous
aik Immobilien-Investmentgesellschaft mbH, Dusseldorf	64	2021	12,111	3,998
aik Management GmbH, Dusseldorf[1]	100	2021	67	42
Apo Asset Management GmbH, Dusseldorf	70	2021	24,447	8,665
APO Data-Service GmbH, Dusseldorf[2]	100	2021	4,031	149
apoDirect GmbH, Dusseldorf[2]	100	2021	1,525	382
ARZ Haan AG, Haan	38	2021	62,533	7,687
Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne	25	2021	25,604	11,049
DZR Deutsches Zahnärztliches Rechenzentrum GmbH, Stuttgart[3]	75	2021	29,253	21,504
Finanz-Service GmbH der APO-Bank, Dusseldorf	50	2021	4,690	1,802
gbs – Gesellschaft für Banksysteme mbH, Münster	49	2020	5,071	1,508
medisign GmbH, Dusseldorf	50	2021	1,889	1,445
PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich[4, 5]	100	2022	7,467	4,513
RiOsMa GmbH, Dusseldorf	90	2021	99	20
Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	26	2021	39,141	762
WGZ Beteiligungs GmbH & Co. KG, Dusseldorf	5	2021	3,169,789	75,496
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Dusseldorf	25	2021	7,482	1,797
ZPdZ - Zahnpraxis der Zukunft GmbH, Dusseldorf	50	2021	544	– 124

1) Indirect shareholding.
2) Result before profit transfer or loss absorption.
3) Including indirect shareholding of 59% via PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG as well as RiOsMa GmbH.
4) Including indirect shareholding of almost 50% via RiOsMa GmbH.
5) Fiscal year ending as at 30 June.

Effective from 3 January 2022, the share in the company capital of gbs – Gesellschaft für Banksysteme GmbH was increased from 10 to 49%.

apoBank no longer intends to hold naontek AG long term. Therefore, it was reported as a financial shareholding in current assets for the first time as at 30 June 2022.

apoBank had shareholdings in large corporations pursuant to Section 340a (4) of the HGB with more than 5% of voting rights in Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover, Deutsche Ärzte Finanz Beratungs- und Vermittlungsaktiengesellschaft, Cologne, and DZR Deutsches Zahnärztliches Rechenzentrum GmbH, Stuttgart.

apoBank has not prepared consolidated financial statements in accordance with Section 290 (5) of the HGB in conjunction with Section 296 (1) and (2) of the HGB, as either significant and lasting constraints limit apoBank's ability to exercise its rights with regard to the net assets or the management of the subsidiaries, or the relevant companies are of minor importance overall in terms of presenting a realistic picture of the net assets, financial position and earnings situation.

20. Tangible assets

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

Tangible assets

	30 June 2022	31 Dec 2021
	€thous	€thous
Land and buildings used within the scope of apoBank's own operations	89,604	91,354
Office furniture and equipment	25,064	26,925

21. Other assets

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

Other assets

	30 June 2022	31 Dec 2021
	€thous	€thous
Capitalised premiums from options and caps	32,944	36,841
Receivables from asset management	29,323	53,369
Tax receivables	27,364	27,661
Receivables from the distributions of the mutual funds APO 2 INKA	0	5,000

22. Deferred tax assets

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

As at 30 June 2022, a net deferred tax asset was identified. This was essentially due to differences between the valuations in the trading and tax accounts for shares and other non-fixed-interest securities, loans and advances to customers, provisions for pensions and other provisions as well as other assets.

The total net surplus of deferred tax assets amounted to €189,076 thousand on balance, including deferred tax assets of €193,107 thousand and deferred tax liabilities of €4,031 thousand.

A tax rate of 32.0% was applied for calculating deferred taxes.

23. Subordinated assets

Subordinated assets are included in the following items:

Subordinated assets

	30 June 2022	31 Dec 2021
	€thous	€thous
Loans and advances to customers	180,512	66,768
Debt securities and other fixed-interest securities	16,159	15,909
Total	**196,671**	**82,677**

Notes to liabilities

24. Other liabilities

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

Other liabilities

	30 June 2022 €thous	31 Dec 2021 €thous
Tax liabilities	15,739	10,255
Liabilities from variation margins	7,125	6,562
Premiums from options and caps carried as liabilities	5,789	6,792
Trade payables	0	6,976

25. Capital and reserves

The amounts shown under “Subscribed capital” (liabilities, 12.a)) are structured as follows:

Subscribed capital

	30 June 2022 €thous	31 Dec 2021 €thous
Members’ capital	**1,245,290**	**1,237,757**
Of remaining members	1,210,304	1,231,219
Of departing members	29,409	6,053
Of terminated cooperative shares	5,577	485
Compulsory contributions due on shares in arrears	437	286

The revenue reserves (liabilities, 12.c)) have so far developed as follows in the current financial year:

Revenue reserves

	Legal reserves €thous	Other revenue reserves €thous
As at 1 Jan 2022	442,750	185,806
Transfers		
from balance sheet profit of the previous year	11,480	17,116
from net profit of the financial year	0	0
Withdrawals	0	0
As at 30 June 2022	**454,230**	**202,922**

26. Contingent liabilities

In fiscal 2022, apoBank (49% shareholding) and HCL Technologies (51% shareholding) together declared a binding letter of comfort to gbs – Gesellschaft für Banksysteme GmbH (gbs in the following). According to this, the two companies declared to gbs that they would guarantee for the period of validity of the agreement (1 January 2022 – 31 March 2023) to financially equip gbs in such a way that it can fulfil its obligations towards third parties on time and in full. This letter of comfort can also serve to secure deliveries and services by third parties. The risk to apoBank resulting from it cannot be quantified, in particular due to the inclusion of future obligations as well as due to the strategic and operational transformation of gbs. Currently, apoBank does not expect a drawdown from the letter of comfort.

27. Derivative financial instruments

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market risks arising from open positions, and in the event of counterparty default also from closed positions, amounted to €25,311 million as at 30 June 2022 (31 December 2021: €22,432 million). As at 30 June 2022, they included the following types of transactions:

Distribution of traded derivatives/types of transactions

Interest rate-related transactions	Currency-related transactions
▪ Interest rate swaps	▪ FX forward transactions
▪ Swaptions	▪ FX swaps
▪ Caps/floors	

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

apoBank calculated the fair values shown using the following valuation models: Interest rate swaps were measured at their net present value on the reporting date. To this end, the variable interest payment flows were calculated based on forward rates derived from the current yield curve and then discounted with the swap curve in the same way as fixed payment flows. Interest limit agreements were measured on the basis of the Bachelier model, and swaptions were valued based on the Hull-White model.

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

Risk structure

	Nominal value €m		Fair value[1] €m	
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
Interest rate-related transactions[2]				
Time to maturity up to 1 year	2,051	1,469	4	– 5
more than 1 year to 5 years	10,532	8,952	119	– 40
more than 5 years	11,735	11,030	26	33
Subtotal	**24,318**	**21,451**	**149**	**– 12**
Currency-related transactions				
Time to maturity up to 1 year	993	826	0	0
more than 1 year to 5 years	0	155	0	0
more than 5 years	0	0	0	0
Subtotal	**993**	**981**	**0**	**0**
Total	**25,311**	**22,432**	**149**	**– 12**

1) Netted, taking into account pro rata interest, where applicable.
2) Interest-related transactions are reported under the items “Other assets” (€32.9 million), “Prepayments and accrued income (assets)” (€9.0 million) and “Prepayments and accrued income (liabilities)” (€10.3 million).

The vast majority of derivative financial instruments is used to hedge interest rate and/or currency fluctuations as part of valuation units (see note 6) as well as within the scope of asset liability management.

D. Notes to the income statement

28. Interest income

The “Interest income” item includes €41,528 thousand (1 January to 30 June 2021: €29,574 thousand) in negative interest income from deposits with the ECB and other banks, from collateral management, as well as from fixed-interest securities.

29. Interest expenses

The item “Interest expenses” includes €63,091 thousand (1 January to 30 June 2021: €56,543 thousand) in positive interest expenses from borrowings from the ECB, from other banks and specific customer groups, from collateral management as well as from securitised liabilities.

30. Commission income and commission expenses

Commission income includes insurance brokerage services rendered for third parties amounting to €13,434 thousand (1 January to 30 June 2021: €11,031 thousand).

31. Other operating income and expenses, or income and expenses related to other periods

Other operating income of €16,015 thousand (1 January to 30 June 2021: €30,177 thousand) includes, among other things:

Other operating income

	1 Jan - 30 June 2022	1 Jan - 30 June 2021
	€thous	€thous
Rental income	2,105	2,100
Release of reserves (related to other periods)	3,323	18,372
Income from currency translation	1,771	3,889

Other operating expenses of €9,152 thousand (1 January to 30 June 2021: €16,934 thousand) result primarily from the following items:

Other operating expenses

	1 Jan - 30 June 2022	1 Jan - 30 June 2021
	€thous	€thous
Provisions for litigation costs	1,249	3,056
Direct write-down of other assets	0	3,400
Expenses from compounding	2,353	2,939
Expenses from currency translation	1,217	3,217

32. Taxes on income

Income taxes apply exclusively to the operating result and to adjustments of previous years. Taxes on income were calculated largely on the basis of actual figures and the current tax rate.

E. Other notes

33. Events after the reporting date

No events took place that were subject to reporting requirements between 30 June 2022 and when the interim financial statements were prepared by the Board of Directors on 29 July 2022.

34. Disclosures according to Section 28 of the PfandBG

Please refer to apoBank’s quarterly report as at 30 June 2022, prepared pursuant to the German Pfandbrief Act (PfandBG), for information with respect to the mortgage Pfandbriefe included in the items “Liabilities to banks”, “Liabilities to customers” and “Securitised liabilities”.

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

Deutsche Apotheker- und Ärztebank eG, 40547 Dusseldorf, Germany

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

The turnover of €472.1 million results from the operating result, excluding risk provisioning, write-downs of tangible and intangible assets and general administrative expenses. Deutsche Apotheker- und Ärztebank”s operating result amounted to €110.7 million based on HGB accounting.

The number of employees (excluding members of the Board of Directors) as at 30 June 2022 was 2,021 (full-time equivalents).

The profit before tax of €110.7 million as at 30 June 2022 was largely generated in Germany. Income tax on this amount was €41.1 million.

apoBank does not receive any public aid.

36. Board of Directors

Members of the Board of Directors
- Matthias Schellenberg (since 1 March 2022), Chair; responsible for Corporate Strategy and Health Markets, HR, Internal Auditing, Legal, Professional Associations
- Jenny Friese, responsible for Retail Clients
- Eckhard Lüdering, responsible for Risk
- Alexander Müller, responsible for Large Customers and Markets
- Holger Wessling, responsible for Finance and IT

37. Supervisory Board

Members of the Supervisory Board
- Prof. Dr. med. Frank Ulrich Montgomery (until 29 April 2022), Chair, Chair of the Board of the World Medical Association Inc.
- Dr. med. dent. Karl Georg Pochhammer, Chair (since 29 April 2022), Deputy Chair of the National Association of Statutory Health Insurance Dentists KdöR
- Sven Franke[1], Deputy Chair, bank employee
- Ralf Baumann[1] (until 31 May 2022), bank employee
- Fritz Becker, owner of the Nordstadt-Apotheke Pforzheim
- Marcus Bodden[1], bank employee
- Martina Burkard[1], bank employee
- Mechthild Coordt[1], bank employee
- Stephanie Drachsler[1], bank employee
- Dr. med. dent. Peter Engel, dentist (retired)
- Dr. med. Andreas Gassen, Chair of the Board of the National Association of Statutory Health Insurance Physicians KdöR
- Günter Haardt[1], General Manager of the Vermögensverwaltung der Vereinte Dienstleistungsgewerkschaft ver.di GmbH
- Dr. med. Torsten Hemker, Chair of the Administrative Committee of the Versorgungswerk der Ärztekammer Hamburg KdöR
- Gerhard Hofmann (since 29 April 2022), Member of the Board of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR) (retired) and Director of Bundesbank (retired)
- Steffen Kalkbrenner[2], bank employee
- Walter Kollbach, tax consultant/auditor (retired)
- Bettina Krings[1] (since 1 June 2022), bank employee
- Dr. med. dent. Helmut Pfeffer (until 29 April 2022), Chair of the Pension Committee (Versorgungsausschuss) of the Versorgungswerk der Zahnärztekammer Hamburg KdöR
- Christian Scherer[1], bank employee
- Friedemann Schmidt, President of the Sächsische Landesapothekerkammer KdöR
- Dietke Schneider[1], bank employee
- Dr. Thomas Siekmann (since 29 April 2022), former Deputy Chairman of Deutsche Apotheker- und Ärztebank eG
- Susanne Wegner, General Manager of the Verwaltungsgesellschaft Deutscher Apotheker mbH

1) Employee representative.
2) Representative of the executive staff.

38. Name and address of the responsible auditing association

Genossenschaftsverband – Verband der Regionen e.V.
Ludwig-Erhard-Allee 20
40227 Dusseldorf, Germany

Dusseldorf, 29 July 2022
Deutsche Apotheker- und Ärztebank eG
The Board of Directors

Matthias Schellenberg | Jenny Friese | Eckhard Lüdering | Alexander Müller | Holger Wessling

3

Certifications

Review Report

to Deutsche Apotheker- und Ärztebank eG, Dusseldorf

We have reviewed the condensed interim financial statements (comprising the condensed balance sheet, the condensed income statement as well as the condensed notes) and the interim management report of Deutsche Apotheker- und Ärztebank eG for the period from 1 January 2022 to 30 June 2022, which are components of the interim report pursuant to Section 115 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The preparation of the condensed interim financial statements in accordance with German commercial law and of the interim management report in accordance with the provisions of the German Securities Trading Act applicable to interim management reports is the responsibility of the Board of Directors of the cooperative. Our responsibility is to issue a report on the condensed interim financial statements and the interim management report based on our review.

We conducted our review of the condensed interim financial statements and the interim management report in accordance with generally accepted German standards for the review of financial statements published by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and conduct the review to obtain a certain level of assurance in our critical appraisal in order to ensure that the interim condensed financial statements have been prepared, in all material respects, in accordance with German commercial law and that the interim management report has been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim management reports. A review is limited primarily to interrogating the cooperative’s personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit. As we were not asked to perform an audit, we cannot provide an auditor’s certificate.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements are not prepared, in all material respects, in accordance with the provisions of German commercial law and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim management reports.

Dusseldorf, 23 August 2022
Genossenschaftsverband – Verband der Regionen e.V.

Dirk Berkau	Karsten Ernstberger
Auditor	Auditor

Responsibility Statement by the Legal Representatives

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

Dusseldorf, 29 July 2022
Deutsche Apotheker- und Ärztebank eG
The Board of Directors

Matthias Schellenberg | Jenny Friese | Eckhard Lüdering | Alexander Müller | Holger Wessling

Imprint

Published by
Deutsche Apotheker- und Ärztebank eG

Concept and layout
Lesmo, Düsseldorf

Translation and proofreading
Textpertise Heike Virchow

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

Published by

Deutsche Apotheker- und Ärztebank eG
Richard-Oskar-Mattern-Strasse 6 | 40547 Dusseldorf | Germany

T +49 211 59980 | **F** +49 211 593877
M info@apobank.de | apobank.de