Interim Report

deutsche apotheker- und ärztebank

2010

Overview of Business Development

Overview of business development

	30 Jun 2010 €m	31 Dec 2009 €m	Change %[1]
Key figures			
Balance sheet total	42,715	41,231	3.6
Customer loans	26,122	25,600	2.0
Customer deposits	18,529	16,984	9.1
Securitised liabilities	9,393	9,938	–5.5
Liable equity capital	2,520	2,486	1.3

	30 Jun 2010 €m	30 Jun 2009 €m	Change %[1]
Earnings development			
Net interest income	315.4	300.0	5.1
Net commission income	67.1	35.3	90.1
General administrative expenses	– 200.9	– 193.0	4.1
Operating profit before risk provisioning	175.9	143.0	23.1
Risk provisioning[2]	– 145.7	– 124.1	17.4
thereof balance risk provisioning lending business	(–28.6)	(–38.1)	
thereof balance risk provisioning financial instruments and participations	(–93.3)	(–82.9)	
thereof balance risk provisioning others	(–23.8)	(–3.2)	
Net profit after tax	**25.0**	**7.5**	- - -

1) Deviations due to rounding differences
2) Balance of risk provisioning for lending business, for financial instruments and participations as well as provisioning reserves pursuant to § 340 of the German Commercial Code (HGB)

Content

Interim Management Report

Lending Business

Significant growth in the lending business

The first half of 2010 was characterised by a continuous development in the new lendings business and an expansion of the total volume of the Bank's customer loans.

This is proof that academic health professionals continue to trust in apoBank's financing expertise and competences in the areas of business start-up financing, real estate financing and investment financing/personal loans. Despite the uncertainties regarding personal and professional prospects associated with the reforms in the health care sector, the Bank recorded a high loan demand.

As at 30 June 2010, the total volume of customer loans amounted to €26.1 billion (31 Dec 2009: €25.6 bn). New advances for the first six months amounted to €1.9 billion (30 Jun 2009: €2.0 bn). The volume of real estate financing was down on the previous year due to fierce competition. Business start-up financing, however, performed well: apoBank was able to maintain its leading market position in this segment.

In addition to the low-interest public loans from the promotional bank Kreditanstalt für Wiederaufbau (KfW) or from the various state development banks (Landesförderinstitute), the self-refinanced apoZinscapDarlehen play a central role in real estate financing. These offer a convincing long-term financing solution. The high redemption flexibility of the apoZinscapDarlehen excellently meets all requirements for low-interest and flexible initial, modernisation or follow-up financing. As a result, the apoZinscapDarlehen was in great demand in the first half of 2010.

After an increase of €0.4 billion, the total volume of customer loans - including contingent liabilities and irrevocable loan commitments - amounted to €31.6 billion at the balance sheet date 30 June 2010.

Deposit Business

Deposits continue on successful course

Compared to the end of 2009, the total volume of deposits at the balance sheet date grew to €18.5 billion. This business essentially comprises traditional client deposits, i.e. demand, savings and term deposits as well as promissory note bonds placed with customers. Furthermore, apoObligationen are placed with retail clients via the Bank's branch network.

The growth in the deposit business is mainly due to an increase in deposits from retail clients. In the period under review, the volume of deposits including demand, savings and term deposits grew by approximately 15 percent compared to the average for the previous year. The main reasons for this were the customers' pronounced interest in short-term liquidity and the unattractive interest rates for alternative types of investment. Growth in the deposit business was also driven by the positive development of the apoZinsPlus call account, which was particularly well received despite continued low interest rates for short-term investments.

The average volume of demand deposits from retail clients, which allows analysis independent of the balance sheet date, was up 13 percent in the first half of the year, well above the annual average in 2009. The average volume of apoZinsPlus grew from around €3.5 billion in 2009 to over €4 billion.

The volume of term deposits from retail clients increased by about 17 percent over the average of the previous year to around €470 million. Deposits in apoSafe15 (a 15-month fixed-term deposit) due for reinvestment since February 2010 were generally reinvested for the short and medium term. In this context, there was a tendency for customers to request shorter maturities, for example through investment in apoZinsPlus.

In the first six months of the year, the average volume of savings deposits from retail clients also rose by approximately 12 percent to around €90 million. The product apo50/50 was particularly in demand. With this product, 50 percent of the invested capital is placed in a savings deposit featuring a fixed interest rate over six months and the other 50 percent is placed in selected investment funds.

With regard to organisations and large customers, the deposit business was primarily characterised by a shift from term to demand deposits with short notice requirements. With an average volume of close to €4 billion, deposits from organisations also contributed to the growth of the deposit business as a whole. Up around 5 percent, these deposits account for approximately 30 percent of total deposits.

Asset Management

Positive business development in the first six months

The first half of the year was characterised by considerable uncertainty in the markets. The main issue in this respect was the stability of the euro, which faltered as a result of the financial situation in the southern eurozone countries. Investors therefore sought certainty in gold and German federal bonds, with the latter reaching record lows in terms of yield. Other asset classes built up considerable yield spreads. This uncertainty was also reflected in the high volatility of the stock markets.

In this turbulent environment, the retail client business developed satisfactorily: Compared to the same period in 2009, commission income rose by more than 30 percent to € 30.8 million. Securities accounts from retail clients remained stable at nearly € 7 billion. Brokerage of real estate capital assets developed exceptionally well, already achieving the previous year's overall excellent result of € 100 million by 30 June 2010.

Investment management was also particularly successful in the first six months. Over 320 new customers were acquired, taking the total number of investment management customers to over 2,100. The volume of assets managed, including those managed in non-trading public funds, rose from € 820 million to almost € 1 billion.

Business with institutional customers also continued positively in the first half of the year. The volume of assets under management from this customer segment increased further. For example, four new special funds with a total volume of around € 500 million were acquired. In contrast, conventional direct business involving the placement of fixed-interest securities in the pension fund segment fell clearly compared to the previous year. This was due to the low interest rate levels, which, driven by the uncertainty in the markets, continued to fall well below the 4 percent actuarial interest rate during the first six months of 2010. With regard to consulting services, the Bank continued to experience strong demand for individual services. The Bank is currently in the final selection process for two additional customers with regard to the preparation of asset liability models (ALMs).

apoAsset

The Bank's subsidiary Apo Asset Management GmbH (apoAsset), which specialises in consulting and managing public and special funds, reported strong business development in the first six months. This was supported by products that are suitable for both institutional and private investors and that are compelling with regard to their continuous sharing in upturns in the capital market and their effective protection against downturns.

The public fund DuoPlus, introduced last year as part of a fund-linked pension fund, continued to meet with brisk demand due to its defensive character. The apo Vivace INKA fund, redesigned in the middle of last year, also attracted much interest, particularly from institutional investors. This fund, which solely invests in exchange-traded funds, allows investors to participate in a variety of attractive asset classes around the world based on a heavily rule-governed, risk-reducing approach.

apoAsset was particularly successful in the first six months of 2010 with regard to apo Medical Opportunities. This fund, which specialises in international health care shares, received the prestigious Lipper Award for the best European fund in its segment.

aik

The Bank's real estate investment company APO Immobilien-Kapitalanlagegesellschaft mbH (aik) got off to a good start in the current financial year. For the business years 2009/2010, advance interim distributions totalling € 29.8 million have been effected for ten special real estate funds. On average across all funds, this corresponds to 2.84 percent to date, in relation to the average equity employed by investors. In a market comparison, one-year performance amounts to 1.2 percent (BVI statistics as at 30 June 2010).

The real estate asset class continued to be in high demand. In the first quarter, for special assets, a retail property was acquired in Dresden and an office property in Paris. In addition, transfers of two holdings in Münster and Cologne were completed. In Germany, six properties at different locations are currently undergoing due diligence. Abroad, due diligence is being carried out for a commercial office block in Luxembourg. Various other offers are being pursued in Germany and throughout Europe.

Despite the weak economic environment, 22 new tenancy agreements were concluded covering about 7,800 sqm with an annual rental volume of around € 1.9 million, and eight contracts were renewed covering around 12,000 sqm with an annual rent of some € 1.3 million. This brings the total number of tenancy agreements already concluded to 30, covering a total area of around 20,000 sqm. The annual rental volume amounts to € 3.2 million.

Organisations and Large Customers

Professional organisations

As a bank operating in the health care sector, apoBank traditionally works closely with professional associations that represent all groups of health care professionals. This partnership is based on mutual trust. It continues to be central to the Bank's identity and thus plays a vital role in fulfilling the Bank's mission as set out in its Articles of Association, namely to provide economic support and assistance to health care professionals and their associations.

The deposits which professional associations hold with the Bank make up a significant part of the Bank's refinancing funds. They comprise mainly short-term deposits as well as funds invested in the medium to long-term by the profession's own billing companies and chambers. The average investment volume increased slightly again during the current financial year. The lending business in this customer segment developed as planned, as did the securities business.

Medical care structures and corporate customers

The volume of business in the medical care structures segment grew consistently in the first six months of 2010 to € 615 million (31 Dec 2009: € 530 m). Financing was provided in particular to innovative health care centres, where self-employed physicians run their practices in close cooperation. The Bank also helped to set up and expand specialist clinical centres by financial support. In this respect, there is a continued trend for physicians with their own practices to enter into cooperation with one another and also with hospitals. The Bank also financed numerous projects in the area of in-patient care.

The volume of the corporate customer business, which mainly focuses on pharmaceutical wholesalers, private billing companies, and companies in the pharmaceutical and medtech industries, grew by € 70 million to € 1.4 billion. The Bank was able to consolidate its business both with existing and new customers.

The corporate customer business supplements the Bank's core business and is on course for further growth. The Bank increasingly supports companies that offer their products and services in close connection with the health care environment and that thus play an important and supporting role for the Bank's core customer base.

Earnings, Asset and Financial Position

Strategic realignment shows first signs of success

Following a difficult financial year 2009, apoBank has returned to profit. The strategic realignment approved by the Board of Directors and Supervisory Board at the end of 2009 is effective and showed first signs of success in the first half of 2010.

Operational activities continue to remain unaffected by the financial crisis and performed well in the first half of the year. Accordingly, the operating profit before risk provisioning increased to € 175.9 million (30 Jun 2009: € 143.0 m). Interest and net commission income also rose. This was mainly due to the sales offensive initiated in 2009, which was also reflected in a rise in customer numbers of 6,100 to 339,200 (31 Dec 2009: 333,100). This sales offensive continued into the first half of 2010 with additional measures. At locations with a significantly stronger demand, retail advisor capacities were increased and support teams were reorganised at branches and branch offices in order to relieve advisors of administrative tasks so that they can focus on customer advice and support.

As a whole, the Bank again reported a distributable profit as at 30 June 2010 in the amount of € 25.0 million (30 Jun 2009: € 7.5 m).

Net interest income outperforms last year's high

In the first half of 2010, apoBank earned net interest income of € 315.4 million and was able to exceed its excellent result from last year (30 Jun 2009: € 300.0 m). Continued growth in the lending business contributed to this positive performance. Net interest income also profited from the contributions to results from strategic interest rate risk management. Refinancing was generally achieved through a considerable rise in customer deposits. For the Bank as a whole, refinancing costs were reduced. The stable growth in net interest income is also reflected by the interest margin of 1.50 percent (30 Jun 2009: 1.47%).

Positive trends in the commission business

In the commission business, the positive trend from the second half of 2009 continued resulting in net commission income of € 67.1 million (30 Jun 2009: € 35.3 m). The key driver here was income from traditional securities business, which was expanded on the previous year due to the strong demand for investment products. The Bank also recorded a high demand for alternative investment products, particularly in the area of real estate capital assets. Insurance business and sales successes in the new lendings business contributed to the rise in net commission income. Unlike in the previous year, commission expenses were not affected by measures to hedge individual positions in the financial instruments portfolio.

General administrative expenses increased

At € 200.9 million, general administrative expenses including depreciation as at 30 June 2010 were up on the previous year's figure (30 Jun 2009: € 193.0 m). This rise was due to the continued sales offensive of apoBank, which included investments to expand sales capacities. The Bank continues to pursue its objective of reducing the complexity of the Bank and of streamlining internal processes. A major part of this will be the agreed IT migration to the cooperative joint IT centre of GAD eG. General administrative expenses were reduced in the first half of the year thanks to the strict cost management policy of the Bank.

Risk costs in line with the budget

As at 30 June 2010, apoBank's risk result balance amounted to €145.7 million (30 Jun 2009: €124.1 m). In addition to value adjustments in the lending business and depreciation and write-ups on financial instruments and participations, this balance also includes an allocation for provisioning reserves according to § 340f of the German Commercial Code (HGB). The risk costs actually incurred are therefore currently lower and in line with planned levels in this respect.

At €28.6 million (30 June 2009: €38.1 m), the balance of risk provisioning for the lending business excluding general value adjustments remained at a low level. With sustained growth in the customer lending business, the fact that risk provisioning in the lending business with retail clients remains low emphasizes the persistent high quality of the Bank's customer loans portfolio. In the case of larger medical care structures, longer start-up times than were originally planned are in some cases apparent. One of the reasons for this is the need for borrowers to establish comprehensive business resources. In some cases, appropriate risk provisioning has been effected. The quality of the organisations and large customers portfolio continues to be well-balanced overall.

In the first six months of 2010, the financial markets still had not returned to normal and continued to be characterised by considerable uncertainty. A heterogeneous picture emerged with regard to securities in the structured financial products portfolio: Both improvements and deteriorations were observed in the securitisations held by the Bank. While, on the one hand, this led to a further increase in risk provisioning, the balance, on the other hand, also includes write-ups on securities that were depreciated in the past. Fluctuations in the value of the US dollar also affected the result negatively.

Total exposure from structured financial products was also reduced further in the first half of the year by means of redemptions and disposals in keeping with the Bank's strategy. Due to expiring refinancing contracts for two leveraged ABS funds, the so-called LAAM funds, the Bank decided to take over the underlying securities as the year progresses. The resulting effect on profit has already been allowed for in the current risk provisioning balance.

The balance of provisions for financial instruments and participations was also affected by a value adjustment for one participation as a result of a reduction in expected earnings.

As at 30 June 2010, the balance of provisions for financial instruments and participations totalled €93.3 million (30 Jun 2009: €82.9 m).

The positive results in the core business enabled the risk provisioning measures taken to be compensated, also allowing the provisioning reserves under § 340f HGB to be strengthened. These are available for any contingent future burdens.

Balance sheet development shaped by new strategic realignment

As at 30 June 2010, the balance sheet total amounted to €42.7 billion, thus exceeding the value reported at the end of 2009 (31 Dec 2009: €41.2 bn). The total volume of customer loans increased further due to the positive development in the lending business. In addition, significant improvements in liquidity, mainly driven by increased customer deposits, also contributed to the increase in the balance sheet total. In contrast, the strategy of reduction, particularly with regard to structured financial products, led to a reduction in the Bank's securities portfolio.

Further strengthening of equity ratios

The strengthening or improvement of equity ratios is one of apoBank's stated goals. To this end, various activities were undertaken in the past year. These included reducing the equity required for structured financial products by reducing risk, increasing equity through growing members' capital contributions and the placing of subordinated capital. In addition, a guarantee agreement with the aim of relieving capital requirements was concluded with the Federal Association of German Cooperative Banks (BVR). The equity required for structured financial products was also reduced further in the first six months so that negative effects from currency fluctuations were more than offset. As at 30 June 2010, the Bank's equity ratio and core capital ratio increased to 10.9 percent (31 Dec 2009: 10.2%) and 6.6 percent (31 Dec 2009: 6.2%) respectively.

The Bank's liable equity capital amounted to € 2,520 million as at 30 June 2010 (31 Dec 2009: € 2,486 m). The Bank's core capital amounted to € 1,505 million (31 Dec 2009: € 1,512 m).

One option to further strengthen its equity is to issue equity instruments. The Annual General Meeting authorised the Board of Directors in June 2010 to conclude contracts on a silent partnership in apoBank with a volume of between € 50 million and a maximum of € 200 million. apoBank can thus arm itself with a strong capital base against rising capital requirements and can lay the foundations necessary for its planned loan growth. The silent participation, which is to be placed in individual tranches primarily among institutional customers is another step towards improving the equity situation in the long term.

The internal task force set up at the end of 2009 is continuously developing optimisation models and sustainable options for consistently reducing the total exposure from structured financial products. In line with the Bank's strategy, the aim is to be able to concentrate resources solely on the core business.

Comfortable liquidity situation

As at the balance sheet date, apoBank had a comfortable liquidity position with a large portfolio of ECB-eligible securities. The stable basis of non-volatile customer funds – i.e. customer deposits and apoObligationen – and a broadly diversified investor base enabled congruent refinancing of the lending business.

The majority of the refinancing funds required for 2010 that were to be generated through the capital market were already successfully placed in the second half of 2009. In the first six months of 2010, € 335 million of medium to long-term capital market issues were launched. This included unsecured bonds and promissory note bonds as well as mortgage Pfandbriefe. The total outstanding refinancing volume in the capital market excluding promissory note bonds and registered securities to customers of the Bank amounted to around € 9.6 billion at the end of June.

The placing of apoObligationen with retail clients was also successful. Alongside customer deposits, the bonds with a maturity of between twelve months and five years constitute a stable basis for refinancing. In the first six months, more than half of the planned volumes were realised.

apoBank ratings stable

Following the management meeting with Standard & Poor's in June 2010, the rating analysis for apoBank was updated on 11 August 2010. Standard & Poor's maintained its 'A+/A–1' rating for the Bank with a stableoutlook. The rating of the silent participation remains 'BBB-'.

In November 2009, the rating agency Moody's started a comprehensive ratings review as part of a revision of its rating methods for hybrid financial instruments. This, as expected, led to another widespread downgrading of many hybrid financial instruments. The rating of apoBank's silent participation was also affected, being downgraded in February 2010 from Baa1 to Ba1. However, it still remains at a relatively good level. The long and short-term ratings of apoBank, which are crucial for assessing the credit rating of banks, remain unchanged at 'A2/P–1' with a negative outlook. The regular management meeting with Moody's took place in June this year.

In addition to the individual ratings of Moody's and Standard & Poor's, apoBank's creditworthiness has also been indirectly graded with Verbundratings from Standard & Poor's and the third internationally recognised rating agency, Fitch Ratings. The Verbundrating from Fitch Ratings was confirmed at 'A+/F1+' in May 2010. Standard & Poor's maintained its 'A+/A–1' rating for the Finanzverbund. The outlook for both ratings is stable. The ratings thus recognize the vitality and financial stability of the business model adopted by the cooperative banking group.

apoPfandbriefe maintain top 'AAA' rating

Apart from rating apoBank itself, Standard & Poor's also rates the Bank's cover pool for the issue of mortgage Pfandbriefe. Even under the modified rating method employed by Standard & Poor's for covered debt securities, which also include German Pfandbriefe, the agency maintained its top rating of 'AAA' for apoBank Pfandbriefe. This reflects the high quality and granularity of the cover pool and also takes into account the sophisticated lending standards in force, including the risk management system apoRate, which has been examined and approved with regard to stipulations by the supervisory authorities.

Summary of earnings, asset and financial position

In the first six months of 2010, apoBank succeeded in returning to profit. The continued success in the operational business was pivotal in this respect; the main contributing factors were net interest income and net commission income.

The development of the financial markets continued to be characterised by considerable uncertainty. Developments with regard to securitisations held by the Bank were very heterogeneous. Both improvements and deteriorations were observed in the individual structures. Overall, additional risk provisioning was required.

As at 30 June 2010, the risk provisioning balance amounted to € 145.7 million and was thus largely in line with planned levels. In addition to value adjustments in the lending business and depreciation and write-ups on financial instruments and participations, the balance also includes the allocation for provisioning reserves, which are available for any contingent future burdens.

Furthermore, measures were adopted by the Bank to strengthen equity and relieve capital requirements, which resulted in an increased equity ratio and core capital ratio. In addition, the foundations were laid for further improvement in equity with the Board of Directors being authorised to implement a silent partnership issue. The Bank's liquidity situation is comfortable and is supported by various sources.

When viewed overall, the developments over the last six months corroborate the strength of apoBank's business model.

Supplementary Report

No events took place that were subject to reporting requirements between 30 June 2010 and 16 August 2010 when the interim financial statements were prepared by the Board of Directors.

Risk Report

Targeted and controlled risk-taking is one of the key aspects of successful banking business. apoBank is continuously working to further improve and refine its risk processes and methods in order to be able to control its business activities in a risk and yield-oriented way also going forward.

The business and risk strategy, in which the risk guidelines for all types of risks are defined, provides the framework for the Bank's risk management. Compliance with these guidelines is monitored within the overall bank management and is communicated via ongoing reporting to the decision-making bodies responsible.

The functional and organisational separation of market/sales functions from back-office/risk management and risk control functions is implemented up to the board level to avoid conflicts of interest and to maintain objectivity.

Using the risk-bearing capacity calculation, all major types of risks are incorporated into a system of comprehensive control and limitation.

apoBank defines the key risk types as follows:

Credit risk

Credit risk refers to the potential losses that may be incurred as a result of a borrower or contracting party defaulting either in part or in full. The Bank distinguishes between traditional credit risk in the customer lending business, counterparty and issuer risk in the trading and treasury business, and shareholder risk arising from participations. Country risk is a sub-category of credit risk. Given the structure of the customer lending business, which is targeted towards the German market, country risks primarily occur in the financial instruments portfolio.

Market risk

The Bank uses the term 'market risk' to refer to potential losses that may be incurred with respect to the Bank's positions as a result of changes in market prices (e.g. share prices, interest rates, credit spreads and exchange rates) and market parameters (e.g. market price volatilities).

Liquidity risk

Liquidity risk is differentiated by insolvency risk and refinancing risk. The Bank uses the term 'insolvency risk' to refer to the risk of not being able to fully or partially meet its current or future payment obligations. Refinancing risk refers to the risk that refinancing costs may rise as a result of unfavourable changes in the Bank's creditworthiness and thus increasing credit spreads and/or a change in the liquidity situation in the money and capital markets.

Business risk/strategic risk

The Bank uses the term 'business risk' to refer to the deviation of a sales outcome actually achieved at a certain date from the target performance. This also includes the Bank's strategic risk in the sense of a negative deviation from the planned course due to market changes that were not taken into account during planning or due to changes in the business conditions to the Bank's disadvantage.

Operational risk

Operational risk refers to possible losses that may be incurred as a result of the failure or inadequacy of internal processes, humans and systems or as a result of external events.

The rating system of apoBank

Meaning	Rating class (apo master scale)	External rating classes
Exposures with **impeccable** creditworthiness, no risk factors (standard credit management)	0A	Aaa, Aa1
	0B	Aa2
	0C	Aa3, A1
Exposures with **good** creditworthiness, individual risk factors (standard credit management)	1A	A2
	1B	A3, Baa1
	1C	Baa2
Exposures with **low** risks (standard credit management)	2A	Baa3
Exposures with **greater** risks (intensive credit management)	2B	Ba1, Ba2
High-risk commitments (problem credit management)	2C	Ba3, B1
Higher-risk commitments (problem credit management)	3	B2 to C
Commitments **threatened by default** (according to SolvV definition) - Commitments overdue by more than 90 days - Commitments for which a loss provision was allocated in the previous year or a loss provision has been made in the current year (problem credit management) - Write-offs - Insolvency	4	D
No rating		

Credit risk

In all portfolios, credit risk is limited and monitored at portfolio and individual borrower level. In managing credit risk, a distinction is made between the retail clients/branch business, organisations and large customers, financial instruments and participations portfolios.

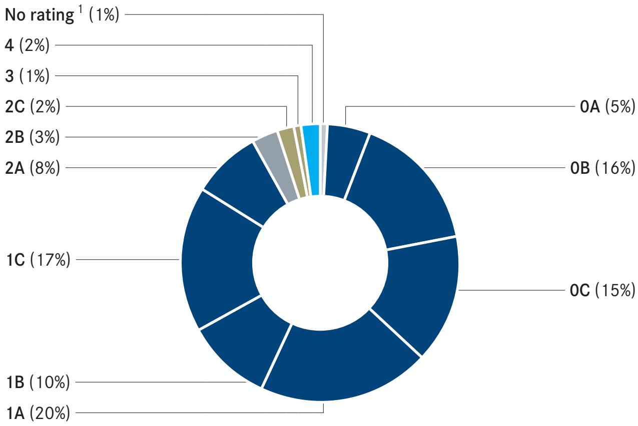
The volumes of apoBank's various sub-portfolios have evolved in different ways: The retail banking business continues to grow, and a slight volume increase is also reported in the organisations and large customers portfolio. Although total exposure in the financial instruments portfolio increased temporarily, the Bank was able to reduce total exposure for structured financial products as planned in keeping with the reduction strategy being pursued.

The structure of the retail clients/branch business portfolio shows a rating class distribution in the upper and medium classes, which is typical for this core business. The portfolio remains on a stable growth path and clearly concentrated within the top rating classes. Accordingly, the necessary risk provisioning in the lending business with retail clients continues to be at a low level, again demonstrating the independence of the health care sector from the economy as a whole as well as the longstanding financing expertise of the Bank.

Rating class distribution in the retail clients/branch business portfolio

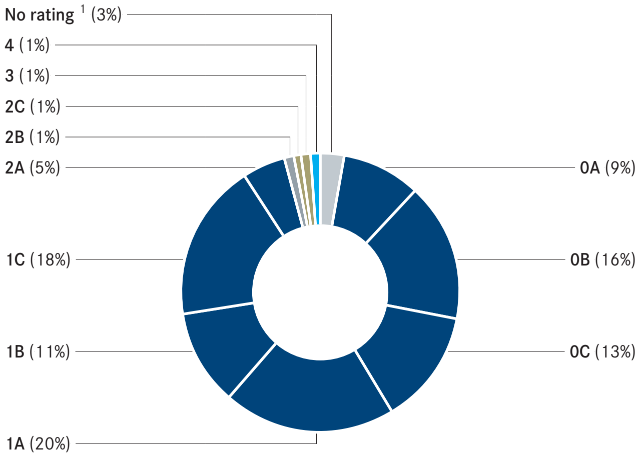
Volume distribution based on drawdowns

total € 23,598 million



Distribution of borrowers based on drawdowns

total 150,623 borrowers

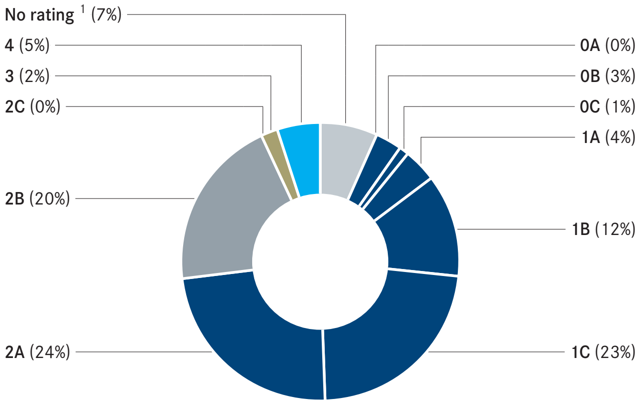


1) Including permanently unrated exposures with drawdowns < € 100 and exposures to employees

Rating class distribution in the organisations and large customers portfolio

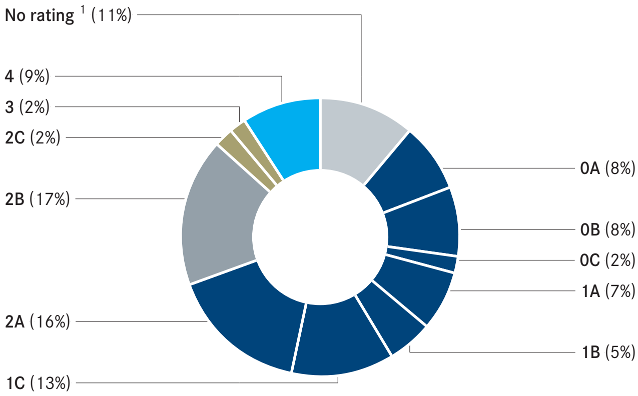
Volume distribution based on drawdowns

total € 2,724 million



Distribution of borrowers based on drawdowns

total 527 borrowers



1) Excluding permanently unrated exposures with drawdowns < € 100

The rating distribution in the organisations and large customers portfolio is still well balanced overall with a focus on the rating classes 1C to 2B.

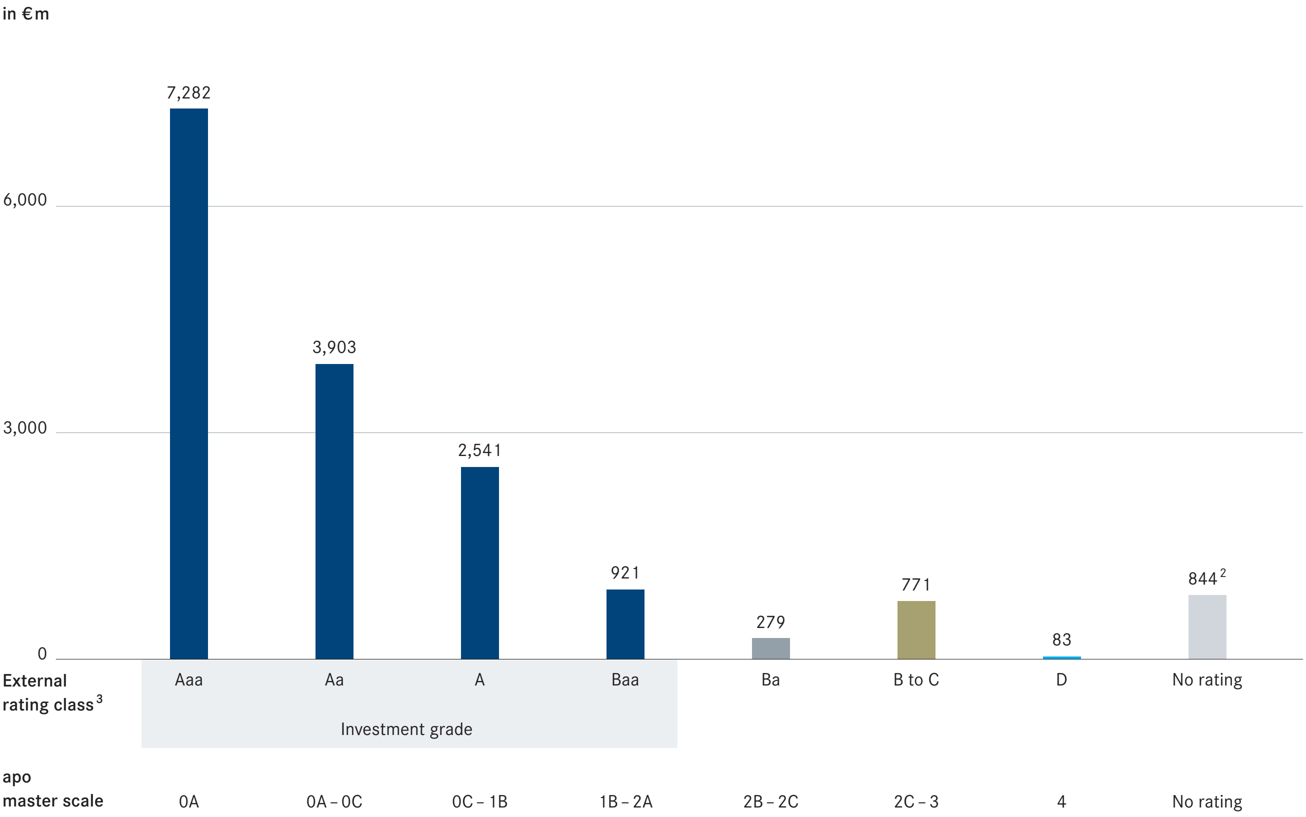
In the case of larger medical care structures, start-up times are often longer than originally planned. One of the reasons for this is the necessity for borrowers to establish comprehensive business resources. The Bank closely monitors this exposure and adopts measures to minimise risk where necessary. In some cases, appropriate risk provisioning has been made. Such provisioning is in line with planned levels.

Money and capital market investments as well derivative transactions are brought together under the financial instruments portfolio. The investment of free funds serves the Bank's liquidity and balance sheet structure management. Furthermore, risks are also incurred to a limited extent in the customer business as a result of foreign exchange and securities trading as well as in start-up financing or co-investments in fund products. In addition to traditional securities (e.g. government and bank bonds), apoBank also invested in CDO and ABS structures in the financial instruments portfolio in the past, which have been brought together under the structured financial products sub-portfolio.

In the first six months of 2010, the volume of the financial instruments portfolio increased from € 15.1 billion at the end of 2009 to € 16.6 billion. This temporary increase can be attributed to a clear improvement in liquidity, which was essentially driven by an increase in customer deposits amounting to € 1.5 billion. The resulting excess liquidity was mainly held with the European Central Bank (ECB) in the short term, thus increasing short-term money market investments in the financial instruments portfolio. With regard to future liquidity planning, the intention is to reduce this excess liquidity.

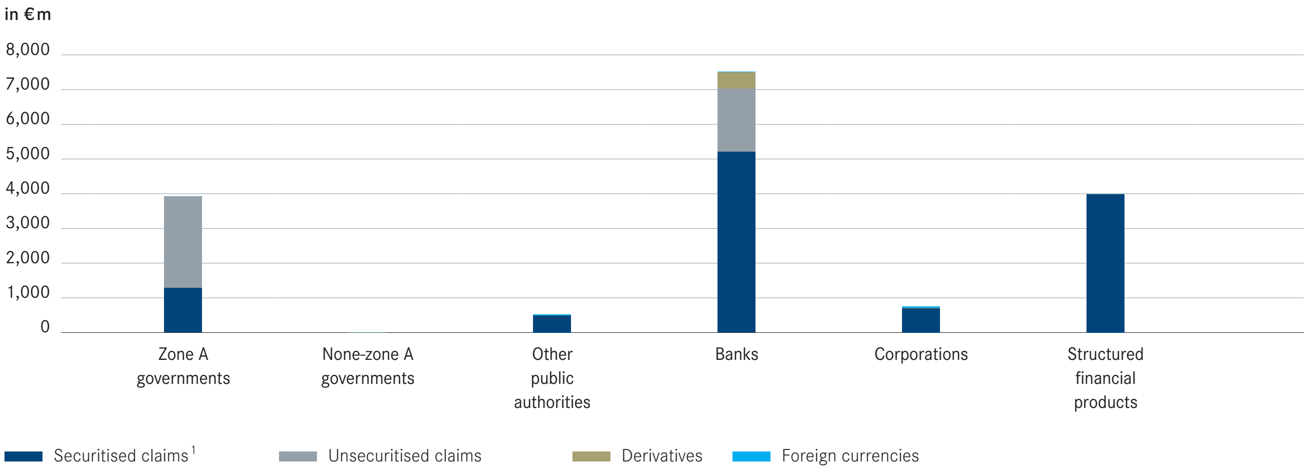
Volume distribution in the financial instruments portfolio

based on total exposure[1] as at 30 June 2010, total € 16,624 million



1) This is generally the book value (drawdowns or credit equivalent amount) taking account of provisions for contingent losses. Exceptions are e.g. CDS and total return swaps on ABS structures, for which the nominal value is used in the absence of a book value. For foreign currency items, the current exchange rate is used for conversion.
2) The unrated exposures are mainly composed of interbank balances and the LAAM funds. More than 63% of the underlying ABS securities in the LAAM funds are rated investment grade.
3) The letter ratings shown here comprise all rating classes of the relevant rating segment (i. e., Aa comprises Aa1 to Aa3, for example).

Financial instruments (on-balance sheet and off-balance sheet) by sector and type of risk



as at 30 June 2010/31 December 2009	Securitised claims[1] 2010	Securitised claims[1] €m 2009	Unsecuritised claims 2010	Unsecuritised claims €m 2009	Derivatives 2010	Derivatives €m 2009	Foreign currencies 2010	Foreign currencies €m 2009	Total 2010	Total €m 2009
Total exposure by sector										
Zone A governments	1,277	1,082	2,624	400	–	–	–	–	**3,901**	**1,482**
Non-zone A governments	–	–	–	–	–	–	–	–	**–**	**–**
Other public authorities	490	–	–	–	–	–	18	5	**508**	**5**
Banks	5,192	6,097	1,802	1,693	472	299	40	43	**7,506**	**8,132**
Corporations	691	1,007	8	10	2	–	40	22	**742**	**1,038**
Structured financial products	3,966	4,466	–	–	–	–	–	–	**3,966**	**4,466**
Total	**11,616**	**12,651**	**4,435**	**2,103**	**474**	**299**	**98**	**70**	**16,624**	**15,122**

1) Including asset backed securities (ABS), collateralised debt obligations (CDO), credit default swaps (CDS), mortgage backed securities (MBS), total return swaps (TRS) and LAAM funds

Overall, the Bank continues to pursue a strategy of reducing risk in the financial instruments portfolio. In particular, risks arising from structured financial products are being consistently diminished. The Bank was able to decrease the volume of structured financial products in this respect by a total of €500 million in the first six months from €4.5 billion to €4.0 billion. To this end, the Bank made active use of opportunities to dispose of individual structured financial products, but also redemptions and maturities. In addition to several ABS structures, the Bank disposed of five tailor-made CDO structures with a total exposure of around €180 million in the first six months, with a positive effect on P&L. Taking these disposals into account, the Bank retains no other tailor-made CDO structures as at 30 June 2010 except two 'AAA' rated structures. The volume of ABS structures has also been further reduced, both in terms of those held directly and in the LAAM funds as a result of redemptions and disposals.

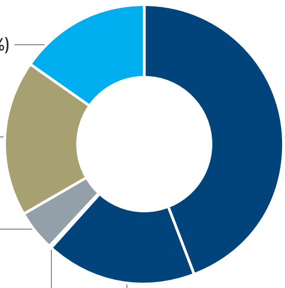
Due to expiring refinancing contracts for two LAAM funds, the underlying securities will probably be taken over by the Bank. Based on current forecasts, total exposure from the Bank's structured financial products would increase temporarily again as a result of this transfer to about €4.4 billion at the end of the year. One LAAM fund would then remain on the Bank's books; it is fully financed across the term of the underlying instruments.

In the first six months of 2010, no significant rating downgrades occured in the financial instruments portfolio. Overall, the Bank reduced the exposure of financial instruments in the lower rating classes. As at 30 June 2010, 88 percent (31 Dec 2009: 85%) of the portfolio was rated in the investment grade range. In the structured financial products portfolio, 75 percent (31 Dec 2009: 75%) of the rated positions were rated in the investment grade range. Overall, the rating distribution therefore continues to be concentrated in the upper rating classes.

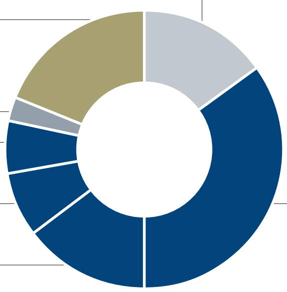
The main country risks occur in the financial instruments portfolio and primarily concern the countries of the European Union and the USA. The first six months of 2010 have shown that the development of the financial markets is still subject to significant uncertainty. During this period, the so called PIIGS states (Portugal, Italy, Ireland, Greece, Spain) were particularly in the spotlight, causing new turbulences on the financial markets. apoBank is exposed both indirectly and directly to these countries. Indirectly, the Bank has invested in Italy, Spain, Portugal and Ireland primarily via the banking sector. A direct country risk in the PIIGS states exists with regard to Italy and Greece. However, due to the packages of measures implemented by the EU and the IMF, the Bank assumes that defaults in the countries in question will be prevented. Individual exposure in EU countries with a rating below 'A' exists with regard to Hungary and Poland.

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

Volume distribution by products
€ 3,966 million



Volume distribution by rating class
€ 3,966 million



1) Unrated LAAM funds with a total exposure of € 598 million (more than 63% of underlying asses are rated in the investment grade segment)

All investments, even those in the good rating classes, are closely monitored, subjected to regular stress tests and continually reviewed for the possibility of disinvestment and hedging measures in line with the Bank's strategy. The development of risks associated with structured financial products are monitored particularly intensively. The lack of stability in the markets has an impact on the analyses and stress tests carried out regularly by the Bank for this portfolio. Securitisations of US residential mortgages are a particular focus of these analyses. Furthermore, the Bank closely monitors British commercial mortgage-backed securities (CMBS). In individual analyses, these structures are reviewed for current changes and the need for risk provisioning. apoBank is not invested in securitisations of US commercial mortgage-backed securities.

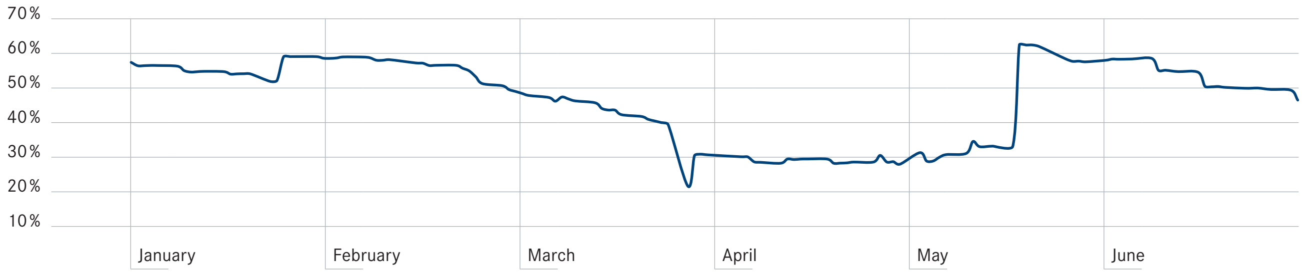
Overall, a heterogeneous trend is apparent in the individual structures in the structured financial products portfolio, i.e. both improvements and deteriorations in the individual structures were observed. In addition, exchange rate changes had an unfavourable impact on the Bank's risk result in the first six months. Overall, additional risk provisioning for financial instruments was necessary as at 30 June 2010.

Structured financial products (on-balance sheet and off-balance sheet) by rating class, country and residual term

as at 30 June 2010/31 December 2009	MBS €m 2010	MBS €m 2009	CDO €m 2010	CDO €m 2009	ABS in the narrower sense €m 2010	ABS in the narrower sense €m 2009	LAAM funds €m 2010	LAAM funds €m 2009	Total €m 2010	Total €m 2009
Total exposure[1] by rating class (external rating class)										
Aaa	867	1,186	159	158	371	606	–	–	1,397	1,950
Aa	478	425	–	–	97	113	–	–	574	538
A	259	185	6	10	39	55	–	–	304	251
Baa	77	85	21	18	141	–	–	–	239	103
Ba	51	36	–	6	65	69	–	–	115	111
B to C	733	657	5	166	–	–	–	–	738	823
no rating	–	–	–	–	–	–	598	690	598	690
Total exposure[1] by country										
USA	868[2]	787[2]	141	305	339	296	–	–	1,348	1,388
Europe	1,570	1,749	51	53	373	547	100	174	2,095	2,524
Others[3]	25	38	–	–	–	–	498	516	523	554
Total exposure[1] by residual term[4]										
0 to 1	231	89	–	17	34	57	255	114	520	276
> 1 to 5	588	801	93	116	339	450	–	231	1,020	1,598
> 5	1,644	1,685	100	225	339	337	343	345	2,426	2,591
Total	**2,463**	**2,574**	**192**	**358**	**712**	**844**	**598**	**690**	**3,966**	**4,466**

1) This is generally the book value (drawdowns or credit equivalent amount) taking account of provisions for contingent losses. Exceptions are, for example, CDS and total return swaps on ABS structures, for which the nominal value is used in the absence of a book value. For foreign currency items, the current exchange rate is used for conversion.
2) Primarily comprises Alt-A residential mortgage backed securities (RMBS)
3) Securitisation structures from other countries as well as LAAM funds with securitisation structures without country focus
4) Residual term in years = expected maturity

Market risk in the financial instruments portfolio – limit utilisation in the first six months of 2010 (value-at-risk)



Market risk

In addition to credit-spread risks related to financial instruments, the Bank's market risks primarily consist of interest rate risk. Other market risks are of minor importance. The main market risks faced by the Bank as a whole are part of the Bank-wide risk management framework and limited.

In managing market risks, a distinction is made between managing interest rate risks from the perspective of the Bank as a whole (strategic interest rate risk management) and the market risks in the financial instruments portfolio.

In the context of managing Bank-wide interest rate risks, strategic interest rate risk management pursues both net present value and periodic approaches. The aim in this respect is to achieve a moderate interest rate risk profile at any time. The result of the regulatory stress calculations for the interest rate risk of the banking book was well below the prescribed limit at all times.

Market risks in the financial instruments portfolio are measured and managed using a differentiated approach. The management of credit-spread risks in particular was further refined in the first six months of 2010.

The limitation of market risks in the financial instruments portfolio, which is derived from the risk-bearing capacity, was fully observed at all times in the first six months of 2010.

While market risks decreased considerably in the first quarter against the background of the continued reduction of the portfolio and abating nervousness in the markets for the time being, the renewed value fluctuations in the financial markets in particular led to an increase in the risks measured in the second quarter.

Liquidity risk

The Bank's management of liquidity risk encompasses operational liquidity management as well as structural and strategic liquidity management. Liquidity management is based on the ongoing analysis and comparison of incoming and outgoing payment flows, which are brought together in a funding matrix and limited in different grades. Management is complemented by stress analyses, which are also limited, and an emergency plan, which ensures an adequate response in the event that the Bank's liquidity is in jeopardy.

Both insolvency risk and refinancing risk are incorporated into the analyses of the Bank's risk-bearing capacity.

To ensure liquidity even in potential crisis situations, the Bank maintains an extensive liquidity reserve, primarily consisting of securities that are eligible as collateral and generally ECB-eligible. For this reserve, a minimum limit has been set that has to be observed at all times.

The Bank's liquidity was secured at any time throughout the first six months of the year. The regulatory requirements (liquidity ratio, minimum reserve) and all risk limits were met at all times.

The Bank's liquidity situation was comfortable as at 30 June 2010. The Bank's current liquidity situation is characterised by the continued reduction of structured financial products in particular and a clear increase in customer deposits in the first six months.

Business risk / strategic risk

In the business segments Retail Clients / Branch Business and Organisations and Large Customers, business risk / strategic risk is incurred. As part of annual planning, the margin contributions and commission income are set, among other things, and reported as planned sales outcome for the coming financial year. On the basis of historical budgeted / actual deviations in the customer business, a risk value is calculated which is factored into the risk-bearing capacity calculation. All in all, the business risk / strategic risk ranges comfortably within the defined limit.

Operational risk

For the regulatory reporting of operational risk, the Bank uses the standard approach. Internal methods and procedures were developed further.

A variety of technical and organisational measures ensured the security and stability of IT operations. This was achieved using IT security processes, which are based on well-established standards and controlled centrally by IT security management. To guarantee a high level of security and effective precautions against operational risks, further measures were developed with a focus on managing emergency situations in all business areas. These measures were tailored to changes in the Bank's environment and brought together under a comprehensive business continuity concept.

Operational cases of loss in the first six months of 2010 were above the levels seen in the previous year. Overall, however, operational risks remain within the defined limits.

Pfandbrief controlling

To ensure liquidity for all contractual payments due for Pfandbrief issues, a daily process for close monitoring and controlling is implemented. Risks are conservatively limited. The loans from the cover pool are selected in a defensive manner. All limits were complied with during the first six months of 2010.

Risk-bearing capacity

apoBank's risk management is based on continuously identifying, measuring and monitoring all fundamental risks arising from the Bank's business activities. These efforts culminate in the risk-bearing capacity calculation, a key aspect of which is to examine the adequacy of the Bank's capitalisation.

At the beginning of 2010, the methods involved in calculating the risk-bearing capacity were further refined. In this respect, the new minimum requirements for risk management (MaRisk) have been taken into account as well as feedback from internal and external audits. The analyses now take place integrating the individual aspects of regulatory capital, economic capital, profitability and liquidity. Stress calculations are also carried out across all risk classes for the individual aspects.

The measures taken to reduce total exposure in the financial instruments portfolio and to strengthen equity as well as the guarantee provided by the Federal Association of German Cooperative Banks (BVR) at the end of 2009 together with a possible extended support package that has already been promised if needed have a favourable impact on the Bank's risk-bearing capacity.

In the baseline scenario, the risk-bearing capacity was ensured in the first six months of 2010 at any time with regard to all aspects. Individual stress scenarios show that the Bank's risk-bearing capacity can be described overall as strained.

The Bank will continue to implement the measures already initiated to reduce risk and strengthen the capital base. These measures also include a silent partnership issue that has already been approved.

Stress tests

Analyses for determining the Bank's resilience were further refined: Since 2010, resilience has been analysed in defined stress scenarios that take into account both external influences and risks specific to the Bank itself. In these scenarios, interactions between risk types and between revenue and capital figures are taken into account also over the time course.

The results of the analyses confirm the consolidation course taken by the Bank in its strategy to reduce the financial instruments portfolio and to further strengthen the equity base.

Controlling and managing accounting procedures

apoBank employs an internal control system (ICS) that focuses on accounting procedures. It sets out principles, processes and measures to make sure that the Bank's accounting systems are effective and efficient, that its accounts are true and fair and that they comply with the relevant legal rules.

The accounting ICS ensures that business transactions are always recorded, prepared and recognised properly and carried over into the accounts correctly. Suitably trained staff, the use of adequate software as well as clear legal and internal requirements form the basis of a fully compliant, standardised and uninterrupted accounting process. Areas of responsibility are clearly defined and various checking and verification mechanisms are employed (including plausibility checks and dual control in particular) to ensure that accounts are correct and accountability is in place. As a result, business transactions are recorded, processed and documented in keeping with the legal rules, the articles of association and internal guidelines and included in the accounts in a prompt and correct manner. At the same time, the systems in place ensure that assets and liabilities are shown, reported and valued correctly in the interim financial statements and that reliable and relevant information is provided promptly and comprehensively.

apoBank's Internal Audit department exercises a monitoring function independent of operational processes. Internal Audit reports to the Chairman of the Board of Directors without prejudice to the management's overall responsibility for setting up and ensuring the operativeness of the Internal Audit department on the basis of the organisational chart. In addition to ensuring that processes and systems are compliant and operationally reliable, Internal Audit evaluates the effectiveness and suitability of the ICS in particular. The framework conditions laid down by the Board of Directors form the basis of Internal Audit's activities. apoBank has anchored a complete and unrestricted right to information for Internal Audit in these framework conditions.

Summary of the risk situation

The main risk faced by the Bank is credit risk. While volumes in the Bank's customer lending portfolios have increased while quality essentially remained unchanged, the Bank has consistently continued its reduction strategy for the financial instruments portfolio.

As part of this strategy, the Bank has been able to significantly reduce total exposure arising from the structured financial products sub-portfolio. This portfolio now totals €4.0 billion, compared to €4.5 billion at the end of 2009. At the end of 2010, the expected assumption of securities from two LAAM funds will lead to a temporary increase in total exposure from structured financial products to approximately €4.4 billion.

The volume of the total financial instruments portfolio increased in the first six months of 2010 from € 15.1 billion at the end of the year 2009 to € 16.6 billion. This increase can be attributed to a temporary liquidity surplus, which was largely invested risk-free with the ECB and will be reduced as planned as the year progresses. The Bank's aim is to reduce the total exposure of the financial instruments portfolio by the end of 2010 to below previous year's level.

The financial instruments portfolio overall remains concentrated in the investment grade range, with 88 percent (31 Dec 2009: 85%) of volume in this area. In the structured financial products portfolio, 75 percent (31 Dec 2009: 75%) of the rated positions were rated in the investment grade range.

The main country risks occur in the financial instruments portfolio and primarily concern the countries of the European Union and the USA. apoBank's exposure to the so called PIIGS states is both indirect and direct. Due to the packages of measures implemented by the EU and the IMF, the Bank expects that defaults in the countries in question will be prevented.

In addition to credit-spread risks related to financial instruments, the Bank's market risks primarily consist of interest rate risk. The scope of interest rate risk remains moderate. The Bank's current liquidity situation as at 30 June 2010 is comfortable.

While risk provisioning for the customer lending business proved stable in the first six months of 2010, the structured financial products portfolio is subject to a heterogeneous development. In this sub-portfolio, both improvements and deteriorations in the individual structures were observed. In risk provisioning, due account has been taken of all discernible risks. In the first six months, the balance of risk provisioning totalled € 145.7 million. In addition to value adjustments in the lending business and depreciation and write-ups on financial instruments and participations, this balance also includes the allocation for provisioning reserves.

In the baseline scenario, the risk-bearing capacity was ensured at all times and for all aspects in 2010. Individual stress scenarios show that the Bank's risk-bearing capacity can be described overall as strained. On the one hand, the measures adopted by the Bank to reduce the financial instruments portfolio and to strengthen equity had a positive effect. On the other hand, the guarantee provided by the BVR at the end of 2009 and the possible extended measure that has already been promised by the BVR if needed also have a favourable effect on the Bank's risk-bearing capacity.

Outlook

Thanks to its strong core business, apoBank enjoyed an altogether good start to the financial year 2010, with a return to profits. Against this background, the Bank raised its forecasts for the main profit drivers, net interest income and net commission income.

In the case of net interest income, the Bank is anticipating a value approaching the high levels seen last year. This is based primarily on the continuing successes in the lending and deposit business. In addition to sales successes, the Bank's strategic interest rate risk management will also have a favourable effect on net interest income, although the expected contribution to profit generated in this regard will be lower than the previous year as planned.

One of apoBank's stated goals is to intensively expand the commission business and to take advantage of the general increase in demand among private investors for attractive investment products. The Bank already made considerable gains in this respect last year, and this positive trend looks set to continue this year. Accordingly, the Bank is planning net commission income above last year's levels. This successful development is based on an expansion of the lending and insurance business and, especially, the high demand for alternative investment products such as real estate capital assets. Furthermore, in contrast to the previous year, commission expenses have not been adversely affected so far by costs incurred by hedging individual positions in the financial instruments portfolio.

In the second half of the year, general administrative expenses will increase as planned due to the IT migration and recruitment of new staff as part of the sales offensive. Following the typical development of the cost curve, operating expenditure will also increase in the second half of the year. At the same time, the Bank continues to consistently work on reducing costs in the long term. Overall, however, general administrative expenses – affected by the one-off expenses associated with the IT migration – will be higher than 2009 levels at the end of the year.

Operational risk provisioning in the lending business is stable and is expected to reach last year's level. In contrast, risk provisioning for financial instruments remains difficult to forecast due to the continued uncertainty in the financial markets. Overall, however, the Bank expects a considerable reduction compared to last year with regard to risk provisioning for financial instruments and participations.

The Bank will continue to consistenly reduce the structured financial products portfolio as announced. However, due to expiring refinancing contracts for two LAAM funds, the underlying securities will be taken over by the Bank. This means that total exposure will increase for the time being. The Bank's aim is to report a reduced volume by year-end compared to the balance sheet date 2009.

The internal task force established in 2009 continues to intensively work on options regarding the reduction of total exposure and the further relief and strengthening of equity. This includes checking equity instrument issues as well as the sale of items from the structured financial products portfolio. The silent participation approved by the Annual General Meeting is another building block to meet the increasing capital requirements and to improve the Bank's equity ratios. In the previous year, apoBank already agreed a guarantee scheme with BVR for this purpose. Together, the parties continuously check the extent to which the agreement can be optimised through further developments. The objective is to create additional scope to allow all resources to be focused on the core business.

The business development in the first months of 2010 has shown that the Bank is on the right path: The focus on core business has been paying off. The sales strategy already initiated in 2009 will also be consistently applied in the second half of the year in cooperation with the Verbund. The uncertainties in the financial markets, which continue to dominate, do not allow for a detailed forecast of the annual result from today's point of view. Overall, apoBank is planning to achieve a net profit in the financial year 2010, which will allow a dividend distribution.

Interim Financial Statements

Balance Sheet

Assets

	(Notes)	30 Jun 2010 €thous	1 Jan 2010 [1] €thous	31 Dec 2009 €thous
1. Cash reserve		**283,250**	**496,581**	**496,581**
a) Cash on hand		36,103	34,084	34,084
b) Cash in central banks		247,147	462,497	462,497
c) Cash in post office giro accounts		0	0	0
2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks		**0**	**0**	**0**
3. Loans and advances to banks	(B)	**4,969,212**	**2,826,401**	**2,830,911**
a) Mortgage loans		0	0	
b) Local authority loans		0	0	
c) Other receivables		4,969,212	2,826,401	726,863
Including: due on demand		(4,269,781)	(2,104,048)	
d) Due on demand				2,104,048
4. Loans and advances to customers	(B)	**26,122,326**	**25,600,471**	**25,600,471**
a) Mortgage loans		6,036,529	5,581,046	
b) Local authority loans		81,391	55,235	
c) Other receivables		20,004,406	19,964,190	
5. Debt securities and other fixed-interest securities	(13, 15, 18)	**7,560,481**	**8,667,082**	**8,888,359**
a) Money market papers		312,155	244,479	247,969
aa) Of public issuers		0	0	0
ab) Of other issuers		312,155	244,479	247,969
b) Bonds and debt securities		7,248,326	8,422,603	8,450,108
ba) Of public issuers		185,585	213,882	213,882
bb) Of other issuers		7,062,741	8,208,721	8,236,226
c) Own debt securities		0	0	190,282
6. Shares and other non-fixed-interest securities	(13, 14, 15, 18)	**1,745,332**	**1,783,641**	**1,783,641**
6a. Trading portfolio	(B)	**182,028**	**226,643**	
a) Derivative financial instruments		343	3,259	
b) Claims		0	0	
c) Debt securities and other fixed-interest securities		181,685	223,384	
d) Shares and other non-fixed-interest securities		0	0	
e) Other assets		0	0	
7. Participations and capital shares in cooperatives	(16, 18)	**132,859**	**130,368**	**130,368**
a) Participations		132,034	129,543	129,543
Including: in banks		(97,720)	(97,697)	(97,697)
Including: in financial services institutions		(14,755)	(14,755)	(14,755)
b) Capital shares in cooperatives		825	825	825
Including: in cooperative banks		(0)	(0)	(0)
Including: in financial services institutions		(0)	(0)	(0)
8. Shares in affiliated companies	(16, 18)	**47,452**	**65,531**	**65,531**
Including: in banks		(0)	(0)	(0)
Including: in financial services institutions		(3,213)	(21,292)	(21,292)
9. Trust assets	(17)	**2,748**	**2,748**	**2,748**
Including: fiduciary loans		(10)	(10)	(10)
10. Compensation claims against the public sector including debt securities from their exchange		**0**	**0**	**0**
11. Intangible assets	(B, 18)	**17,354**	**19,924**	**19,924**
a) Registered industrial property rights and similar rights and assets		0	0	
b) Concessions, industrial property rights and similar rights and assets acquired for a consideration, as well as licenses for such rights and assets		14,456	17,205	
c) Goodwill		0	0	
d) Payments in advance		2,898	2,719	
12. Tangible assets	(18)	**224,399**	**225,400**	**225,400**
13. Other assets	(19)	**1,340,654**	**1,048,209**	**1,059,502**
14. Prepayments and accrued income	(B, 20)	**86,666**	**127,232**	**127,232**
a) From issuing and loan transactions		25,043	31,811	
b) Others		61,623	95,421	
15. Deferred tax assets	(B, 21)	**0**	**0**	
Total assets		**42,714,761**	**41,220,231**	**41,230,668**

1) Opening balance according to the Accounting Law Modernisation Act (BilMoG)

Liabilities

	(Notes)	30 Jun 2010 €thous	1 Jan 2010[1] €thous	31 Dec 2009 €thous
1. Liabilities to banks	(B)	**11,802,174**	**11,185,784**	**11,190,309**
a) Issued registered mortgage bonds		299,651	304,431	
b) Issued registered public bonds		0	0	
c) Other liabilities		11,502,523	10,881,353	9,291,689
Including: due on demand		(2,276,370)	(1,898,620)	
d) Due on demand				1,898,620
2. Liabilities to customers	(B)	**18,529,267**	**16,983,527**	**16,983,527**
a) Issued registered mortgage bonds		519,490	522,824	
b) Issued registered public bonds		0	0	
c) Saving deposits		95,374	91,812	91,812
ca) With an agreed notice period of three months		57,804	58,889	58,889
cb) With an agreed notice period of more than three months		37,570	32,923	32,923
d) Other liabilities		17,914,403	16,368,891	16,891,715
Including: due on demand		(10,699,460)	(8,844,298)	
da) Due on demand				8,844,298
db) With an agreed term or notice period				8,047,417
3. Securitised liabilities	(B)	**9,392,641**	**9,937,914**	**9,937,914**
a) Debt securities issued		9,392,641	9,937,914	9,937,914
aa) Mortgage Pfandbriefe		1,005,416	993,466	
ab) Public Pfandbriefe		0	0	
ac) Other debt securities		8,387,225	8,944,448	
b) Other securitised liabilities		0	0	0
Including: money market papers		(0)	(0)	(0)
Including: own acceptances and promissory notes outstanding		(0)	(0)	(0)
3a. Trading portfolio	(B)	**358**	**3,275**	
a) Derivative financial instruments		358	3,275	
b) Liabilities		0	0	
4. Trust liabilities	(22)	**2,748**	**2,748**	**2,748**
Including: fiduciary loans		(10)	(10)	(10)
5. Other liabilities	(23)	**366,662**	**371,390**	**371,399**
6. Prepayments and accrued income	(B, 24)	**40,476**	**51,868**	**51,868**
a) From the issuing and lending business		28,753	38,212	
b) Others		11,723	13,656	
6a. Deferred tax liabilities	(B)	**0**	**0**	
7. Provisions		**241,000**	**369,040**	**381,198**
a) Provisions for pensions and similar obligations		116,295	119,609	128,911
b) Tax provisions		5,527	5,190	5,190
c) Other provisions		119,178	244,241	247,097
8. Subordinated liabilities	(25)	**526,862**	**520,237**	**520,237**
9. Participating certificate capital		**235,000**	**235,000**	**235,000**
Including: due within two years		(45,000)	(45,000)	(45,000)
10. Fund for general banking risks	(B)	**126,000**	**126,000**	**126,000**
Thereof special items according to § 340e (4) of the German Commercial Code (HGB)		(0)	(0)	
11. Equity	(26)	**1,451,573**	**1,433,448**	**1,430,468**
a) Subscribed capital		985,112	991,070	991,070
b) Capital reserves		0	0	0
c) Revenue reserves		441,491	441,491	439,390
ca) Legal reserves		361,250	361,250	361,250
cb) Other revenue reserves		80,241	80,241	78,140
d) Balance sheet profit/loss		24,970	887	8
Total liabilities		**42,714,761**	**41,220,231**	**41,230,668**

1. Contingent liabilities	(27)	**2,360,955**	**2,495,671**	**2,495,671**
a) Contingent liabilities from rediscounted, settled bills		0	0	0
b) Liabilities from guarantees and indemnity agreements		2,360,955	2,495,671	2,495,671
c) Collateral furnished for third-party liabilities		0	0	0
2. Other obligations		**3,107,211**	**3,059,064**	**3,059,064**
a) Obligations under optional repurchasing agreements		0	0	0
b) Placement and underwriting obligations		0	0	0
c) Irrevocable loan commitments		3,107,211	3,059,064	3,059,064

Profit and Loss Account

Profit and loss account

	(Notes)	1 Jan – 30 Jun 2010 € thous	1 Jan – 30 Jun 2009 € thous
1. Interest income from		**835,299**	**904,223**
a) Lending and money market transactions		769,958	752,755
Including: from discounting		(403)	(0)
b) Fixed-interest securities and debt register claims		65,341	151,468
2. Interest expenses		**– 530,948**	**– 637,428**
Including: from compounding		(– 3,417)	(0)
3. Current income from		**11,042**	**33,214**
a) Shares and other non-fixed-interest securities		239	21,718
b) Participations and capital shares in cooperatives		5,866	1,887
c) Shares in affiliated companies		4,937	9,609
4. Income from profit pooling, profit transfer agreements or partial profit transfer agreements		**392**	**217**
5. Commission income	(31)	**103,359**	**80,942**
6. Commission expenses		**– 36,237**	**– 45,631**
7. Net income from trading portfolio	(32)	**1,314**	**3,413**
8. Other operating income	(33)	**4,696**	**4,038**
9. General administrative costs		**– 189,120**	**– 181,002**
a) Personnel expenses		– 93,993	– 92,402
aa) Wages and salaries		– 79,896	– 78,292
ab) Social security contributions and expenses for pensions and benefits		– 14,097	– 14,110
Including: for pensions		(– 1,406)	(– 3,031)
b) Other administrative costs		– 95,127	– 88,600
10. Depreciation and value adjustments in respect of intangible and tangible assets		**– 11,791**	**– 12,021**
11. Other operating expenses	(33)	**– 12,073**	**– 7,001**
12. Depreciation and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks		**– 62,197**	**– 52,516**
13. Depreciation and value adjustments in respect of participations, shares in affiliates and securities treated as fixed assets		**– 83,537**	**– 71,626**
14. Expenses from the absorption of losses		**0**	**0**
15. Operating result		**30,199**	**18,822**
16. Extraordinary income	(34)	**1,464**	**0**
17. Extraordinary expenditure	(34)	**– 585**	**0**
18. Taxes on income	(35)	**– 5,855**	**– 11,142**
19. Other taxes not indicated in item 11		**– 261**	**– 150**
20. Withdrawals from the fund for general banking risks		**0**	**0**
21. Net profit/net loss		**24,962**	**7,530**
22. Profit carried forward from the previous year		**8**	**20**
23. Withdrawals from revenue reserves		**0**	**0**
a) From legal reserves		0	0
b) From other revenue reserves		0	0
24. Balance sheet profit		**24,970**	**7,550**

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, as of 30 June 2010 were prepared according to the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) giving due regard to the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG), the Accounting Ordinance for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV) as well as the Securities Trading Act (Wertpapierhandelsgesetz, WpHG). At the same time, the financial statements meet the requirements of the Cooperative Societies Act (Genossenschaftsgesetz, GenG) and the Articles of Association of apoBank. In accordance with § 244 of the German Commercial Code, the financial statements are drawn up in German and in euros. Advantage has been taken of the option to provide information through the notes rather than the balance sheet.

B. Accounting, valuation and translation methods

In the current financial year, apoBank is preparing its financial statements in accordance with the provisions of BilMoG for the first time. As at 1 January 2010, the Bank created an opening balance in accordance with BilMoG. As part of the amendments to RechKredV by BilMoG, on 1 January 2010 apoBank also started to apply the format used for the balance sheets of Pfandbrief banks. This has resulted in a modified balance sheet structure and additions to the profit and loss account as well as to the notes. The following new balance sheet items have been added in accordance with the requirements of BilMoG:
- Trading portfolio (assets)
- Deferred tax assets
- Trading portfolio (liabilities)
- Deferred tax liabilities

In addition, the following balance sheet items were reported in a modified format in accordance with the requirements of BilMoG and the modified format used for the balance sheets of Pfandbrief banks:
- Loans and advances to banks
- Loans and advances to customers
- Intangible assets
- Prepayments and accrued income (assets)
- Liabilities to banks
- Liabilities to customers
- Securitised liabilities
- Prepayments and accrued income (liabilities)
- Fund for general banking risks

Items on the liabilities side were renumbered, as the original balance sheet item ‘Special items with a reserve element’ was deleted entirely in accordance with RechKredV.

In accordance with § 67 (8) 2 of the Introductory Act to the German Commercial Code (EGHGB), no adjustments were made to figures from previous years.

Significant changes in valuation according to BilMoG are explained in the individual marginal numbers of the notes.

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

2. Loans and advances and risk provisioning

Loans and advances to banks and customers were carried at nominal value or acquisition 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 value adjustments. A global value adjustment was made in respect of latent credit risks with consideration given to tax guidelines.

3. Securities

Securities in the liquidity reserve were valued according to the strict lower of cost or market principle, while fixed-asset securities were valued according to the diluted lower of cost or market principle. The strict lower of cost or market principle was applied to the following securities allocated to fixed assets: equity funds and the product with a capital guarantee.

Book value adjustments to bonds are performed on the basis of deteriorations in the rating of an issuer; these were not required at the reporting date. Valuations at the lower of cost or market principle continue to be carried out on the basis of individual securities. The resulting negative valuation result is illustrated by a provision for contingent losses.

According to BilMoG, securities in the trading portfolio are reported under the balance sheet item Assets, 6a c). They are measured at fair value less a deduction for risk. The deduction for risk is illustrated in terms of a value-at-risk (VaR). The effect of initial recognition of € 456,000 is reported in extraordinary profit/loss; changes in valuation and changes to the deduction for risk for the current financial year are reported in the net profit/loss.

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

The tailor-made CDO structures are structured products within the meaning of IDW RS HFA 22 that have been split into an interest-bearing security and a protection seller position of a credit default swap (CDS). For the tailor-made CDO structures, the attributable value at the balance sheet date is calculated using a valuation model on the basis of correlations and credit spreads for the reference assets.

The product with a capital guarantee, which is allocated to fixed assets and reported in the balance sheet as one product at the time of the publication of IDW RS HFA 22, was not split. The security is also valued according to the strict lower of cost or market principle. There is a contractually agreed absolute capital guarantee by the issuers, which guarantees the capital employed at the maturity date.

Three of the asset backed securities (ABS) items allocated to fixed assets were not split on the principle of materiality.

The attributable values of the shares in the leveraged accrual asset management (LAAM) funds are based on the attributable values of the reference securities determined by the discounted cash flow (DCF) method.

4. Valuation units

At apoBank, various types of valuation units are formed to hedge risks. In addition to micro-hedge units, these include portfolio valuation units and macro-hedge units within the sense of asset and liability management (overall bank control).

Micro-hedge units are used as part of asset swap packages and to hedge a part of own issues. In general, this relates to the hedging of interest rate risks. Some own issues are in foreign currency and as such the interest rate and currency risks are hedged through cross-currency swaps.

Portfolio valuation units are used to hedge the currency risk in various, independently controlled portfolios. The principal hedging instruments are forward exchange transactions and FX swaps.

Within overall bank control, all interest derivatives are generally used. They are employed to hedge the interest rate risks in the banking book and for P&L control.

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

In micro-valuation units, the prospective effectiveness test is conducted using the so-called critical term match. Effectiveness is assumed if the essential, value-defining conditions of the underlying transaction and hedging instrument correspond with each other.

For micro-hedge units with underlying transactions on the assets side, market changes to underlying and hedging transactions are determined and netted by comparison with the last reporting date. If there is an excess loss (= ineffective part of the hedge), a provision of contingent losses is made in this amount. It is irrelevant in such cases whether the excess loss results from the derivative or from the security. For micro-hedge units with underlying transactions on the liabilities side, the fixed valuation continues to be applied as long as it concerns a perfect hedge. The own issue is posted at the redemption value and is not valued. Accordingly, the hedging derivative is also not valued. At the balance sheet date, apoBank had designated a total of 958 micro-hedges with a nominal volume of €13.7 billion:

- 891 hedges on own issues against the interest rate risk with a nominal volume of €12.3 billion, including
  - 6 caps with a nominal volume of €0.2 billion
  - 23 floors with a nominal volume of €0.2 billion
  - 60 swaptions with a nominal volume of €0.6 billion
  - 802 swaps with a nominal volume of €11.3 billion
- 57 asset swaps to hedge against the interest rate risk of acquired securities with a nominal volume of €0.9 billion
- 1 participation certificate (Chronos) collateralised by a total return swap with a nominal volume of €0.3 billion
- 9 cross-currency swaps to hedge against the exchange rate risk of own issues with a nominal volume of €0.2 billion

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

Some of the portfolio valuation units concern FX hedge measures for foreign currency bonds on the assets side. Effectiveness is tested monthly based on the hedged volumes. The freezing method is used for the secured part. Other portfolio valuation units concern forward exchange transactions, FX swaps and non-deliverable forwards (NDF). A portfolio is formed for each currency in which the sums of the underlying transaction and hedging transaction in terms of volume and all payment flows or changes in value are balanced as a rule. This way, a 100-percent effectiveness is, in principle, guaranteed. Significant hedging surpluses/deficits that occur over time must be dealt with in accordance with general accounting principles due to ineffectiveness.

As at 30 June 2010, the following volumes of foreign currency ABS were hedged against foreign currency risks on the assets side by short-term currency swaps:

- £143.6 million (equal to €165.5 million)
- $850.5 million (equal to €664.6 million)

Moreover, at the balance sheet date, a volume of foreign currency swaps from foreign exchange trading was hedged in the amount of €911.5 million with offsetting swaps:
- €599.6 million FX swaps in US dollars
- €242.5 million FX swaps in British pounds
- €48.1 million FX swaps in Japanese yen
- €10.2 million FX swaps in Swiss francs
- €11.1 million FX swaps in other currencies

Hedging and controlling of the P&L are carried out within overall bank control. This process includes semi-annual measures for global control and continuous measures for the real-time hedging of specific new transactions. The process for effectiveness measuring is an inherent part of overall bank control. If ineffectiveness (negative effects of a change in market parameters) is identified during the process, various measures (hedge using financial instruments) are considered so that the required effectiveness is re-established. The effect of the hedging measures is illustrated in the simulation result and documents the effectiveness required.

At apoBank, highly probable transactions are not included in valuation units; there are no anticipative valuation units.

5. Participations and shares in affiliated companies

Participations and capital shares in cooperatives and shares in affiliates were reported at cost of acquisition or the lower attributable value.

6. Fixed assets/tangible assets

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

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

7. Fixed assets/intangible assets

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

8. Liabilities

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

9. Provisions

In contrast to previous years, the provisions for pension liabilities were made at their actuarial present value using the actuarial tables 'Richttafeln 2005 G' (Heubeck) and on the basis of an interest rate of 5.25 percent and a wage trend of 3 percent using the projected unit credit method. Unlike in the previous year, pension provisions and the provision for deferred compensation have been netted with the corresponding cover assets in the amount of € 9,637 thousand in accordance with § 246 (2) 2 HGB.

In contrast to the previous year, the provisions for part-time retirement and anniversary payments were also made on the basis of an interest rate of 5.25 percent and a wage trend of 3 percent. The Bank recorded the releases and allocations in the balance sheet items 'Provisions for pensions and similar obligations' as a net item under 'Personnel expenses'.

Unlike in previous years, provisions for early retirement and part-time retirement were reported under the balance sheet item Liabilities, 7c 'Other provisions'.

Provisions with a remaining term of more than one year were discounted or compounded in accordance with § 253 (2) HGB. Due to the initial recognition of BilMoG, € 2,101 thousand were transferred to other revenue reserves and € 419 thousand to extraordinary profit/loss. The current revenues from discounting and compounding are posted to interest income.

Adequate provisions were also made for other uncertain liabilities.

10. Derivative financial instruments

Derivative financial instruments are generally valued individually in accordance with the general valuation provisions of commercial law (§§ 252 et seq. HGB) and taking account of the realisation and imparity principle, unless valuation units are made to an acceptable extent in order to hedge balance sheet items and trading items.

CDS as a protection seller position are recorded at their nominal value as contingent liabilities according to the principles for the non-trading portfolio pursuant to IDW RS BFA 1, and are shown in the balance sheet under the item 'Liabilities from guarantees and indemnity agreements'.

Provisions for contingent losses are set up if there is a threat of serious claims.

According to BilMoG, derivatives in the trading portfolio are valued and reported under balance sheet items Assets, 6a a) and Liabilities, 3a a) at fair value including accrued interest plus/less a deduction/surcharge for risk. The effect of initial recognition of € 4 thousand is reported in the extraordinary profit/loss; changes in valuation and changes to the deduction for risk for the current financial year are reported in the net profit/loss. The deduction for risk is illustrated in terms of a value-at-risk (VaR).

11. Currency translation

Items based on amounts in foreign currency or which were originally based on foreign currency were translated into euros as follows:

Items denominated in foreign currencies are in principle valued in accordance with § 340h in conjunction with § 256a HGB. Valuation units have been formed for material holdings in foreign currencies (ABS securities and debt securities issued) in accordance with § 254 HGB.

12. Indemnity guarantee

In order to offset the additional amount of required capital, apoBank has agreed temporary relief measures with the Federal Association of German Cooperative Banks (BVR) in addition to its own measures to strengthen equity.

A guarantee agreed in December 2009 with an initial equity relief of around € 200 million to hedge securities with a volume of around € 350 million is still in force. The first loss piece of apoBank is around € 100 million. The support made available by the BVR is aimed at ensuring the sustained and permanent hedging of the equity ratios expected on the capital market.

C. Notes to the balance sheet

Notes to the assets

13. Securities portfolio by purpose

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

Securities portfolio by purpose

	30 Jun 2010 € thous	31 Dec 2009 [1] € thous
Debt securities and other fixed-interest securities		
Fixed assets	5,492,230	6,186,278
Liquidity reserve	2,068,251	2,480,804
Total	7,560,481	8,667,082

	30 Jun 2010 € thous	31 Dec 2009 € thous
Shares and other non-fixed-interest securities		
Fixed assets	423,618	451,825
Liquidity reserve	1,321,714	1,331,816
Total	1,745,332	1,783,641

1) The trading portfolio listed in the table in the previous year (as at 31 Dec 2009: € 221,277 thousand) is reported in accordance with BilMoG from 1 January 2010 under balance sheet item Assets, 6a 'Trading portfolio', sub-item c) 'Debt securities and other fixed-interest securities'.

In addition, loans and advances to customers include fixed-asset securities of € 346,484 thousand (31 Dec 2009: € 344,038 thous).

14. Shares in special investment funds

Currently, apoBank holds investments in three leveraged accrual asset management funds (LAAM funds). The LAAM funds are designed as legally separate sub-trusts (funds) of one independent master trust platform. The sub-trusts invested in ABS bonds. The size of the portfolios is limited by the investment guidelines of the investor. As a matter of principle, the fund valuations are carried out by an independent administrator.

The investment, including the loans granted to the funds, amounts to:

Shares in special investment funds

Special funds	Master trust platform	Investment manager	Underlying asset class	Invested amount as at 30 Jun 2010
				€m
LAAM III	Panacea Trust	AC Capital Partners Ltd.	ABS/MBS	127
LAAM VIII	Panacea Trust	AC Capital Partners Ltd.	ABS/MBS	235
LAAM XXI	Panacea Trust	AC Capital Partners Ltd.	ABS/MBS	270
Total investment				**632**

The Bank can inject additional payments into the LAAM III and VIII funds in the form of loans, dependent on the performance of the investments included in the fund in question.

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

15. Fixed-asset securities

Fixed-asset securities

Fixed-asset securities [1]	Book value as at 30 Jun 2010	Fair value as at 30 Jun 2010	Omitted depreciation
	€m	€m	€m
ABS	2,330.7	1,948.6	382.1
Tailor-made CDO	50.0	49.5	0.5
LAAM funds [2]	377.1	127.7	249.4
Other fixed-asset securities	2,551.8	2,515.6	36.2
Total	**5,309.9**	**4,641.4**	**668.2**

1) Includes fixed-asset securities that show unrealised losses at the balance sheet date
2) The Bank granted loans amounting to €255.2 million to the LAAM III and VIII funds. Other unrealised losses amounting to €38 million are attributable to these loans.

The Bank calculates the fair value of its ABS items using a differentiated method, taking the liquidity of the individual securities into account. The liquidity of the individual securities is analysed, dependent on the number of quotations available and their quality. While liquid securities are valued on the basis of indications or quotations available, illiquid securities are valued using a DCF method. To determine fair value using the DCF method, cash flows obtained from market information systems are discounted using a valuation interest curve that encompasses risk-free interest, a surcharge for anticipated losses and a surcharge for the instrument's negotiability (liquidity spread). When determining the surcharge for anticipated losses, the maximum of the surcharges is applied which result from currently available analyses by rating agencies and from the Bank's own analysis of the individual instrument. To determine the liquidity spread, the market conditions in the segment in question are ascertained on the basis of a bid/offer spread analysis conducted at segment level (broken down by underlying credit class). The liquidity spread is determined based on the market conditions ascertained in this way. In this respect, the change in the available indicative prices is taken into account. In addition, the model prices determined in this way are contrasted with the indicative prices available for the securities and larger deviations are analysed in detail.

When analysing the impairment to ABS structures, the anticipated losses of the tranches held by the Bank are calculated for the total residual term using the software solution Intex and taking as a basis the parameters default rate, delays in payment, loss ratio and voluntary repayment rate. The parameters are determined on the basis of market forecasts or on the basis of customised performance data for the individual ABS transactions. An impairment exists if losses are reported using these parameters. In the case of ABS and CMBS that cannot be modelled in Intex, individual securities are identified using defined applicability criteria (e.g. significant rating deterioration). For these securities, the durability of an impairment is assessed on the basis of detailed individual analyses and the anticipated loss determined. If the discounted anticipated loss for ABS securities from the direct portfolio exceeded the delta between nominal value and book value as at 30 June 2010, the amount in excess of the delta was written off. In the case of ABS in the LAAM reference portfolios, any hidden reserves or collateral that exist in the LAAM funds and profits carried as liabilities in the case of total return swaps are taken into account.

The impairments that extend beyond the anticipated loss determined in this way are not regarded as long-term, if they can be attributed to increased market interest rates and a deterioration in market liquidity.

16. List of holdings

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

List of holdings

Company	Share in company capital %	Year	Equity of the company € thous	Result of the past financial year € thous
AC Capital Partners Limited, Dublin (Ireland)	51	2009	6,323	5,215
Apo Asset Management GmbH, Dusseldorf	70	2009	3,735	1,787
APO Beteiligungs-Holding GmbH, Dusseldorf	100	2009	39,264	0 (271) [2]
APO Consult GmbH, Dusseldorf [1]	100	2009	51	0 (0) [2]
APO Data-Service GmbH, Dusseldorf [1]	49	2009	2,863	227
APO Leasing GmbH, Dusseldorf [1]	100	2009	94	0 (0) [2]
APO Reiseservice GmbH, Dusseldorf [1]	100	2009	0	0 (0) [2]
APO Vermietungsgesellschaft mbH, Dusseldorf [1]	100	2009	51	4
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Dusseldorf [1]	5	2009	50	– 1,375
apokom GmbH, Dusseldorf [1]	100	2009	75	0 (– 159) [2]
Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin [1]	26	2009	221	56
medisign GmbH, Dusseldorf [1]	50	2009	171	– 135
APO Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	67	2009	7,919	1,624
aik Management GmbH, Dusseldorf [1]	100	2009	35	10
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Dusseldorf	95	2009	50	– 1,375
ARZ Rechenzentrum nordrhein-westfälischer Apotheken AG, Haan	20	2009	21,597	4,355
CP Capital Partners AG, Zurich	24	2009	161	8
Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne	25	2009	7,465	4,598
Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin (Ireland)	100	2009	162	– 695
DGN Deutsches Gesundheitsnetz Service GmbH, Dusseldorf	100	2009	1,148	– 1,668
Finanz-Service GmbH der APO-Bank, Dusseldorf	50	2009	1,239	– 24
IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster	26	2009	28	– 108
PATIOMED AG, Berlin [3]	49	2010	5,000	-
Prof. Bicanski und Coll. IWP Beratungsgesellschaft mbH, Münster	26	2009	107	– 66
Profi Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	24	2009	1,152	707
Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	26	2009	22,692	3,196
ZA Zahnärztliche Abrechnungsgesellschaft Dusseldorf AG, Dusseldorf	50	2009	3,175	1,120

1) Indirect participations
2) Before profit transfer or loss absorption
3) According to memorandum of association of 30 April 2010, share capital plus agio

Participations in major stock corporations in accordance with § 340a (4) HGB with more than 5 percent of voting rights existed as follows:

Treuhand Hannover GmbH, Steuerberatungsgesellschaft

17. Trust transactions

The trust transactions shown in the balance sheet are fiduciary loans totalling € 10 thousand and contributions held in trust totalling € 2,738 thousand.

Trust assets are composed of the following balance sheet items:

Balance sheet items

	30 Jun 2010	31 Dec 2009
	€ thous	€ thous
Loans and advances to banks	10	10
Participations	2,738	2,738
Total	**2,748**	**2,748**

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

18. Statement of fixed assets

Asset item 12 'Tangible assets' includes:

Tangible assets

	30 Jun 2010	31 Dec 2009
	€ thous	€ thous
Land and buildings used for the Bank's own business activities	174,857	174,845
Office furniture and equipment	44,406	45,668

Development of fixed assets

	Acquisition/ production costs	Additions	Write-ups	Changes in the reporting period Transfers	Disposals	Subsidies	Carried forward
	€ thous	€ thous	€ thous	€ thous	€ thous	€ thous	€ thous
Intangible assets	55,441	840	0	0	– 126	0	**56,155**
Tangible assets							
Land and buildings	283,097	4,014	0	0	0	0	**287,111**
Office furniture and equipment	117,015	3,503	0	0	– 3,067	0	**117,451**
Total	**455,553**	**8,357**	**0**	**0**	**– 3,193**	**0**	**460,717**

	Carried forward	Depreciation (accumulated)	of which in the reporting period Depreciation	Depreciation of disposals	Book values at the balance sheet date
	€ thous	€ thous	€ thous	€ thous	€ thous
Intangible assets	56,155	– 38,801	(– 3,410)	(126)	17,354
Tangible assets					
Land and buildings	287,111	– 107,118	(– 3,753)	(0)	179,993
Office furniture and equipment	117,451	– 73,045	(– 4,628)	(2,930)	44,406
Total	**460,717**	**– 218,964**	**(– 11,791)**	**(3,056)**	**241,753**

	Book values at the beginning of the financial year	Changes (netted)	Book values at the balance sheet date
	€ thous	€ thous	€ thous
Fixed-asset securities	6,982,141	– 719,809	6,262,332
Participations and members' capital contributions to cooperatives	130,368	2,491	132,859
Shares in affiliated companies	65,531	– 18,079	47,452
Total	**7,178,040**	**– 735,397**	**6,442,643**

Total book values at the balance sheet date	**6,684,396**

19. Other assets

The ‘Other assets’ item includes the following larger amounts:

Other assets

	30 Jun 2010	31 Dec 2009
	€ thous	€ thous
Capitalised premiums from options	1,054,836	876,199
Tax receivables	172,127	137,744
Including: Corporation tax credit according to § 37 (5) KStG	(57,796)	(56,566)
Currency adjustment from FX hedge measure	79,303	0

20. Prepayments and accrued income (assets)

The ‘Prepayments and accrued income (assets)’ item includes discount amounts from assumed liabilities of € 24,993 thousand (31 Dec 2009: € 31,734 thous) as well as premiums for swaptions exercised of € 46,110 thousand (31 Dec 2009: € 90,736 thous).

21. Deferred tax assets

Within the context of amendments made to HGB by BilMoG, deferred tax assets were calculated as at 1 January 2010. The difference between the valuations in the trading and tax accounts amounted to € 696 million as at 1 January 2010, falling in the current financial year by € 82 million to € 614 million. This difference is essentially due to provisions for contingent losses not to be applied for tax purposes and write-offs in the case of shares and other non-fixed-interest securities as well as shares in affiliated companies. Another considerable difference results from the higher value reported in the trading account for general bank risk provisions under § 340g HGB. Deferred tax assets also result from the valuation of losses brought forward.

A tax rate of 31.3 percent was applied for calculating deferred taxes. The option to capitalise under § 274 (1) 2 HGB was not exercised at 30 June 2010. Therefore, there is no exclusion from profit distribution in accordance with § 268 (8) HGB.

Notes to liabilities

22. Trust liabilities

Trust liabilities are subdivided into the following balance sheet items:

Trust liabilities

	30 Jun 2010	31 Dec 2009
	€ thous	€ thous
Liabilities to banks	10	10
Liabilities to customers	2,738	2,738
Total	**2,748**	**2,748**

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

23. Other liabilities

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

Other liabilities

	30 Jun 2010	31 Dec 2009
	€ thous	€ thous
Premiums from options and caps carried as liabilities	228,768	267,271
Interest from participating certificates and contributions of silent partners	31,398	18,867
Currency adjustment from FX hedge measure	16,201	27,555

24. Prepayments and accrued income (liabilities)

The 'Prepayments and accrued income (liabilities)' item includes discounts deducted on the payment of receivables totalling € 27,540 thousand (31 Dec 2009: € 36,703 thous).

25. Subordinated liabilities

Details to liability item 8, 'Subordinated liabilities':
Expenses of €14,979 thousand were incurred in the financial year. There is no obligation to make premature repayment of the subordinated liabilities.

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

Subordinated liabilities carry the following rates of interest:
- Subordinated bearer bonds with a 6-month Euribor variable rate plus 1 percent as well as fixed interest rates of 5.0 to 6.35 percent
- Subordinated promissory note bonds with fixed interest rates of 4.80 to 7.47 percent

At the balance sheet date, no subordinated liabilities existed that exceeded 10 percent of the balance sheet item.

26. Equity

The amounts shown unter liability item 11a, 'Suscribed capital', are structured as follows:

Subscribed capital

	30 Jun 2010
	€thous
Contributions of silent partners	**150,000**
Members' capital contributions as at 30 June 2010 incl. disposals	**835,112**
Of remaining members[1]	818,172
Of departing members[1]	16,940
Compulsory contributions due on shares in arrears	16

1) Estimated figures since notices of withdrawal may still be cancelled until the end of 2010

The revenue reserves (liabilities,11 c) developed as follows in the course of the financial year:

Revenue reserves

	Legal reserves €thous	Other revenue reserves €thous
As at 1 January 2010	361,250	78,140
Transfer		
from balance sheet profit of the previous year	0	0
from net profit of the financial year	0	0
from initial recognition of BilMoG	0	2,101
Withdrawals	0	0
As at 30 June 2010	**361,250**	**80,241**

apoBank has not taken advantage of the option according to § 10 (4a) of the Banking Act (KWG) and has not created any revaluation reserve in accordance with § 10 (2b) 1 no. 7 KWG for the year 2010.

27. Letter of comfort

Deutsche Apotheker- und Ärztebank eG, Dusseldorf, issued the following letter of comfort to Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin: Deutsche Apotheker- und Ärztebank eG undertakes without any restriction the liability to ensure that Deutsche Apotheker- und Ärztebank (Ireland) Investment Company is managed and financially supported in such a manner that it is at all times in a position to meet, in a timely manner, all of its obligations incurred in connection with the investment of Deutsche Apotheker- und Ärztebank eG in Deutsche Apotheker- und Ärztebank (Ireland) Investment Company. The extent of the indemnification depends on the percentage of shares owned by Deutsche Apotheker- und Ärztebank eG at the time the obligations are entered into.

On 9 June 2009, the decision was made to close Deutsche Apotheker- und Ärztebank (Ireland) Investment Company.

Derivative financial instruments

28. Forward transactions

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market risk arising from open positions, and in the event of counterparty default also from closed positions, amounted to €58,188 million as of 30 June 2010 (31 Dec 2009: €57,517m). Included therein are the following types of transactions:
- Interest rate swaps
- Interest rate/currency swaps
- Currency swaps
- Total return swaps
- Caps/floors
- Swaptions
- CDS
- Forward exchange transactions
- Forward securities transactions
- Index transactions
- Interest rate futures

These forward transactions, which are subject to fluctuations as regards interest rates, exchange rates and market prices as well as fluctuations due to creditworthiness, are effected almost exclusively for the purpose of hedging positions.

29. Risk structure (nominal volume)

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

The market values shown were calculated using valuation models. For credit derivatives (total return swaps), the Bank used a DCF method where illiquid markets were identified.

In the case of credit derivatives, no drawdowns are assumed on the basis of the analyses carried out.

In assessing the risk associated with the drawdown of separated credit derivatives, the rating-based future defaults anticipated in the reference portfolios is contrasted with the credit enhancement that exists. In this respect we assume that the credit enhancement covers the anticipated losses determined in this way.

Risk structure

	Nominal value €m		Market value/ fair value €m		Credit equivalent €m	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Interest rate-related transactions						
Time to maturity up to 1 year	5,236	6,726	233	276	255	314
1 to 5 years	31,399	30,185	1,120	1,097	1,334	1,291
> 5 years	14,557	14,257	481	449	942	826
Subtotal	**51,192**	**51,168**	**1,834**	**1,822**	**2,531**	**2,431**
Currency-related transactions						
Time to maturity up to 1 year	3,153	2,440	– 39	– 28	55	34
1 to 5 years	271	233	0	0	27	20
> 5 years	178	166	0	0	17	16
Subtotal	**3,602**	**2,839**	**– 39**	**– 28**	**99**	**70**
Stock-related transactions						
Time to maturity up to 1 year	858	685	0	0	61	48
1 to 5 years	10	28	0	0	1	3
> 5 years	0	0	0	0	0	0
Subtotal	**868**	**713**	**0**	**0**	**62**	**51**
Credit derivatives						
Time to maturity up to 1 year	33	2	– 1	0	0	0
1 to 5 years	651	690	– 21	– 29	0	0
> 5 years	1,598	1,841	– 87	– 66	0	0
Subtotal	**2,282**	**2,533** [1]	**– 109**	**– 95**	**0**	**0**
Other transactions						
Time to maturity up to 1 year	106	134	21	10	23	16
1 to 5 years	138	130	16	– 6	23	12
> 5 years	0	0	0	0	0	0
Subtotal	**244**	**264**	**37**	**4**	**46**	**28**
Total	**58,188**	**57,517**	**1,723**	**1,703**	**2,738**	**2,580**

1) For embedded credit derivatives, provisions amounting to € 159 million were created for risk provisioning.

D. Notes to the profit and loss account

30. Breakdown of income by geographic markets

The income of the Bank was primarily generated in Germany.

31. Commission income

Commission income includes insurance brokerage services rendered for third parties amounting to € 14,948 thousand.

32. Net income from the trading portfolio

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

A special item under § 340g in accordance with § 340e (4) HGB is to be calculated for the first time as at 31 December 2010. An allocation is to be made under net income from financial transactions.

33. Other operating expenses and income

The other operating income amounting to € 4,696 thousand (1 Jan to 30 Jun 2009: € 4,038 thous) includes, among other things, rental income amounting to € 1,990 thousand (1 Jan to 30 Jun 2009: € 1,951 thous) as well as income from the writing back of provisions amounting to € 1,413 thousand (1 Jan to 30 Jun 2009: € 562 thous).

Other operating expenses amounting to € 12,073 thousand (1 Jan to 30 Jun 2009: € 7,001 thous) mainly result from provisions for litigation costs of € 5,805 thousand (1 Jan to 30 Jun 2009: € 3,911 thous).

34. Extraordinary expenditure/extraordinary income

Extraordinary expenditure and income results from the effects of initial recognition under BilMoG. Extraordinary income of € 1,464 thousand mainly includes the writing back of a provision of € 804 thousand and the write-up of bought-back own securities of € 544 thousand. Extraordinary expenditure mainly includes the allocation of provisions of € 385 thousand, the inclusion of derivatives carried as liabilities of € 99 thousand, and the deduction for risk relating to the securities in the trading portfolio of € 87 thousand.

35. Taxes on income

Income taxes are payable on the profit from ordinary business activities and on tax audits of the previous years. The income taxes were largely calculated on the basis of actual figures applying the currently valid tax rate.

E. Other notes

36. Other financial liabilities

Financial liabilities of € 66,144 thousand have not been shown in the balance sheet or referred to in the notes but are of significance for the assessment of the financial situation. They result from the guarantee obligation given to the protection scheme of the BVR.

37. Notes according to § 28 of the German Pfandbrief Act (PfandBG)

The following information is provided with respect to the Pfandbriefe included in the items ‘Loans and advances to banks’, ‘Loans and advances to customers’ and ‘Securitised liabilities’ in accordance with § 28 PfandBG:

Total amount and maturity structure

	Total volume of outstanding Pfandbriefe €m		Total volume of cover pool €m		Overcollateralisation %	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Nominal value	1,800.90	1,775.90	3,142.16	2,498.55	74.48	40.69
Net present value	1,982.42	1,929.97	3,343.56	2,594.06	68.66	34.41
Risk net present value [1] (upward shift)	1,902.19	1,833.65	3,209.87	2,482.57	68.75	35.39
Risk net present value [1] (downward shift)	2,068.52	2,034.72	3,487.32	2,714.98	68.59	33.43

	Maturity structure of outstanding Pfandbriefe €m		Maturity structure of cover pool €m	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
x ≤ 1 year	75.00	75.00	416.72	319.07
1 year < x ≤ 2 years	67.00	62.00	398.24	350.31
2 years < x ≤ 3 years	685.00	30.00	332.29	302.37
3 years < x ≤ 4 years	237.00	790.00	401.36	331.70
4 years < x ≤ 5 years	173.50	107.00	326.81	271.14
5 years < x ≤ 10 years	563.40	711.90	933.08	702.23
10 years < x	0.00	0.00	333.66	221.73

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

The cover pool comprises no derivatives.

Composition of the cover pool

Total amount of receivables used as cover	€m 30 Jun 2010	€m 31 Dec 2009	Share in the total amount of the cover pool % 30 Jun 2010	31 Dec 2009
By size classes				
x < € 300 thousand	2,796.97	2,261.75	– – –	– – –
€ 300 thousand < x < € 5 million	165.19	56.80	– – –	– – –
x > € 5 million	0.00	0.00	– – –	– – –
By type of use (I) in Germany				
Residential	2,889.62	2,291.48	– – –	– – –
Commercial	72.54	27.07	– – –	– – –
By type of use (II) in Germany				
Flats	677.08	516.04	21.55	20.65
Single-family homes	1,528.53	1,303.78	48.65	52.18
Multi-family homes	684.01	471.65	21.77	18.88
Office buildings	0.00	0.00	0.00	0.00
Retail buildings	0.00	0.00	0.00	0.00
Industrial buildings	0.00	0.00	0.00	0.00
Other commercially used buildings	72.54	27.07	2.31	1.08
Unfinished new buildings not yet ready to generate a return as well as building sites	0.00	0.00	0.00	0.00
Thereof: building sites	(0.00)	(0.00)	(0.00)	(0.00)

There are no mortgage cover assets outside Germany.

Summary of overdue claims

	30 Jun 2010	31 Dec 2009
	€m	€m
Total amount of claims being > 90 days in arrears	0.00	0.00

Other data

	Residential		Commercial	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Number of pending forced auctions and forced administrations	0	0	0	0
Number of forced auctions carried out in the financial year	0	0	0	0
Number of real estate taken over in the financial year to prevent losses	0	0	0	0
Total amount of overdue interest payments (€m)	0.00	0.00	0.00	0.00

Cover statement mortgage Pfandbriefe

	30 Jun 2010	31 Dec 2009
	€thous	€thous
Claims on customers		
Mortgage loans	2,962,160	2,318,545
Tangible fixed assets (land charges on the Bank's own property)	0	0
Debt securities and other fixed-interest securities (book value as at 30 Jun 2010 and 31 Dec 2009: €199,884 thousand)	180,000	180,000
Total cover assets	3,142,160	2,498,545
Total of mortgage Pfandbriefe requiring cover	1,800,900	1,775,900
Overcollateralisation	1,341,260	722,645

38. Board of Directors

Members of the Board of Directors

- Herbert Pfennig, Bank Director, Spokesman
- Stefan Mühr, Bank Director
- Werner Albert Schuster, Bank Director
- Claus Verfürth, Bank Director

39. Supervisory Board

Members of the Supervisory Board

- Hermann Stefan Keller, Chairman, pharmacist
- Wolfgang Häck [1], Deputy Chairman, bank employee
- Karin Bahr [1], bank employee
- Ralf Baumann [1], bank employee
- Hans-Jochen Becker [2], bank employee
- Dr. med. dent. Peter Engel, dentist
- Dr. med. dent. Wolfgang Eßer, dentist
- Sven Franke [1], bank employee
- Eberhard Gramsch, physician
- Norbert Hinke [1], bank employee
- Klaus Holz-Skibinski [1] (as of 18 June 2010), trade union secretary
- Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, physician
- Uschi Jaeckel [1] (until 18 June 2010), trade union secretary
- Dr. med. Andreas Köhler, physician
- Ulrice Krüger [1], bank employee
- Dr. med. Ulrich Oesingmann, physician
- Dr. med. dent. Helmut Pfeffer, dentist
- Christian Scherer [1], bank employee
- Friedemann Schmidt, pharmacist
- Loni Wellert [1], bank employee
- Heinz-Günter Wolf, pharmacist

1) Employee representative
2) Representative of the executive staff

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

In the first half of 2010, members of the Board of Directors and employees of the Bank held seats on the supervisory boards of the following joint-stock companies pursuant to § 267 (3) HGB or comparable organisations:

Name	Company	Function
Herbert Pfennig	AC Capital Partners Limited, Dublin	Member of the Board of Directors, until 10 May 2010
	Andreae-Noris Zahn AG, Frankfurt	Member of the Supervisory Board, since 26 Jan 2010
	Apo Asset Management GmbH, Dusseldorf	Chairman of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Chairman of the Supervisory Board
	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Chairman of the Administrative Board
	Internationale Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
	PEIKER acustic GmbH & Co. KG, Friedrichsdorf	Member of the Supervisory Board, since 1 Jan 2010; Deputy Chairman of the Supervisory Board, since 19 May 2010
Stefan Mühr	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Dusseldorf	Member of the Supervisory Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board
	ZA Zahnärztliche Abrechnungsgesellschaft Dusseldorf, Aktiengesellschaft, Dusseldorf	Member of the Supervisory Board, since 3 Feb 2010
Werner Albert Schuster	APO Data-Service GmbH, Dusseldorf	Chairman of the Supervisory Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Dusseldorf	Chairman of the Supervisory Board
Claus Verfürth	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Member of the Supervisory Board
	Finanz-Service GmbH der APO-Bank, Dusseldorf	Chairman of the Supervisory Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board, since 8 Jun 2010
Dr. Thomas Siekmann	RMS RISK MANAGEMENT SOLUTIONS GmbH, Cologne	Member of the Supervisory Board
Hans-Jochen Becker	CP Capital Partners AG, Zurich	Chairman of the Administrative Board
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
Rainald Brune	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin	Member of the Board of Directors, until 19 Feb 2010
Regina Dörr	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin	Member of the Board of Directors
	AC Capital Partners Limited, Dublin	Member of the Board of Directors, since 10 May 2010
Hans Fells	Finanz-Service GmbH der apoBank, Dusseldorf	Member of the Supervisory Board
Thilo Gewaltig	Patiomed AG, Berlin	Member of the Supervisory Board, since 30 Apr 2010
Georg Heßbrügge	Patiomed AG, Berlin	Member of the Supervisory Board, since 30 Apr 2010
Uwe Meyer-Vogelgesang	DGN Deutsches Gesundheitsnetz Service GmbH, Dusseldorf	Member of the Supervisory Board
Dr. Barbara Schwoerer	AC Capital Partners Limited, Dublin	Member of the Board of Directors, since 10 May 2010
Ulrich Sommer	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
Uwe Zeidler	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board, since 1 Feb 2010

41. Name and address of the responsible auditing association

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

Dusseldorf, 16 August 2010
Deutsche Apotheker- und Ärztebank eG
The Board of Directors

Herbert Pfennig	Stefan Mühr	Werner Albert Schuster	Claus Verfürth

Certifications

Certification Following the Auditing Review

To Deutsche Apotheker- und Ärztebank eG

Our auditing review comprises the abbreviated interim financial statements – consisting of the abbreviated balance sheet, profit and loss account as well as abbreviated notes – and the interim management report of Deutsche Apotheker- und Ärztebank eG for the period from 1 January to 30 June 2010, which are part of the semi-annual financial report according to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG). The preparation of the abbreviated interim financial statements according to the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and of the interim management report according to the applicable regulations of the WpHG is the responsibility of the Board of Directors of the cooperative. It is our task to issue a certificate for the abbreviated interim financial statements and the interim management report on the basis of our auditing review.

We have carried out the auditing review of the abbreviated interim financial statements and of the interim management report in accordance with the German auditing principles for the auditing review of financial statements promulgated by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW). According to these principles, the auditing review is to be planned and carried out in such a way to enable us, in close examination, to rule out with a reasonable degree of certainty that the abbreviated interim financial statements have not been prepared in all essentials in conformity with the HGB regulations, and that the interim management report has not been prepared in all essentials in conformity with the applicable regulations of the WpHG. An auditing review is primarily restricted to questioning employees of the cooperative and to analytical assessments, and therefore does not provide the same degree of security achieved in an audit of the financial statements. Since we were not engaged to perform an audit of the financial statements and have therefore not performed such an audit, we are not in a position to issue an auditor's certificate.

On the basis of our auditing review, no facts or circumstances have become known to us that give grounds for supposing that the abbreviated interim financial statements have not been prepared in all essentials in conformity with the HGB regulations, or that the interim management report has not been prepared in all essentials in conformity with the applicable regulations of the WpHG.

Dusseldorf, 17 August 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. André Dicken, Certified Auditor

ppa. Verena Dierks, Certified 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 earnings, asset and financial position in accordance with the applicable accounting principles for interim financial 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 the main opportunities and risks associated with the company's expected development for the remaining months of the financial year.

Dusseldorf, 16 August 2010
Deutsche Apotheker- und Ärztebank eG
The Board of Directors

Herbert Pfennig   Stefan Mühr   Werner Albert Schuster   Claus Verfürth

About the Bank

Locations

Head office

Richard-Oskar-Mattern-Straße 6
40547 Dusseldorf
Germany
Telephone +49 211 5998-0
Fax +49 211 593877
S.W.I.F.T. DAAE DE DD
www.apobank.de
E-mail: info@apobank.de

Branches

A

Aachen, branch
Habsburgerallee 13
52064 Aachen
Telephone +49 241 7505-0
Fax +49 241 7505-47

Augsburg, branch
Eserwallstraße 3
86150 Augsburg
Telephone +49 821 50269-0
Fax +49 821 517860

Aschaffenburg [1]**,** advisory office
Ludwigstraße 2 – 4
63739 Aschaffenburg
Telephone +49 6021 4535593
Fax +49 6021 4544076
Appointments via Würzburg branch

B

Bayreuth, branch
Spinnereistraße 5a
95445 Bayreuth
Telephone + 49 921 78923-0
Fax +49 921 78923-34

Berlin, regional office
Kantstraße 129
10625 Berlin
Telephone +49 30 31512-0
Fax +49 30 31512-170

Bielefeld, branch office
Am Bach 18
33602 Bielefeld
Telephone +49 521 98643-0
Fax +49 521 98643-11

Bonn, branch office
Walter-Flex-Straße 2
53113 Bonn
Telephone +49 228 85466-0
Fax +49 228 85466-11

Brandenburg/Havel, advisory office
Kirchhofstraße 17
14776 Brandenburg/Havel
Telephone +49 331 27521-0
Appointments via Potsdam branch

Braunschweig, branch
Kaiserstraße 7
38100 Braunschweig
Telephone +49 531 24487-0
Fax +49 531 24487-14

Bremen, branch
Schwachhauser Heerstraße 41
28211 Bremen
Telephone +49 421 3482-0
Fax +49 421 3482-190

Bremerhaven, advisory office
Barkhausenstraße 2
27568 Bremerhaven
Telephone +49 421 3482-0
Appointments via Bremen branch

Büdingen, advisory centre
Gymnasiumstraße 18 – 20
63654 Büdingen
Telephone +49 6042 95897-24
Fax +49 6042 95897-11

C

Chemnitz, branch
Carl-Hamel-Straße 3 b
09116 Chemnitz
Telephone +49 371 28152-0
Fax +49 371 28152-34

Cologne, regional office
Riehler Straße 34
50668 Cologne
Telephone +49 221 7728-0
Fax +49 221 723008

1) Opened on 31 July 2010

Cottbus, advisory office
Dreifert-Straße 12
03044 Cottbus
Telephone +49 331 27521-0
Appointments via Potsdam branch

D

Darmstadt, branch
Rheinstraße 29
64283 Darmstadt
Telephone +49 6151 9952-0
Fax +49 6151 294519

Dortmund, regional office
Karl-Liebkecht-Straße 2
44141 Dortmund
Telephone +49 231 4345-0
Fax +49 231 4345-229

Dresden, branch
Schützenhöhe 16
01099 Dresden
Telephone +49 351 80001-0
Fax +49 351 80001-11

Duisburg, branch
Philosophenweg 21 a
47051 Duisburg
Telephone +49 203 99216-0
Fax +49 203 299155

Dusseldorf, regional office
Heinrich-Heine-Allee 6
40213 Dusseldorf
Telephone +49 211 5998-0
Fax +49 211 322501

E

Essen, branch
Paul-Klinger-Straße 12
45127 Essen
Telephone +49 201 81029-0
Fax +49 201 81029-68

F

Frankfurt, regional office
Mainzer Landstraße 275
60326 Frankfurt/Main
Telephone +49 69 795092-0
Fax +49 69 795092-639

Frankfurt/Oder, advisory office
Müllroser Chaussee 7
15236 Frankfurt/Oder
Telephone +49 331 27521-0
Appointments via Potsdam branch

Freiburg, branch
Sundgauallee 25
79114 Freiburg
Telephone +49 761 88591-0
Fax +49 761 86395

Friedrichshafen, branch office
Werastraße 22
88045 Friedrichshafen
Telephone +49 7541 38414-0
Fax +49 7541 38414-11

G

Gießen, branch office
Lahnstraße 7
35398 Gießen
Telephone +49 641 972989-0
Fax +49 641 972989-11

Görlitz, advisory office
Konsulplatz 3
02826 Görlitz
Telephone +49 351 80001-1
Appointments via Dresden branch

Göttingen, branch
Bürgerstraße 20
37073 Göttingen
Telephone +49 551 50767-0
Fax +49 551 7703587

H

Hamburg, regional office
Humboldtstraße 60
22083 Hamburg
Telephone +49 40 22804-0
Fax +49 40 22804-232

Hamburg – Klinikum, advisory office
Martinistraße 78
(AMF Facharztklinik)
20251 Hamburg
Telephone +49 40 22804-0
Fax +49 40 22804-232
Appointments via Hamburg regional office

Hanover, regional office
Königstraße 10
30175 Hanover
Telephone +49 511 3403-0
Fax +49 511 3403-271

Heilbronn, branch office
Lohtorstraße 2
74072 Heilbronn
Telephone +49 7131 87397-0
Fax +49 7131 87397-11

Hildesheim, advisory centre
Kaiserstraße 25
31134 Hildesheim
Telephone +49 5121 20669-0
Fax +49 5121 20669-41

K

Kaiserslautern, advisory office
Münchstraße 6
67655 Kaiserslautern
Telephone +49 6321 9251-0
Appointments via Neustadt branch office

Karlsruhe, branch
Zeppelinstraße 2
76185 Karlsruhe
Telephone +49 721 95559-0
Fax +49 721 555493

Kassel, branch
Mauerstraße 13
34117 Kassel
Telephone +49 561 70007-0
Fax +49 561 70007-22

Kiel, branch
Hopfenstraße 47
24103 Kiel
Telephone +49 431 6605-0
Fax +49 431 6605-119

Koblenz, branch
Poststraße 8
56068 Koblenz
Telephone +49 261 1391-0
Fax +49 261 1391-20

L

Landshut, advisory office
Ländgasse 43
84028 Landshut
Telephone +49 871 43030 88
Appointments via Regensburg branch

Leipzig, branch
Richard-Wagner-Straße 2
04109 Leipzig
Telephone +49 341 24520-0
Fax +49 341 24520-16

Limburg a. d. Lahn, advisory office
Auf der Heide 2
65553 Limburg a. d. Lahn
Telephone +49 611 74499-0
Appointments via Wiesbaden branch office

Lingen, advisory office
Wilhelmstraße 53
49808 Lingen
Telephone +49 591 6105580
Fax +49 591 6105587
Appointments via Osnabrück branch

Lübeck, branch
Fackenburger Allee 11
23554 Lübeck
Telephone +49 451 40852-0
Fax +49 451 40852-60

M

Magdeburg, branch
Doctor-Eisenbart-Ring 2
39120 Magdeburg
Telephone +49 391 62527-0
Fax +49 391 62527-88

Mainz, branch
Frauenlobplatz 2
55118 Mainz
Telephone +49 6131 96010-0
Fax +49 6131 677506

Mannheim, branch
Jakob-Bensheimer-Straße 22
68167 Mannheim
Telephone +49 621 3306-0
Fax +49 621 3306-223

Munich, regional office
Focus on customer and investment advice
Barthstraße 4
80339 Munich
Telephone +49 89 55112-0
Fax +49 89 55112-288

Munich, regional office
Ottostraße 17
80333 Munich
Telephone +49 89 55112-0
Fax +49 89 55112-288

Münster, branch
Gartenstraße 208
48147 Münster
Telephone +49 251 9286-0
Fax +49 251 9286-190

N

Neubrandenburg, advisory office
An der Marienkirche 2a
17033 Neubrandenburg
Telephone +49 395 5639273
Appointments via Rostock branch

Neustadt, branch office
Lindenstraße 7 – 13
67433 Neustadt a. d. Weinstraße
Telephone +49 6321 9251-0
Fax +49 6321 34536

Nuremberg, branch
Spittlertorgraben 3
90429 Nuremberg
Telephone +49 911 2721-0
Fax +49 911 2721-155

O

Oldenburg, branch office
Huntestraße 14 a
26135 Oldenburg
Telephone +49 441 92397-0
Fax +49 441 26685

Osnabrück, branch
An der Blankenburg 64
49078 Osnabrück
Telephone +49 541 94403-0
Fax +49 541 442682

P

Potsdam, branch
Hegelallee 12
14467 Potsdam
Telephone +49 331 27521-0
Fax +49 331 27521-90

R

Regensburg, branch
Yorckstraße 13
93049 Regensburg
Telephone +49 941 39603-0
Fax +49 941 37610

Rosenheim, branch office
Salinplatz/Bahnhofstraße 15
83022 Rosenheim
Telephone +49 8031 40831-0
Fax +49 8031 40831-11

Rostock, branch
August-Bebel-Straße 11/12
18055 Rostock
Telephone +49 381 45223-0
Fax +49 381 45223-27

S

Saarbrücken, branch
Puccinistraße 2
66119 Saarbrücken
Telephone +49 681 58606-0
Fax +49 681 58606-67

Schwerin, branch
Wismarsche Straße 304
19055 Schwerin
Telephone +49 385 59122-0
Fax +49 385 59122-70

Siegen, advisory centre
Spandauer Straße 40
57072 Siegen
Telephone +49 271 703071-0
Fax +49 271 703071-50

Straubing, advisory office
Lilienstraße 5 – 9
94315 Straubing
Telephone +49 941 39603-0
Appointments via Regensburg branch

Stuttgart, regional office
Alexanderstraße 5
70184 Stuttgart
Telephone +49 711 7879-0
Fax +49 711 7879-122

T

Thüringen/Erfurt, branch
Theo-Neubauer-Straße 14
99085 Thüringen/Erfurt
Telephone +49 361 57654-0
Fax +49 361 57654-70

Trier, branch office
Balduinstraße 16 – 18
54290 Trier
Telephone +49 651 94805-0
Fax +49 651 42330

Tübingen [1]**,** branch office
Herrenberger Straße 85
72070 Tübingen
Telephone +49 7071 97558-0
Fax +49 7071-97558-33

1) Opened on 12 July 2010

U

Ulm, branch office
Karlstraße 31 – 33
89073 Ulm
Telephone +49 731 14034-0
Fax +49 731 14034-20

W

Weimar, advisory office
Zum Hospitalgraben 8
99425 Weimar
Telephone +49 361 57654-0
Appointments via Thüringen branch

Wiesbaden, branch office
Abraham-Lincoln-Straße 36
65189 Wiesbaden
Telephone +49 611 74499-0
Fax +49 611 721822

Wuppertal, branch
Berliner Straße 45 – 47
42275 Wuppertal
Telephone +49 202 25052-0
Fax +49 202 508549

Würzburg, branch
Schürerstraße 5
97080 Würzburg
Telephone +49 931 35535-0
Fax +49 931 52761

Map of Locations

as at 16 August 2010

Imprint

Published by
Deutsche Apotheker- und Ärztebank
Richard-Oskar-Mattern-Straße 6
40547 Dusseldorf
Germany

Concept and layout
Lesmo, Dusseldorf

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