

Annual Financial Report 2015



Overview of Business Development

An overview of the 2015 financial year

	31 Dec 2015	31 Dec 2014	Change ¹ %
Bank data			
Members	107,768	105,864	1.8
Clients	397,000	382,000	3.9
Employees	2,563	2,486	3.1
Locations ²	83	81	2.5

	€ m	€ m	%
Balance sheet			
Balance sheet total	36,447	35,129	3.8
Customer loans	27,893	27,037	3.2
Customer deposits	23,588	21,737	8.5

	€ m	€ m	%
Income statement			
Net interest income	675.2	698.3	-3.3
Net commission income	133.0	123.5	7.7
General administrative expenses	-496.0	-478.6	3.6
Operating profit before risk provisioning	304.8	337.1	-9.6
Risk provisioning from the operating business ³	-39.2	-59.2	-33.8
Risk provisioning with reserve character	-112.2	-135.9	-17.5
Operating result	153.4	141.8	8.1
Net profit after tax	59.1	54.5	8.3

	%	%	ppts
Key figures			
Equity ratio (according to CRR)	26.1	25.0	1.1
Common equity tier 1 ratio (according to CRR)	22.0	20.2	1.8
Cost-income ratio	64.3	62.1	2.2
Return on equity after taxes	3.6	3.6	0

	Standard & Poor's	Moody's	Fitch Ratings (group rating)
Ratings²			
Long-term rating	AA-	Aa1 ⁴	AA-
Short-term rating	A-1+	P-1	F1+
Outlook	stable	stable	stable
Pfandbrief rating	AAA	-	-

1) Deviations due to rounding differences

2) As of January 2016

3) This includes risk provisioning for the customer lending business as well as for financial instruments and participations.

4) Long-term deposit rating

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To our Members & Clients

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Letter of the Chairman of the Board of Directors



Herbert Pfennig
Chairman of
the Board of Directors

Dear Members, Customers and Business Partners,

Last year, I wrote that I was looking forward to another successful year with and for you. And that is exactly the kind of year 2015 was. Together, we achieved success in many areas, which I would like to update you on.

We have grown even stronger with your help

Our member base together with members' capital contributions continued to grow in 2015. For the first time, we have more than 107,000 members and around 400,000 clients. We were particularly delighted to attract over 5,700 medical students and 3,500 salaried health care professionals in the past year. Personal advice played a major role in this: In addition to our branches, we now have advisory offices at eleven universities and clinics. We serve our clients today with a larger team of advisors than in the year before. The growth in the number of clients is also clear evidence that our decision in 2014 to focus on our apoPur customer advisory concept, which is tailored to the specific needs of the health care professions, was the right one.

Our business developed positively in 2015. Our retail and institutional clients are taking advantage of our investment expertise even more, as the increase in net commission income shows. Our customer deposits continued to rise, and demand for loans remained strong. Although redemptions were again high, our loan portfolio continued to grow, and we expanded our business volume with companies in the health care sector. However, the sustained low interest level meant that net interest income was down on the previous year, as expected.

In an environment characterised by low interest rates, tough competition and strict regulatory requirements, we once again demonstrated our sound economic foundation. This is also reflected in the fact that the rating agency Moody's has lifted our rating. We again succeeded in increasing our net profit after tax year on year by 8.3% to €59.1 million while strengthening our reserves. Once more, we will propose a stable dividend of 4% at the Annual General Meeting.

Without the hard work of our employees, we would not have been able to achieve such a good result. It is a pleasure for me and my fellow Board of Directors members to be part of such a dedicated team.

We respond to changes in the health care sector

The change in health care professionals' expectations of how they pursue their profession has been a major factor in triggering structural shifts and creating greater diversity in the health care sector in recent years, including developments in outpatient care towards larger structures, cooperatives and forms of medical care. To respond to this, we have diversified our advisory services. Today, we support our clients in individual practices as well as in professional cooperatives, medical care centres, group dental practices, medical centres and branch pharmacies. We also see ourselves as a partner for companies in the health care sector – a field of activity that we plan to expand further.

We are more than just a bank

We do our part when it comes to areas of the current health care policy that require urgent action, especially with regard to the shortage of doctors and health care specialists and the imminent undersupply in rural regions. We promote new practices and, in doing so, outpatient care, for example by expanding our range of services for business start-ups, initiating regional networks with professional associations and helping to overcome reservations about self-employment.

However, economic success alone is not enough in the long run. The relationship between ecological and social aspects and their influence on companies' success is becoming increasingly important. As a result, we plan to pay even greater attention to the issue of corporate social responsibility (CSR) in future and make it a more integral part of our day-to-day business.

In 2015, we proved that we are serious about making a difference through social responsibility beyond the banking business by shifting the focus of our non-profit foundation, which we established in 2002, to contribute to the sustainability of the German health care system.

We are setting our sights on the future together

The rapid pace of digitisation means that banks face major changes. We are responding to this by investing in our branch concept and in our IT system, for example. At the same time, the period of low interest rates is putting pressure on earnings. For apoBank, challenges such as these are not a "dark cloud" looming on the horizon. Instead, our unique business model continues to hold great potential for us. Thanks to our stable foundations, we are in a good position to deal with these challenges effectively by turning them into opportunities.

Our strong customer focus is our most important tool for leveraging this potential. This means that we pave the way for our customers to live the life they want. Digitisation shows us on what to focus when it comes to adjusting our range of services. As a result, we offer our customers various ways to access our products and services, including apoBank video and chat advisory services. This is supplemented by our digital services for added value, such as two apps that we developed in cooperation with customers last year: an app for medical students preparing for their exam and an app for self-employed health care professionals.

Nonetheless, personal advice continues to play a major role. After all, people are the primary focus of our business. We want our customers to have the choice of how and when they want to get in touch with us in future. Unlike many competitors, we will therefore maintain and even expand our comprehensive branch network.

Another reason why we take a confident view of the future despite the many challenges is that the health care market is and remains a stable growth market. As the trusted bank of the health care professions, we will continue to stand by our customers – in digital and analogue form. Thanks to our cooperative approach, we are equal partners with common goals. Our business model is not based on striving for profit at all costs. Instead, our goal, and that of our members, is an economically intact bank that provides its customers with good advice and convincing products while offering its members added value and a fair share in our economic success.

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

*Yours sincerely,
Herbert Pfennig*

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

Report of the Supervisory Board



Hermann S. Keller

Chairman of the Supervisory Board

The Supervisory Board of apoBank fulfilled its legal and statutory duties in 2015, maintaining a constant dialogue with the Board of Directors. The Board of Directors informed the Supervisory Board about significant events regularly, comprehensively and in a timely manner, in both written and oral form. These included apoBank's economic situation, fundamental matters concerning the investment and lending business as well as other areas. The Supervisory Board gained an insight into the Bank's current state of affairs at its four regular meetings and discussed details at the meetings of the Nomination and Presiding Committee, the Audit, Loan and Risk Committee, the Personnel Committee and the Remuneration Control Committee. The Chairman of the Supervisory Board also engaged in an intensive dialogue with the Board of Directors outside of these meetings and informed the entire Supervisory Board about the content of their discussions no later than at its next meeting.

With regard to developing the qualifications of the Supervisory Board members, the focus continued to be on new regulatory requirements. The Supervisory Board dealt with expanding its tasks required by law during a training course with the support of external consultants. As part of the supervisory review and evaluation process (SREP), which has been in place since the end of 2014, the ECB surveyed selected Supervisory Board members for the first time in the year under review. This newly

established supervisory inspection and monitoring procedure lays down evaluation criteria for banks that are regulated by the ECB. These criteria examine the banks' capital resources and liquidity as well as their business model.

Rheinisch-Westfälische Genossenschaftsverband e.V. audited the annual financial statements and the management report for the 2015 financial year. According to the auditor's unreserved opinion, they comply with the law and the Articles of Association. The Supervisory Board acknowledged and approved the findings of the audit.

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

apoBank's corporate governance code was adjusted to the new recommendations of the German Corporate Governance Code in the year under review. The current version of the code and the joint declaration of conformity by the Supervisory Board and the Board of Directors are available on the apoBank website. The corporate governance report is also included in this annual financial report.

Herbert Pfennig will retire in 2017. The Supervisory Board started searching for a new member of the Board of Directors in 2015 to ensure the comprehensive transfer of his duties within apoBank's management structures. The Nomination and Presiding Committee intends to nominate a suitable candidate with the help of a renowned executive search firm in 2016.

Eckhard Lüdering was reappointed as a full member of the Bank's Board of Directors at the Supervisory Board meeting on 19 June 2015. At its meeting on 18 September 2015, the Supervisory Board complied with Harald Felzen's request that his contract, which is set to expire in

mid-2016, should not be extended and relieved him of his duties as a member of the Board of Directors as at 30 September 2015. The search for a successor started immediately and was concluded in February 2016 with the appointment of Olaf Klose.

On 19 June 2015, the Annual General Meeting resolved to amend the Articles of Association of apoBank regarding the implementation of a new management structure for the Board of Directors. The Articles of Association now stipulate that the Supervisory Board may appoint a member of the Board of Directors as Chairman of the Board of Directors and a member of the Board of Directors as Deputy Chairman of the Board of Directors.

Following last year's Annual General Meeting, the Supervisory Board appointed Herbert Pfenning, previously Spokesman of the Board of Directors, as Chairman of the Board of Directors at its constitutive meeting. Ulrich Sommer, previously a member of the Board of Directors, was appointed as Deputy Chairman of the Board of Directors. The appointments were made subject to the amendment to the Articles of Association being entered in the register of cooperatives, which took place on 24 August 2015.

The following changes were made to the composition of the Supervisory Board effective from 19 June 2015: Ulrice Krüger and Klaus Holz stepped down as employee representatives. They were replaced by Marcus Bodden and Björn Wißuwa, who were elected by the employees in May 2015 to represent them on the Supervisory Board.

Eberhard Gramsch did not stand for re-election as a shareholder representative. The medical community nominated Dr. Torsten Hemker to be his successor, who was elected by the Annual General Meeting. Dr. med. Karl-Georg Pochhammer, dentist, and Friedemann Schmidt, pharmacist, were re-elected. Following this, the Supervisory Board confirmed Hermann Stefan Keller, pharmacist, in his office as Chairman of the Supervisory Board at its constitutive meeting.

Representing the shareholders, Walter Kollbach will step down from the Supervisory Board with effect from the end of this year's Annual General Meeting. He may stand for re-election.

In the year under review, apoBank continued to fulfil its purpose of providing economic support to the health care professions as outlined in its Articles of Association. This was once again reflected in the impressive growth in member numbers and the Bank's strong market position with regard to start-up financing for health care professionals. The net profit generated in 2015 allows apoBank to propose the payment of a dividend to its members at the Annual General Meeting.

The challenges faced by the credit industry in a period of continued low interest rates remain substantial in the current financial year. In addition, the increasing digitisation of society creates new demands that apoBank is dealing with intensively.

The Supervisory Board firmly believes that apoBank is well equipped to meet these demands thanks to its specialised business model. It remains in a good position to focus on the needs of health care professionals and expand its economic support for them.

The Supervisory Board would like to thank the members of the Board of Directors and the entire workforce of apoBank for their good work, their trust and cooperation as well as their considerable personal commitment in 2015.

Dusseldorf, March 2016



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

Corporate Governance Report

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

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

The amendments to the German Corporate Governance Code made by the Government Commission and published in May 2015 were taken into account in apoBank’s corporate governance code and the wording adapted to the particularities of apoBank. The changes to the content relate particularly to new legal regulations for the equal participation of women and men in management positions as well as other requirements for members of the Supervisory Board and their availability.

In the past year, the Supervisory Board decided that 15% of its members should be women with effect from 30 June 2017. This corresponds to the composition of the Board on 31 December 2015. With regard to the proportion of women on the apoBank Board of Directors, the Supervisory Board confirmed the status quo.

At its Annual General Meeting on 19 June 2015, apoBank passed a resolution to amend the Articles of Association with regard to the governance structure of the Board of Directors to the effect that the Supervisory Board has the right to appoint a member of the Board of Directors as chairperson instead of spokesperson and another member as deputy chairperson. This was also taken into account in the apoBank code.

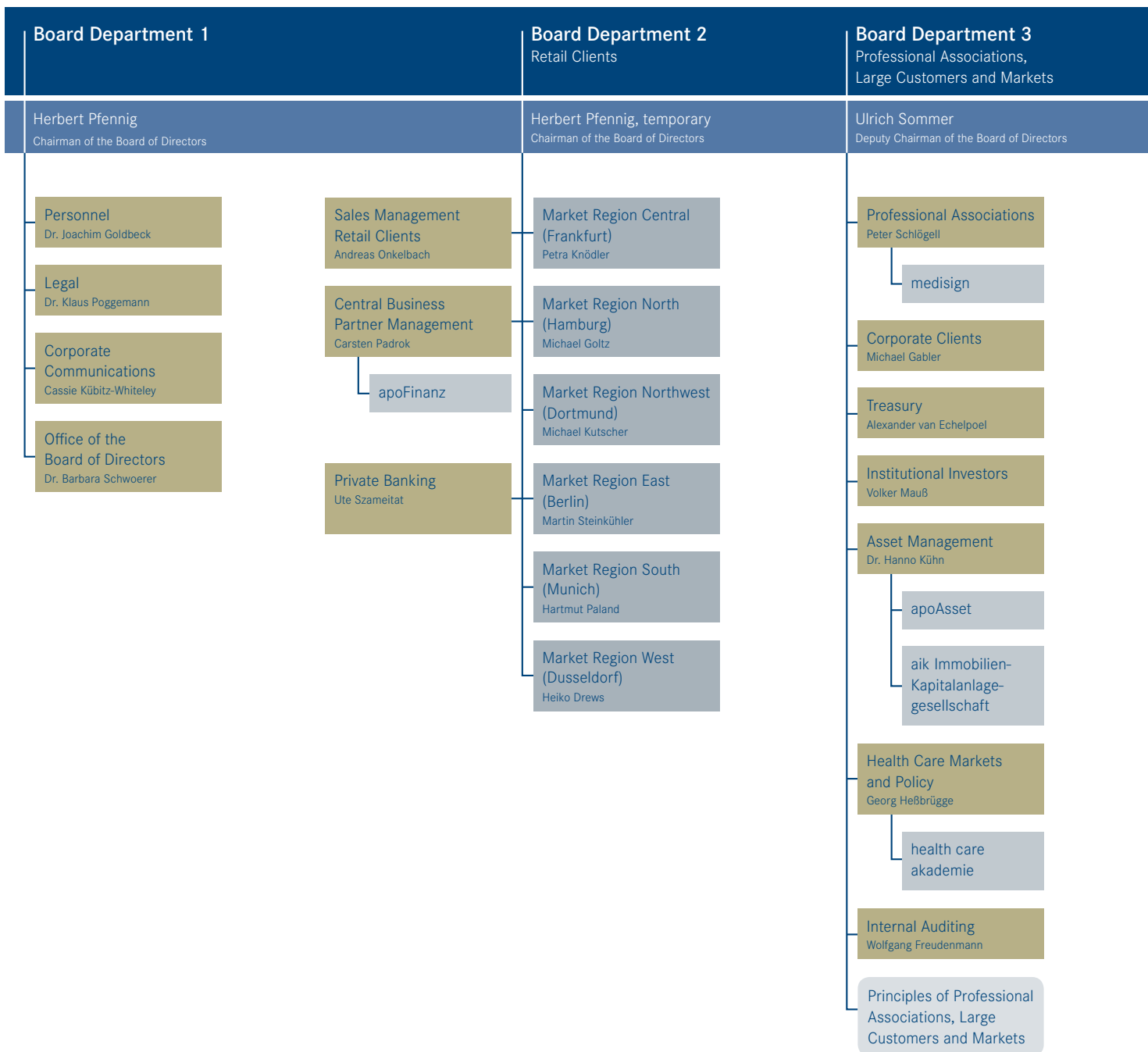
The Declaration of Conformity is available on the Bank’s website for a period of five years.

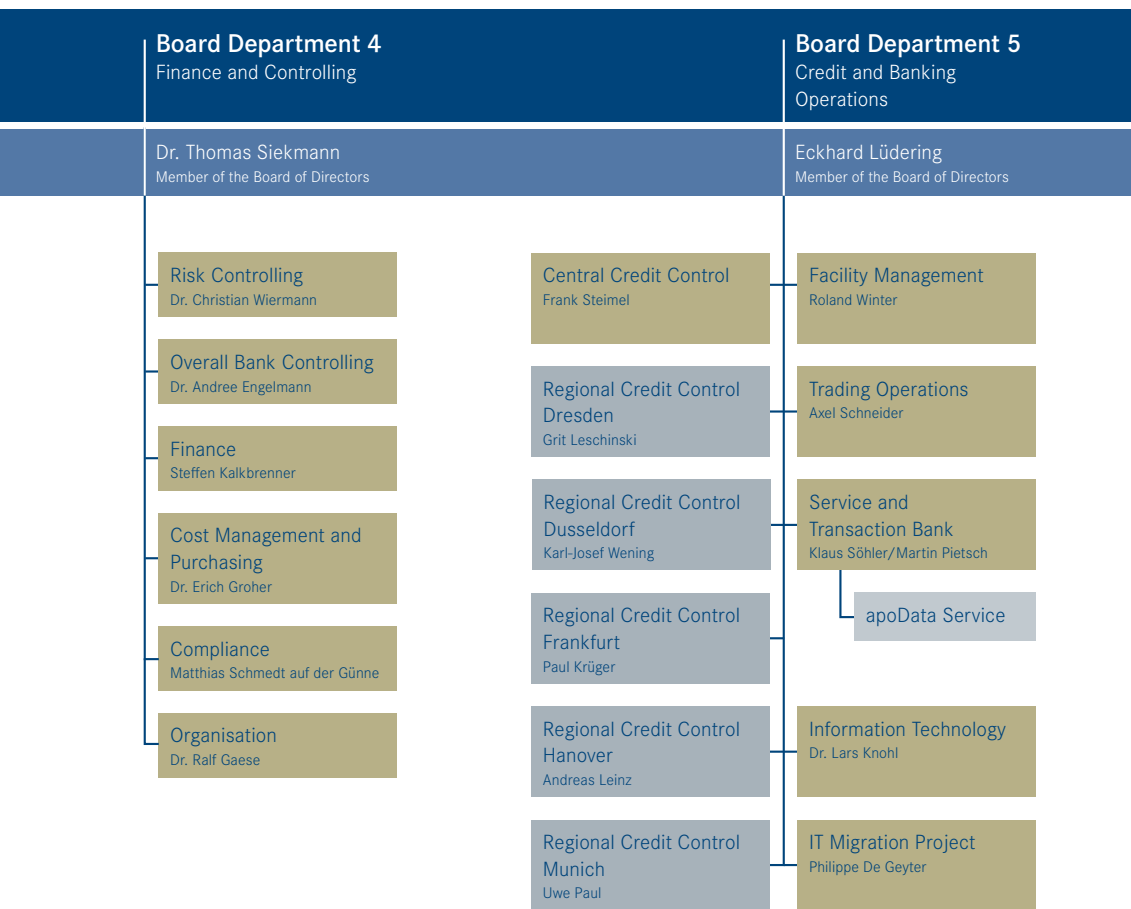
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Board Departments

Organisational chart of Deutschen Apotheker- und Ärztebank eG





Board of Directors



Herbert Pfennig
Chairman of the Board of Directors



Ulrich Sommer
Deputy Chairman of the Board of Directors



Eckhard Lüdering
Member of the Board of Directors



Dr. Thomas Siekmann
Member of the Board of Directors

Supervisory Board

Hermann S. Keller, pharmacist

Chairman

Mainz

Wolfgang Häck¹

Deputy Chairman

Dormagen

Ralf Baumann¹

Langenfeld

Fritz Becker, pharmacist

Remchingen

Marcus Bodden¹ (since 19 June 2015)

Kamp-Lintfort

Martina Burkard¹

Würzburg

Mechthild Coordt¹

Berlin

Dr. med. dent. Peter Engel

Bergisch-Gladbach

Sven Franke¹

Hanover

Eberhard Gramsch (until 19 June 2015)

Göttingen

Dr. med. Torsten Hemker (since 19 June 2015)

Hamburg

Klaus Holz¹ (until 19 June 2015)

Essen

Dr. med. Andreas Köhler

Berlin

WP/StB Walter Kollbach

Bonn

Ulrice Krüger¹ (until 19 June 2015)

Berlin

Prof. Dr. med. Frank Ulrich Montgomery

Hamburg

Dr. med. dent. Helmut Pfeffer

Wohltorf

Robert Piasta

Niederkassel

Dr. med. dent. Karl-Georg Pochhammer

Berlin

Christian Scherer¹

Neustadt

Friedemann Schmidt, pharmacist

Leipzig

Ute Szameitat¹

Mülheim

Björn Wißuwa¹ (since 19 June 2015)

Unna

¹⁾ Employee representatives

Advisory Board

Dipl.-Betriebsw. Wolfgang Abeln, Peetsch

Stephan Allroggen, dentist, Kassel

Dr./RO Eric Banthien, Hamburg

Mark Barjenbruch, Hanover

Dipl.-Vw. Georg Baum, Berlin

Dr. med. dent. Gert Beger, Bad Kreuznach

Dr. med. Jörg Berling, Adendorf

Dipl.-Vw. Christoph Besters, Waldkirch

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

Dr. medic/IfM Timisoara Kerstin Blaschke,
Schmalkalden

Dr. med. dent. Stefan Böhm, Munich

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

Dr. med. dent. Burkhard Branding, Detmold

Burkhard Bratzke, Berlin

Dr. med. dent. Klaus Brauner, Dessau

Bernhard Brautmeier, Essen

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

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

Frank Dastych, Bad Arolsen

Reinhard Dehlinger, Munich

Dipl.-Stom. Holger Donath, Prebberede

Dr. oec. publ. Walter Donhauser, Feldafing

Dr. med. Wolfgang-Axel Dryden, Kamen

Dipl.-Kfm. Armin Ehl, Berlin

Dr. med. Brigitte Ende, Buseck

Dr. med. Ilka Enger, Munich

Dr. rer. nat. Ralph Ennenbach, Ahrensburg

Dr. med. dent. Wolfgang Eßer, Mönchengladbach

Dr. med. Johannes Fechner, Emmendingen

Dr. med. dent. Jürgen Fedderwitz, Wiesbaden

Dipl.-Med. Regina Feldmann, Meiningen

Assessor jur. Christian Finster, Bad Schönborn

Bernd Franken, Dusseldorf

Christiaan Johannes Gabrielse, veterinarian, Dinslaken

Dr. med. Andreas Gassen, Dusseldorf

Dr. rer. nat. Doerte Grahlmann, pharmacist, Heiddorf

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

Dr. phil. Jörn Graue, pharmacist, Hamburg

Dr. med. Holger Grüning, Wernigerode

Dr. med. Günter Haas, Lautertal

Dipl.-Stom. Dieter Hanisch, Freyburg

RA Peter Hartmann, Berlin

Dr. med. Gunter Hauptmann, Saarbrücken

Dr. med. Klaus Heckemann, Dresden

Dr. med. Dirk Heinrich, Hamburg

Dr. med. Peter Heinz, Ober-Hilbersheim

SR Dr. med. dent. Ulrich Hell, Schiffweiler

Dr. med. Hans-Joachim Helming, Handeloh

Dr. med. Torsten Hemker, Hamburg

Martin Hendges, dentist, Untereschbach

MdB Rudolf Henke, Aachen

Dr. med. Jörg Hermann, Bremen

Andreas Hilder, Steinfurt

Dr. rer. nat. Reinhard Hoferichter, pharmacist, Limburg

Dr. med. Stephan Hofmeister, Barsbüttel

Dipl.-Kfm. Wilfried Hollmann, Münster

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

Dr. med. Klaus-Ludwig Jahn, Loxstedt

Stephan Janko, Langenfeld

Dr. med. Burkhard John, Schönebeck

Dipl.-Kfm. Daniel F. Just, Pöcking

Oliver Kahl, Schwerin

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

Dr. med. dent. Alfons Kreissl, Eschborn-Ndh.

Dr. rer. pol. Andreas Kretschmer, Dusseldorf

Dr. rer. soc. Thomas Kriedel, Dortmund

Dr. med. dent. Peter Kriett, Bad Segeberg

Dr. med. dent. Manfred Krohn, Rostock

Dr. med. Wolfgang Krombholz, Isen

Dipl.-Math. Udo Kühle, Neuss

Dr. rer. pol. Andreas Lacher, Gauting

Dr. rer. pol. Herbert Lang, Germering
Dipl.-Kfm. Wolfgang Leischner, Lübeck
RA Florian Lemor, Berlin
Dr. med. Steffen Liebscher, Löbnitz
Rainer Linke, Kleinmachnow
Volker Linss, veterinarian, Villmar-Aumenau
Dipl.-Kfm. Thomas Löhning, Dusseldorf
Dr. med. dent. Ute Maier, Dußlingen
Helmut Mälzer, Berlin
Professor Dr. med. vet. Theodor Mantel, Eichstätt
Lothar Marquardt, dentist, Essen
Dipl.-Vw. Eberhard Mehl, Cologne
Johannes M. Metzger, pharmacist, Scheinfeld
Tobias Meyer, Hanover
Dr. med. Josef Mischo, St. Ingbert
Dr. med. dent. Dirk Mittermeier, Bremen
Dipl.-Kfm. Karsten Müller-Uthoff, Hildesheim
Dipl.-Math. Gert Nagel, Darmstadt
Christian Neubarth, dentist, Hildesheim
Dr. med. vet. Michael Nieswand, Nossentiner Hütte
Dr. Ralph Nikolaus, Dresden
MUDr. Peter Noack, Cottbus
Dr. med. dent. Hans-Jürgen Nonnweiler, Kassel
Dr. med. Gerhard Nordmann, Unna
Dipl.-Kfm. Siegfried Pahl, Erkrath
Dr. med. dent. Klaus-Dieter Panzner, Bad Berka
Walter Plassmann, Jersbek
Dr. med. Peter Potthoff, Bad Honnef
Dr. med. Angelika Prehn, Berlin
Axel Rambow, Schwerin
Dr. med. dent. Janusz Rat, Munich
Dr. med. dent. Bernhard Reilmann, Lippstadt
Dr. med. Klaus Reinhardt, Bielefeld
RA Martin Reiss, Berlin
Dr. med. dent. Ingo Rellermeier, Berlin
Dr. med. Bernhard Rochell, Berlin

Dr. med. Annette Rommel, Mechterstädt

Dr. med. Karl-Friedrich Rommel, Mechterstädt

RA Dr. jur. Helmut Roth, Senden

Dr. med. Jochen-Michael Schäfer, Kiel

Günter Scherer, Bremen

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

Dr. med. Pedro Schmelz, Bad Kissingen

Dr. jur. Sebastian Schmitz, Mainz

Dr. med. Rüdiger Schneider, Trier

Dr. med. dent. Ursula von Schönberg, Barntrup

Dr. med. Thomas Schröter, Weimar

Dipl.-Med. Andreas Schwark, Bernau

Dirck Smolka, dentist, Bonn

RA Harald Spiegel, Bad Segeberg

Dr. med. Eberhard Steglich, Nuthetal

SR Dr. med. dent. Helmut Stein, Clausen

Dipl.-Vw. Helmut Steinmetz, Kiel

Dr. med. dent. Helke Stoll, Eilenburg

Dr. med. Jürgen Tempel, Wunstorf

Stefan Tilgner, Kleinmachnow

Dr. med. Christoph Titz, Ganderkesee

Dipl.-Ing. Ernst Uhing, Lüdenscheid

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

Dr. med. dent. Reinhard Urbach, Wolfsburg

Dr. med. Claus Vogel, Hamburg

Dr. Claudia Vogt, pharmacist, Cologne

Ralf Wagner, dentist, Heimbach

SR Dr. med. Egon Walischewski, Koblenz

Ulrich Weigeldt, Bremen

Dr. med. dent. Holger Weißig, Gaußig

Dr. med. Lothar Wittek, Moosthenning

Dr. med. dent. Walter Wöhlk, Molfsee

Dipl.-Ök. Oliver Voitke, Bremen

Jürgen Ziehl, dentist, Neunkirchen

Honorary Position Holders and Honorary Members

Dr. med. dent. Wilhelm Osing

Honorary Chairman of the Supervisory Board
Dusseldorf

Dipl.-Volkswirt Walter Schlenkenbrock

(† 23 November 2015)

Honorary Chairman of the Board of Directors
Ratingen

Klaus Stürzbecher, pharmacist

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

Berthold Bisping

Honorary member of apoBank
Neuss

Dr. med. dent. Wolfgang Eber

Honorary member of apoBank
Mönchengladbach

Elfriede Girtl

Honorary member of apoBank
Munich

Jürgen Helf

Honorary member of apoBank
Meerbusch

Dr. med. Ulrich Oesingmann

Honorary member of apoBank
Dortmund

Dipl.-Betriebswirt Werner Wimmer

Honorary member of apoBank
Meerbusch

In Memoriam



Walter Schlenkenbrock

Honorary Chairman of the Board of Directors of Deutsche Apotheker- und Ärztebank, bearer of the Cross of Merit, First Class, of the Order of Merit of the Federal Republic of Germany, bearer of the Order of Merit of the state of North Rhine-Westphalia

Bearer of the German Pharmacists' Badge of Honour, holder of the German Medical Association Medal, bearer of the German Dental Association Badge of Honour in gold, holder of the Wilhelm-von-Humboldt Badge presented by the German Federal Association of Liberal Professions (Bundesverband der Freien Berufe), bearer of the Honorary Reflex Hammer of the Marburger Bund and the Hartmann-Thieding Medal of the Hartmannbund

The deceased was employed by apoBank for 33 years and acted as Chairman of the Board of Directors from 1970 to 1990. During this time, he played a key role in shaping the Bank's future. The Schlenkenbrock era was characterised by a massive expansion of the branch network, a similar expansion of the balance sheet, a greater focus on business management consulting and the development and strengthening of ties with the professional associations. As Honorary Chairman of the Board of Directors, he remained closely affiliated to apoBank to the end.

He rendered outstanding service to apoBank with great personal dedication and commitment. Thanks to his expertise, strength of purpose, unerring instinct for what was feasible and active participation, he enjoyed great confidence and was held in high esteem.

Dr. med. dent. Klaus Degner

Dr. rer. nat. Horst Kiefer, pharmacist

Dr. med. dent. Thomas Lindemann

Dr. med. dent. Joachim Lüddecke

Dr. med. dent. Michael Reinhard

Dr. med. dent. Peter Schletter

Dr. med. Wilfried Strothenke

Dr. med. Ulrich Thamer

Heinz Trautmann, pharmacist

Dr. rer. nat. Carl Ludwig Wachsmuth-Melm, pharmacist

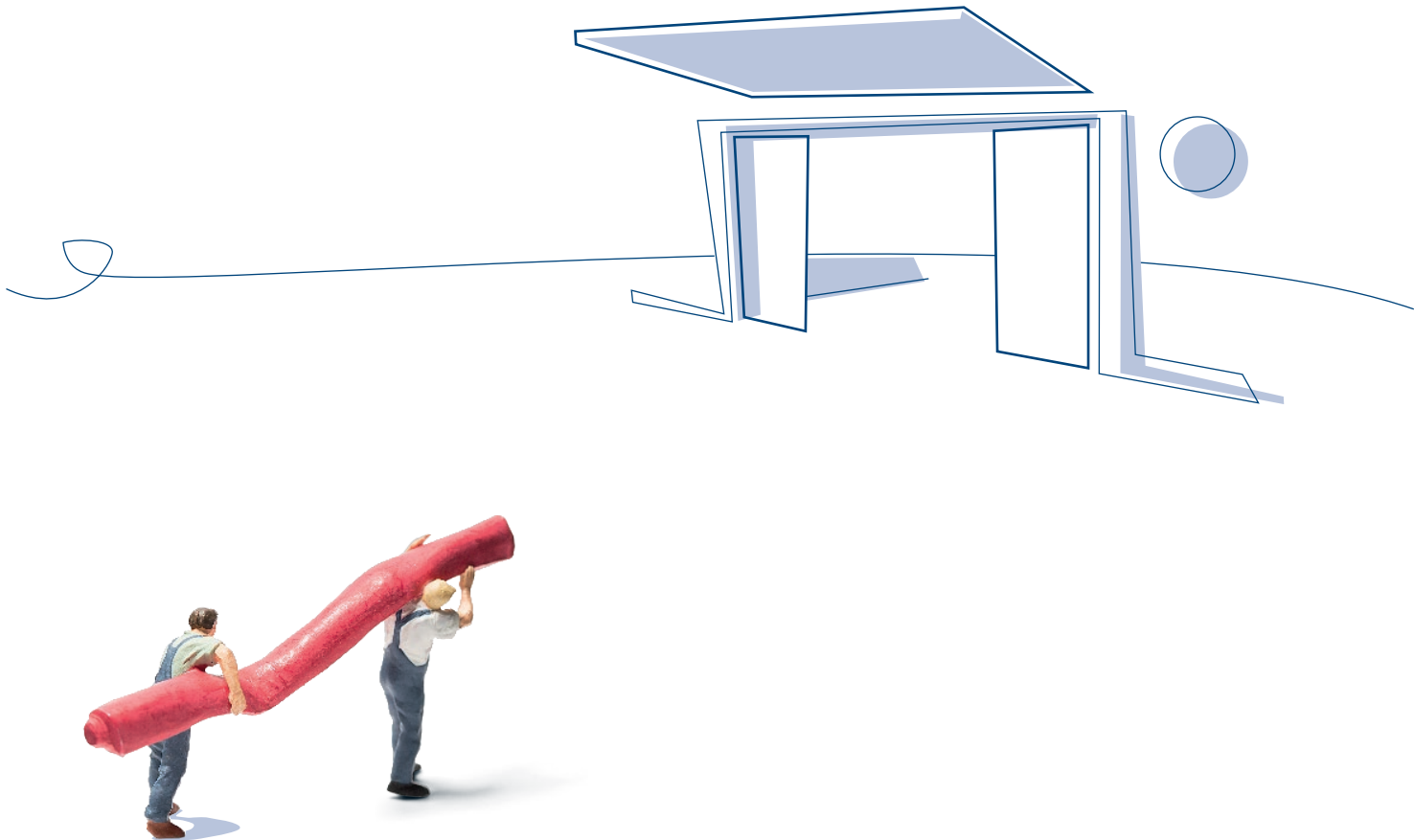
Dr. med. Lothar Wilke

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

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More Than Just a Bank



“By health care professionals for health care professionals” is the principle that has set Deutsche Apotheker- und Ärztebank eG (apoBank) apart for more than 110 years. It is an elementary part of our self-image as a cooperative. Academic health care professionals, the owners of apoBank, are the foundation on which the Bank is built. At the same time, we specialise in serving health care professionals. Our mandate as defined in the Articles of Association is at the heart of everything we do: apoBank supports its members and clients in achieving their professional and private goals with specialised banking services.

The trusted bank for health care professionals – with healthy growth and clear principles

This is the aspiration we have defined for apoBank and that we intend to fulfil in all respects, with outstanding industry knowledge in the health care market and a support concept that puts our customers first. With courage and a desire for innovation, a sense of responsibility and sound values, we deliver services that meet the high standards in the health care market.

Trust is the basis of all our activities. Our customers can trust in the fact that they are in good hands. We fulfil this service commitment every day – that is what we aspire to. For each and every one of us, and in everything we do.

Unique bank for health care professionals

Thanks to our special focus, our business model is unique in Germany. We are the bank for health care professionals and a strong, reliable partner for the German health care market.

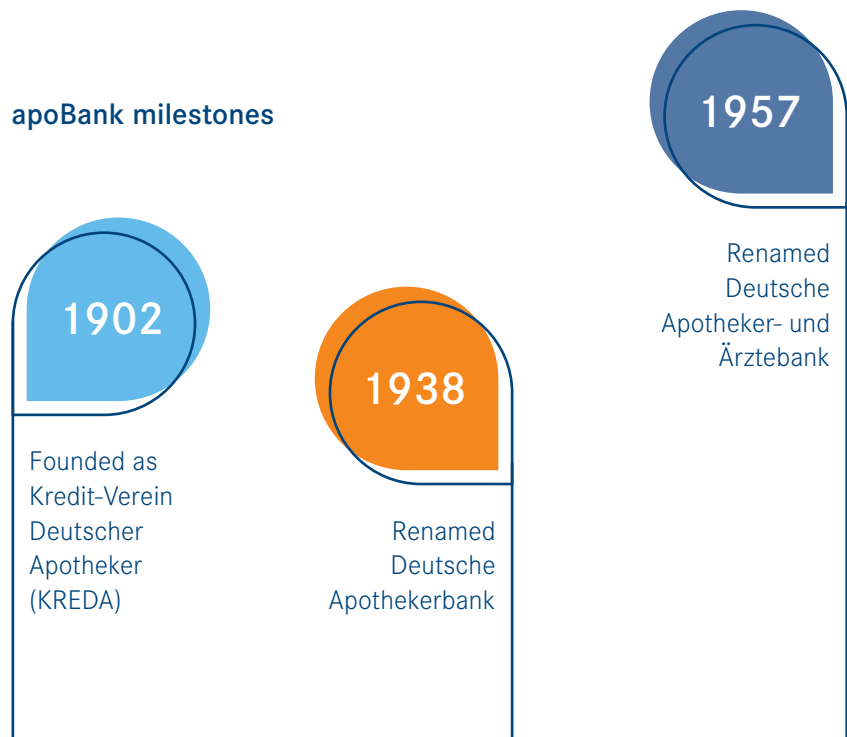
Our ongoing strategic growth is based on a close network within the health care sector. We base our plans and actions on developments in the sector and track the impact of structural changes on health care professionals.

The number one financial services provider in health care

More than 107,000 members and around 400,000 customers place their trust in our expertise. We are the largest cooperative primary bank in Germany and the leader when it comes to financing and supporting start-ups in the health care professions.

Our customers are members of the health care professions, their professional associations and organisations, health care facilities and companies in the health care market.

apoBank milestones



Committed to society

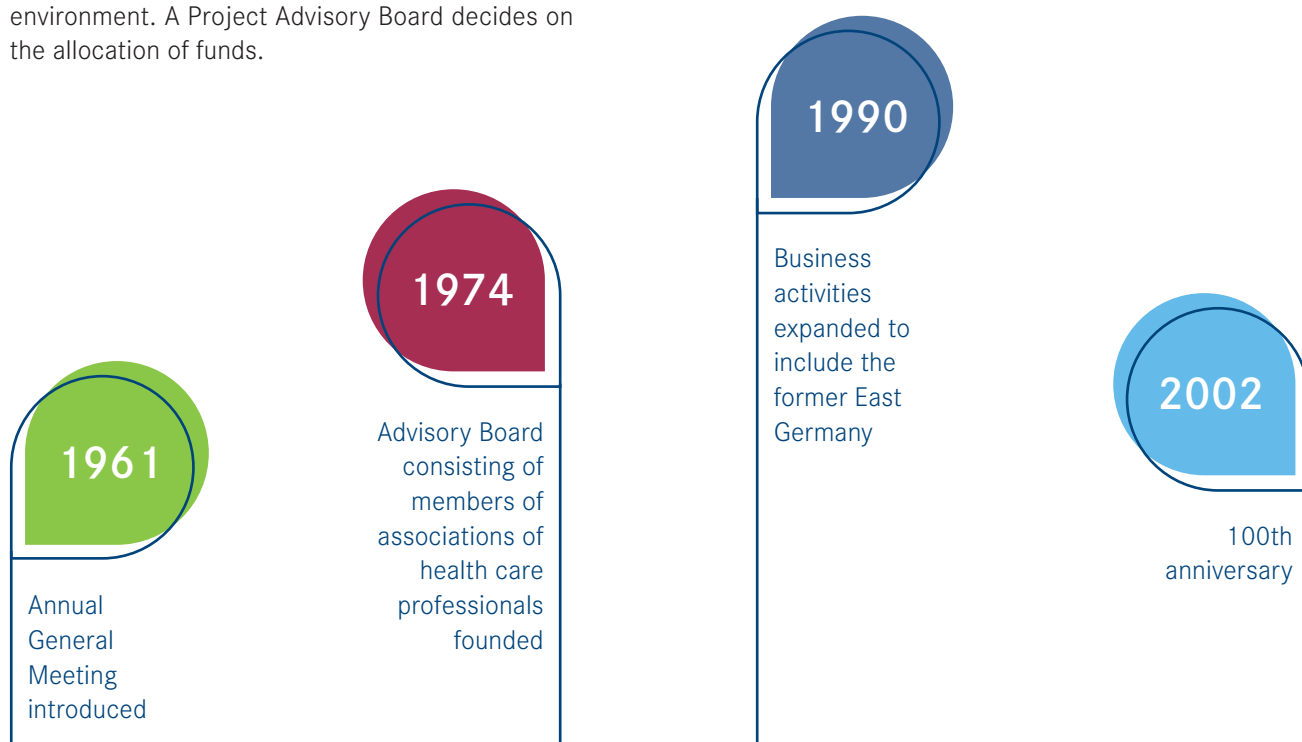
The apoBank Foundation is at the heart of our non-profit activities. It was established in 2002, primarily to provide fast and unbureaucratic help for academic health professionals affected by the damage caused by flooding of the Elbe River. In 2015, we changed its focus to contribute to the future of health care in Germany.

To promote the way health care professionals in Germany see themselves and practice their professions, the apoBank Foundation supports pilot projects, for example, that could prove to be ground-breaking in resolving care issues at a regional level. According to the principle of helping people to help themselves, the foundation also supports projects in countries where the development of good working conditions for health care professionals and broad-based medical care are still in their infancy.

Project applications can be submitted by apoBank members and customers, professional associations, NGOs and charitable associations in the health care environment. A Project Advisory Board decides on the allocation of funds.

New Project Advisory Board for apoBank Foundation

We continued to expand the activities of apoBank Foundation in 2015 by setting up a Project Advisory Board. It is appointed by the Board of Directors of apoBank Foundation for two years. Its non-salaried members are Georg Heßbrügge, Head of apoBank's Health Care Markets and Policy division, Dr. Andreas Kiefer, President of the Federal Union of German Associations of Pharmacists, Prof. Dr. Theodor Mantel, President of the German Veterinary Association, Prof. Dr. Dietmar Oesterreich, Vice President of the German Dental Association, Peter Schlöggell, Head of apoBank's Professional Associations division, and Dr. Martina Wenker, Vice President of the German Medical Association.



Specialist in the health care market

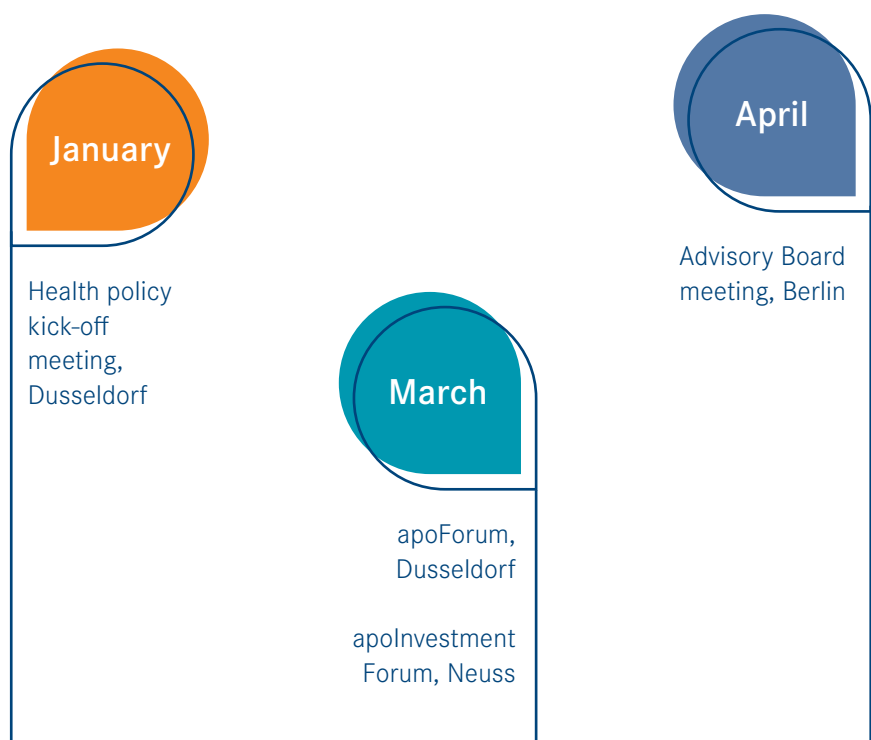
Our Health Care Markets and Policy division observes and analyses developments in the health care market and examines their effects on the various market participants. Our analyses, technical studies and forecasts offer significant added value for our customers compared to other banks. This expertise and its industry experience provide apoBank with a key competitive advantage – and a unique pool of knowledge on all aspects of health care in Germany.

Comprehensive data analyses for practices

We regularly analyse the start-ups of our health care professionals. With a view to pharmacies, we use our own resources. To evaluate the medical and dental data, we cooperate with the Central Research Institute of Ambulatory Health Care (ZI – Zentralinstitut für die Kassenärztliche Versorgung) and the Institute of German Dentists (IDZ – Institut der Deutschen Zahnärzte).

We identify developments in newly founded medical practices and pharmacies in a regional comparison, what forms of practice are gaining or losing popularity and the kind of investments they can expect. In this way, the statistical evaluation of our start-up analyses provides an insight into trends and developments in the German health care market.

To be able to evaluate a practice's economic development in depth, we also take a look at the earnings and cost structure data of new practices set up by health care professionals. To this end, we anonymously analyse the business documents of start-ups we support to determine the average earnings and costs of a practice or pharmacy. We draw up these analyses for different medical specialisations, taking into account regional distribution within the chambers' districts and the number of owners.



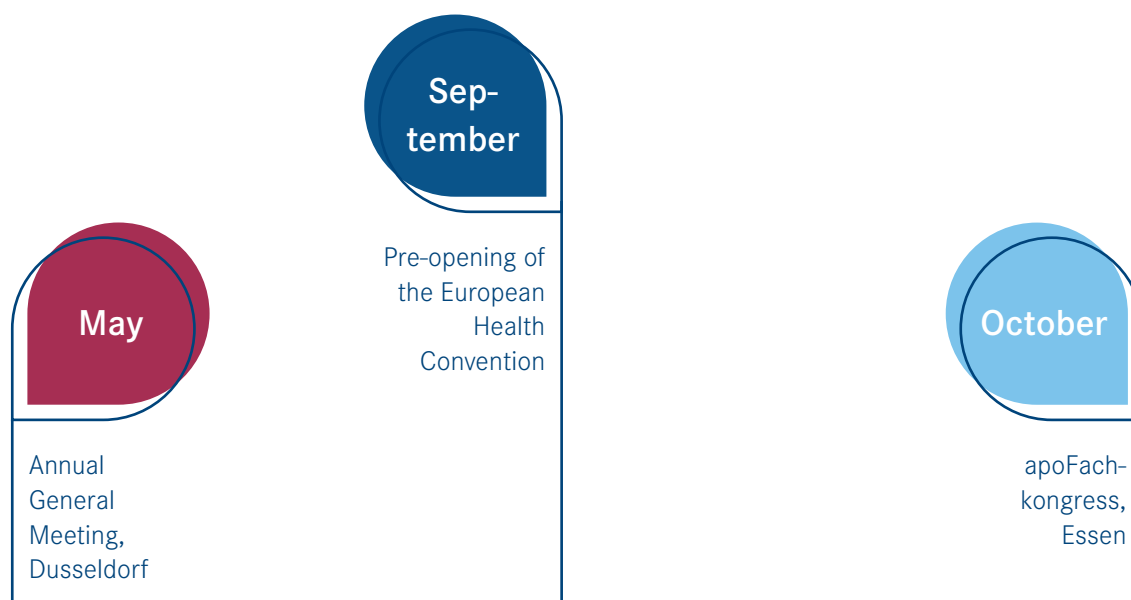
To supplement these data, we introduced a location analysis tool in November 2015, which provides an even better estimate of the potential of possible locations for founding a practice or pharmacy. This enabled us to enhance our data with detailed information and forecasts, for example on the population structure, buying power or concentration of doctors. This information helps pharmacists, family doctors and medical specialists to see how their location could develop.

Specialist health care studies

We regularly examine changes and current issues in the health care sector through specialist studies. In 2015, for example, we conducted a trend study on “Personalised Medicine of the Future” jointly with the trend research institute 2b AHEAD to identify challenges that will arise in this area. On this basis, we determined spheres of activity that will be of particular relevance for health care professionals and companies in the health care sector going forward.

Networking and exchanging experience

Our close links to players in the health care sector are a key feature of our specialisation. We place great emphasis on personal encounters. In this context, we also view ourselves as a driving force in the market and promote an intensive exchange through our own platforms.



Dialogue

We attended the following events for health care professionals and their organisations in 2015, among others:

- DAV-Wirtschaftsforum (DAV Economic Forum)
- Dental Summer
- Deutscher Ärztetag (German Medical Assembly)
- Deutscher Zahnärztetag (German Dentists' Congress)
- Düsseldorf In – Ärzte im Gespräch (Düsseldorf In – Doctors' debate)
- Europäischer Gesundheitskongress (European Health Convention)
- Expopharm
- Gesundheitskongress des Westens (Health Convention of the West)
- Hauptstadtkongress Medizin und Gesundheit (Capital City Congress for Medicine and Health)
- Internationaler Infrastrukturworkshop im Gesundheitsbereich (International Infrastructure Workshop in Health Care)
- Medica
- Medizin trade fair
- Operation Karriere (Operation Career)
- Pharmacon and Pharmacon Congress
- Pharmaziekongress (Pharmacy Convention)
- Zahnärzte Sommerkongress (Dental Summer Convention)
- Zukunftskongress öffentliche Apotheke (Future Convention Public Pharmacy)

Our knowledge for our customers

We pass on our knowledge, providing training opportunities for health care professionals across Germany at around 700 events every year, more than any other bank. Students can attend apoBank events to prepare for their examinations and the start of their professional career. Salaried employees who want to set up their own practice or pharmacy can benefit from seminars on starting up a business. Taxation and business management topics as well as questions about practice management, transferring a practice or succession planning are of particular interest for independent doctors, dentists and pharmacists. We also offer seminars on more general aspects ranging from legal issues of professional practice to patient communication and achieving a work-life balance. Specific formats such as our Money Talks are relevant for financial investment and asset building.

We also promote further education for health care professionals in cooperation with the Federal Association of Statutory Health Insurance Doctors and the German Medical Association through our joint “health care academie”.

Strong partners

The German Network of Care Structures that we initiated in 2007 plays a particularly important role. Its members include tax consultants, lawyers and architects with a health care specialisation, making them particularly well suited to supporting our customers in implementing their projects.



700

practical seminars
for health care
professionals

Highly qualified employees

Our aspiration to be the trusted bank for health care professionals gives our employees a clear idea of the course that we at apoBank have chosen. Our business success is based on their qualifications and performance. apoBank needs the best employees to be able to offer the best advice to pharmacists, physicians, dentists, veterinarians and students of the academic health care professions. As an employer, we want to be first choice with an excellent reputation, as well as offering healthy work conditions and interesting prospects.

We support our employees in their personal and professional growth. At the same time, this strengthens our position as an attractive employer. To this end, we offer part-time courses as well as individual training and coaching.

Specialised knowledge of the health care sector

We place a particular emphasis on training courses on the structures and developments in the health care sector – after all, the combination of financial expertise and knowledge of the health care environment is a key feature of our business model. In cooperation with the Frankfurt School of Finance & Management, we certify our advisers as financial consultants in health care. We focus on a continuous qualification process and recertify all of our advisers every three years to ensure that we are always up to date on the opportunities available to our customers in the health care sector.

apoCampus is an online platform that allows us to shape our training courses extremely flexibly. The system developed especially for apoBank offers learning opportunities and further education for all employees, depending on their function in the company, which can be accessed anywhere and at any time.



Thank
you

to all of our employees for their outstanding personal commitment! Their performance enables us to implement our unique business model.

Attractive employer

apoBank is one of Germany's best employers: The news magazine "Focus" in cooperation with the Xing professional network and the Kununu employer evaluation portal named us the "Top National Employer" and "Top National Employer in Banking and Finance".

berufundfamilie gGmbH, an initiative of the non-profit Hertie Foundation, awarded us the "work and family audit" certificate for the third time in 2014 for our family-friendly personnel policy. The award is presented every three years.

We see these awards as an incentive and simultaneously an obligation to focus our activities on the interests of our employees, too. Because we aspire to be a leader in terms of employee identification and quality. At the same time, the awards help us to find and retain the best employees.

apoBank signed the Diversity Charter in 2015 and undertakes to maintain respectful and impartial interactions within the company and with its customers and business partners. This is based on the conviction that companies can only succeed economically over the long term if they know how to benefit from their diversity.

Award-winning

 charta der vielfalt

UNTERZEICHNET



Specialised in Each Individual



Our comprehensive knowledge and experience in health care benefit all of our retail clients. We support academic health care professionals in all phases of life, from university to salaried employment and self-employment to retirement. Our apoPur advisory concept focuses on our customers' goals, visions and dreams. Our highly specialised consultants support our customers in their professional and private financial decisions.

Integrated advice in all phases of life

From university to salaried employment and self-employment to retirement, we provide our retail clients with integrated support at every stage of their life. We have developed apoPur, an advisory concept tailored to the specific needs of health care professionals. For our customers, this means that we have a clear view of their goals, visions and dreams. Based on this, we can offer comprehensive and tailored advice for start-ups or on investment decisions for professional or private projects, develop recommendations for capital or real estate investments and provide asset management services.

Customer groups in the retail clients segment

- Self-employed or salaried academic health care professionals: pharmacists, physicians, dentists and veterinarians, including retirees
 - Students majoring in the medical professions: pharmacy, medicine, dentistry, veterinary medicine
 - Clients in the medical field, such as alternative practitioners, dental technicians and psychotherapists
 - apoBank employees
-

Personal support

Our customers decide how they want to reach us: We offer personal support at more than 80 local branches or in our advisory offices at university clinics and medical universities. In addition, we work with selected partners. If required, we also support our customers via text chat or video consulting.

Experts on the subject

We have consultants who are specialised in advising students or self-employed and salaried health care professionals. We also have specialists that focus on asset building. Our consultants are supported by corporate functions at apoBank such as our in-house investment research. In addition to industry-wide analyses, this division has a special emphasis on the health care market.



Customers

who benefit from apoPur consulting are significantly more satisfied.

Wide-ranging experience with start-ups

Our many years of experience in the health care sector provide our retail clients with tangible value added. Our experience and expertise with regard to health care start-ups is a truly unique selling proposition that sets us apart from other banks. We can analyse all the operational, private and taxation factors that play a role for start-ups using our interactive investment and cost consulting programme INKO. Developed in cooperation with Germany's Central Research Institute of Ambulatory Health Care (ZI – Zentralinstitut für die kassenärztliche Versorgung), INKO allows us to simulate our customers' plans for investing in a pharmacy or practice. We determine the total earnings that need to be generated for the investment to pay for itself. Interactive elements show customers how changes in interest rates, sales or costs could affect their project. This allows us to provide our customers with comprehensive and reliable data as the basis for their decisions.



Our experience

is based on many years and decades supporting health care start-ups.

Asset building as an element of financial planning

Asset building is an important aspect of our consulting services. We offer our customers the best advice, independent of suppliers, according to their investment goals and readiness to assume risk. Our range of classic consulting services is complemented by our privat asset management. In addition, we continued to expand the range of investment products we offer in 2015. With the new apo TopSelect fund of funds family, health care professionals can invest in the best funds for standard equities and bonds in the market, broadly diversified and according to their personal risk preference.

We are happy to meet our customers' growing demand for capital investments with lasting value: Our real estate investment concept combines individual asset management with brokerage for hand-picked real estate and comprehensive services for our customers.

We also offer comprehensive private banking services to support customers in complex asset structures or financing. The investment strategies we develop in this area not only take customers' current financial situation into account, but also consider future developments.

When it comes to career changes, we contribute our industry knowledge to evaluate the implications. Additional services such as succession, foundation and corporate investment management complete our offering.

Services for practices

We bring together buyers and sellers of practices and pharmacies as well as customers looking to cooperate through our "practice and pharmacy exchange" www.apobank.de/praxisboerse. Health care professionals can find out about practices and pharmacies available for sale in the region of their choice. Practices can also be selected according to their field of specialisation.



Three
new

investment opportunities
through our apo TopSelect
fund of funds family

Our excellent privat asset management

has been confirmed for the seventh time in succession by the Focus Money and n-tv independent banking test.



Very good

is how apoBank's construction financing advisory services are rated by the German Customer Institute (Deutsches Kundeninstitut).



Top marks

were awarded for apoBank's student loan by the Centre for University Development (CHE – Centrum für Hochschulentwicklung).



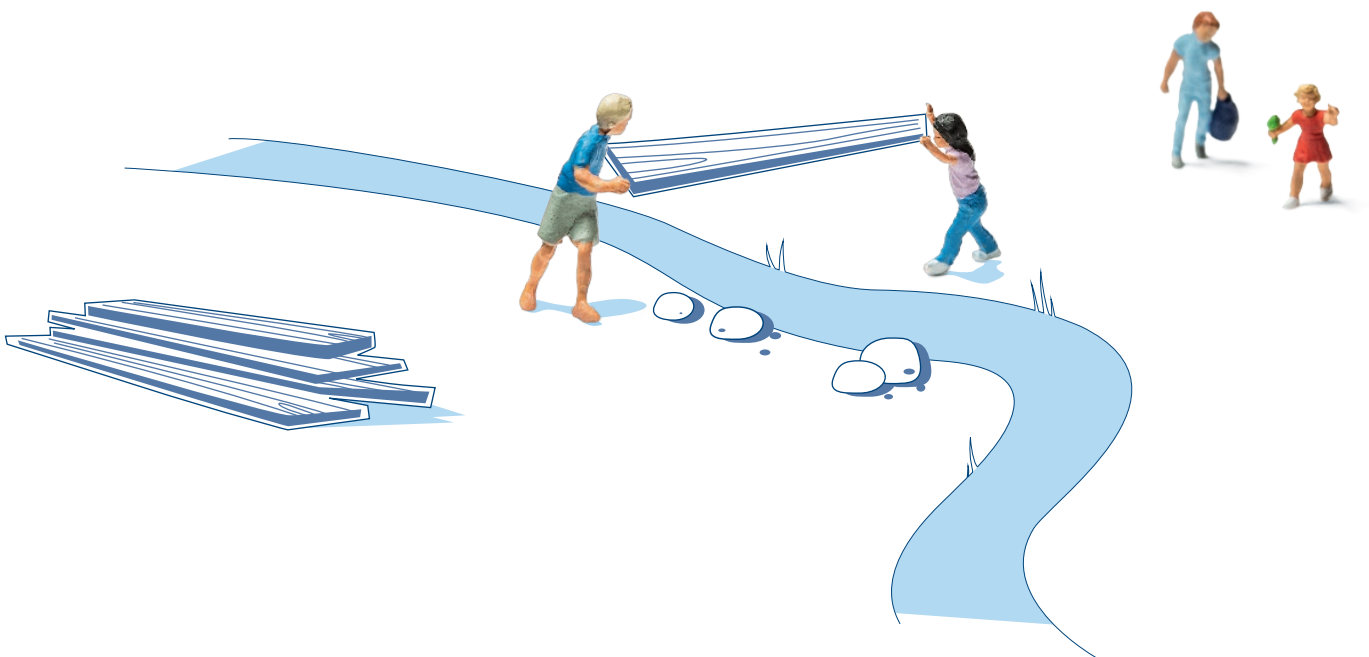
Numerous doctors, dentists and pharmacists across Germany have registered for the exchange. With the help of apoBank, they can search for a suitable practice or pharmacy – or a suitable successor. As an added bonus, many of the registered practices and pharmacies have been known to apoBank for many years, allowing us to assess their profitability very accurately. In addition, detailed location analyses have been available since November 2015 that cover aspects such as the population structure, buying power and the concentration of doctors. Supplemented by forecast data, this information helps pharmacists, family doctors and medical specialists to get a picture of future developments at their location and its potential.

Added value for everyday life

The apoApp+ banking app provides mobile banking services for our customers. It also helps users to find the nearest ATM or access additional contact information.

We developed two additional apps in dialogue with our customers in 2015: The apoBank “Erfolgsrezept” app supports health care professionals with their own practices in assessing their earnings and cost situation, and enables a comparison with the mean of their colleagues. Students of human and dental medicine benefit from the apoBank “Lass mal kreuzen” app, which allows them to prepare for the preliminary medical examination in human medicine with questions from past exams.

Closely Linked to the Organisations of Health Care Professionals



Our connections to health care structures have evolved over decades. We are closely linked to key players in the health care sector and are intimately familiar with their issues. This allows us to offer tailor-made financial services to the associations representing health care professionals.

Rooted in health care

The fact that we are anchored in German health care makes us unique in the German banking landscape. Our connections to health care structures have evolved over decades. Accordingly, we enjoy stable business relationships with the professional associations and closely accompany developments in the health care market.

Customer groups

- [Associations of panel doctors/dentists](#)
 - [Private medical clearing centres and professional clearing centres for health care professionals](#)
 - [Chambers of liberal professions](#)
 - [Professional organisations and scientific societies of health care professionals](#)
-

Advice in a health policy context

Our advice for the professional associations on financial matters is embedded in the health care policy context, according to our customers' needs. This allows us to apply our specialised knowledge of the health care market. Our customers benefit in particular from our knowledge of and experience with professional chamber legislation and corporations as well as professional associations and representations. On this basis, we are able to offer them a comprehensive range of financial services tailored to the special needs of the respective professional association.

Payment transactions are an important service provided by apoBank: Nearly 90 percent of statutory health insurance settlements are processed through apoBank. Our services also include investment solutions in the form of fixed-term deposits, time deposits and securities.

Facing challenges together

The many changes in the health care market particularly affect the tasks of the professional associations. We analyse and monitor these developments very closely. We allow our customers to enter into dialogue through joint activities such as seminars and presentations. We also encourage close networking between players in the health care sector and a broad transfer of knowledge.

Our commitment to and with the professional associations is evident in our joint events. One of the most important concerns we share is maintaining and promoting the independence of health care professionals through their own practice or pharmacy. To this end, we initiate platforms for sharing information in which the focus both on the part of the professional associations and apoBank is on offering support services for start-ups. Since outpatient care differs between regions, we also develop joint measures geared to regional conditions.



of settlements with the statutory health insurances are processed through apoBank.

Another topic that we promote is designing online business processes. In the context of telematics solutions, we support the development of the electronic health care profession ID as a basis for secure digital business processes. Given the provisions of the E-Health Act passed in December 2015, which requires the electronic health care profession ID for implementation, we are in a position to help practising health care professionals fulfil the pending requirements.

Local customer care

We promote trust-based cooperation with the professional associations by being close to where they operate and offering local contacts. In addition, we exchange information and views with them regularly at events and trade fairs. This ensures close ongoing contact with our customers and guarantees high-quality advice.

Lasting Business Relations



Knowing the needs and regulations of occupational pension funds for health care professionals is an important competitive advantage for our institutional investors when it comes to capital investments. Our products and services are always tailored to our customers' investment goals and risk-bearing capacity. We take the growing number of regulatory requirements into account in designing individual investment strategies.

Comprehensive range of services

Our range of services comprises a large number of securities products as well as banking and advisory services, including direct pension investment products such as our own refinancing instruments and other interest rate products. Financing and classical banking services for payment transactions round out our offering. Our customers also benefit from our efficient depositary function for special securities and real estate funds, which offers our institutional investors the best basis for diversification, which is essential for all indirect investments in international asset classes.

Customer groups

- Occupational pension funds for health care professionals and other groups of professionals
 - Other financial intermediaries such as pension schemes, pension funds, trade associations and foundations
-

Supporting decision makers with apoConsult

We support decision makers in managing and reporting their capital investments with apoBank's modular strategic consulting services. apoConsult, apoBank's own consulting concept for institutional investors, allows us to optimise our customers' capital investment strategies in line with their needs. The result is an investment proposal that institutional investors can implement. We support our customers with ongoing risk monitoring and individual reporting that is also suitable for submission to regulatory bodies.

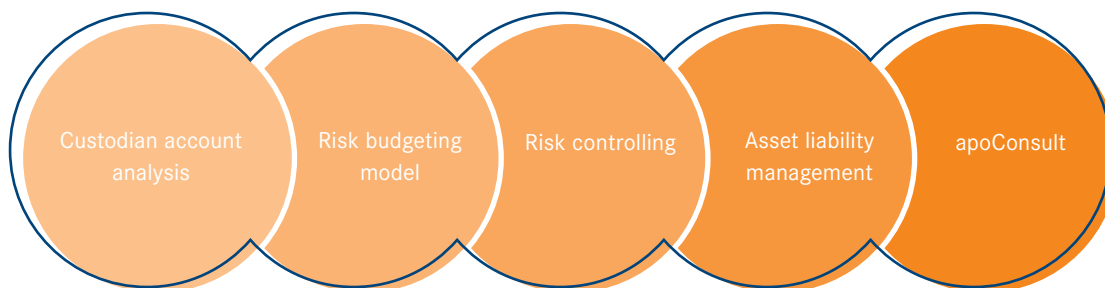
Long-term analyses

Our proven asset liability management is an essential element of long-term planning. It also provides a strategic framework for investment decisions: We project the long-term future development of capital investments and liabilities taking the investor's individual situation into account. This enables us to make recommendations for optimising both sides of the balance sheet that are also incorporated in our apoConsult consulting approach. All modules of our analysis services can also be used by our customers to communicate with their governing bodies and regulatory authorities.

Risk management for direct pension investments with apoScore

We use our apoScore tool for systematic risk evaluation. It continuously analyses the issuers of the direct pension investment portfolio in an ongoing risk management process. Scoring models are used to evaluate banks, countries and corporate bonds. Ad hoc analyses in the case of deteriorating credit ratings offer recommendations for action. apoScore uses a "traffic light system" to illustrate the quality of the portfolio for investors and make it easier for them to comply with regulatory requirements.

Modular services for managing capital investments



Professional depositary with a global network of custodians

Individual investment solutions

We also provide asset management services to our institutional investors to help them reach their target yields. We offer them individual fund solutions to complete their strategic allocation in addition to the qualitative management of direct pension investments. As well as our in-house expertise with regard to numerous investment classes – especially equities in the health care market – we offer our customers the service of selecting additional investments and providers that meet their needs and are likely to develop well in the current capital market environment. This is done at customers' request, for instance during the apoBank New Year's Conference, where we chair a debate on the topic of capital investment between our institutional investors and professional asset managers to jointly find individual investment solutions.

Specialised in pension funds

We see our partnerships with institutional investors as a dynamic process in which we constantly evaluate our services while coordinating and enhancing them in dialogue with our clients. We have close connections with many of our clients thanks to long-standing business relations. The experience gained through this gives us a significant advantage in meeting the requirements and

goals of pension funds and financial intermediaries, taking regulatory framework conditions into account. Our connections to regulatory authorities and umbrella associations are helpful in this context as well.

Customer care in dialogue

In a demanding capital market environment, the challenges faced by our investors and by apoBank as their partner have grown significantly. Personal, effective and regular communication is particularly important, because we can overcome these challenges much more easily together.

Our apoInvestment Forum has become an industry event, providing our institutional investors with an opportunity to talk to experts once a year. At this forum, we discuss current trends, investment ideas and requirements with investors and providers in our network with the goal of finding suitable solutions for our customers.

The health
care mega-
trend

is taken into account, for example in our equity fund apo Medical Opportunities Institutionell issued especially for institutional investors.

Solutions for Health Care Enterprises



Companies that work towards maintaining high-quality medical care benefit from our specific industry knowledge. Our corporate clients have access to our comprehensive spectrum of services. All our products and services are geared to the special conditions in the health care market.

Specific industry and financing knowledge

Our corporate clients benefit from our specific knowledge of the health care market for both investment and project financing. Classical banking services such as payment processing and interest rate management complete our range of products and services. Individual and sustainable financing concepts demand a high level of expertise in the health care sector as well as in lending and capital markets. We are familiar with the tasks, requirements and regional market conditions of the respective medical care providers.

Customer groups

- Companies in the health care market
- Inpatient care structures
- Outpatient care structures

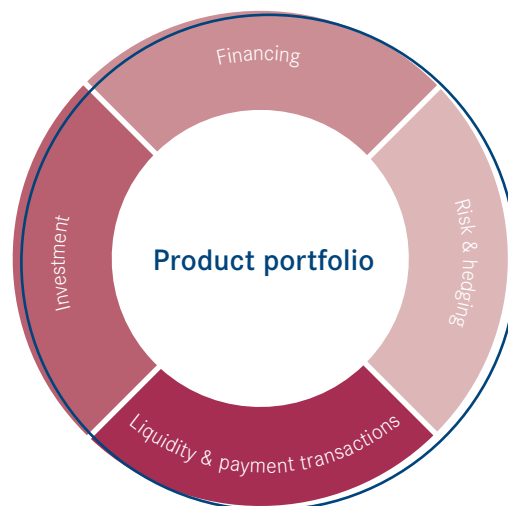
In-depth knowledge to support complex projects

We have a unique pool of data from extensive scientific analyses at our disposal. Our statistics and forecasts offer valuable insights into the health care market. This allows us to assess the chances of success for our customers' projects with great precision and minimise risks for them and us.

We use this knowledge to finance health care real estate projects as well as projects in outpatient and inpatient care and in the health care industry. Our support goes beyond mere financing: We accompany our customers from the outset in designing the concept and content of their complex projects, thereby offering them genuine added value in realising their plans.

Shaping changes together

Structures in the health care market are becoming ever larger and more complex. This is due in large part to the dynamic developments driven by digitisation. We conduct studies to examine the need for action that accompanies this trend and the changes we should prepare for together with market players. In 2015, we conducted a trend study on "Personalised Medicine of the Future" together with the trend research institute 2b AHEAD, in which we determined the expected demand and benefits in view of future developments and the resulting challenges for providers in the health care sector.



Aligned to health care market needs

More and more new players and providers are entering the health care market, especially in connection with the opportunities offered by innovative technologies. This results in more complex forms of cooperation, where more extensive networks offer a competitive advantage.

At the same time, the investment options for public providers in the inpatient sector have not improved, so that hospitals are increasingly called upon to realise their own financing strategies and options.

In the context of more flexible options for professional practice created by changes in health policy, new forms of cooperation such as medical care centres are also emerging in the outpatient care sector.

These changes also create new opportunities for the business activities of providers in the health care industry. We support our customers in their individual market environment with our knowledge as a competent partner and help them to capture these opportunities.

Personal project management

In assisting our customers with their financing projects, the focus is on integrated customer care. For us, this means supporting them personally from the initial idea and subsequent development to the successful realisation of their plans. In advising them, we emphasize the customer's strengths and environment to develop individual solutions.

We are able to do this thanks to our decentralised teams of advisers with comprehensive financing and industry expertise and a local presence, ensuring that we are close to our customers throughout Germany.

Long-term cooperation

We support a professional dialogue by offering customer events on relevant topics such as economic developments or trends in the hospital environment. This allows our customers to talk to other market players, consultants or project initiators in the health care sector.

In all of our activities, we aim for mutual trust, cooperation and long-term partnerships. Our goal is to implement our customers' projects to enable them to reap lasting benefits and succeed in the market.

Management Report

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Business and General Conditions

apoBank – the leading bank in the health care sector

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

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

Business model aligned to growing health care market

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

Our customers are working and retired health care professionals, students in corresponding courses of study, professional associations, forms of cooperation and companies active in the health care market. We also support suppliers of pharmaceutical, medical, dental,

inpatient and nursing care structures as well as members of other professional groups in the health care sector. We offer them a full range of financial and consulting services in the lending, deposit and investment business as well as in asset management.

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

Our vision and claim is to be the trusted bank of the health care professions. We strive to achieve a balance between yield and risk on the basis of defined risk guidelines.

The strategic objectives of apoBank are derived from our claim. We want to enhance customer satisfaction and increase our market share and market penetration. Sustained profitability in our customer business is our goal. This requires effective and efficient processes which we continue to improve. A high level of employee identification with apoBank as an employer is another important objective for us. The results of regular employee surveys serve as an important indicator in this respect. We also place great emphasis on the ongoing qualification of our staff.

Business model aligned with the challenges of digitisation

Customer expectations with regard to availability, speed, transparency and communication channels, among others, are changing fundamentally as a result of ongoing digitisation. We consider digitisation as an opportunity to refine our business model, gearing it even more effectively to the needs of our customers.

Our new customer service centre and our online consulting, for example, constitute further steps towards an integrated omni-channel concept. With the introduction of “paydirekt”, we are providing our customers with a secure and straightforward digital payment method. Our measures are supported by digital flagship projects such as the two apps “Lass mal kreuzen” and “Erfolgsrezept” tailored to the specific needs of our customers in the health care professions. Innovative new formats are also being tested internally in order to realise the potential of digitisation to the best possible advantage of our organisation.

Increasing the proportion of women in management defined as a strategic objective

We wish to offer our employees with their various abilities and talents a working environment that makes them feel valued and is free of prejudice. Since we view diversity as an opportunity, we also take this into account in filling management positions. Promoting women to management is a matter of course for us and increasing the proportion of women in management is a strategic objective at management level. The Board of Directors has established targets staggered over time for the proportion of women in the top two management levels.

Targets for the proportion of women in the top two management levels of apoBank

Deadline to reach the target	Proportion of women 1st management level	Proportion of women 2nd management level
by 30 June 2017	15%	20%
by 30 June 2022	20%	25%
by 30 June 2027	25%	30%

The first management level includes the division managers at head office, the market region managers and the regional credit control managers. The second management level encompasses the department managers at head office and in regional credit control as well as the regional branch managers.

The Supervisory Board also set a target of 15% for the proportion of women on the apoBank Supervisory Board by 30 June 2017. For the proportion of women on the Board of Directors, it confirmed the status quo for the time being. To date, there are no women on the Board of Directors.

Focus on strategic business segments

Our core business includes the segments of retail clients, professional associations and large customers.

We are striving for qualitative as well as quantitative growth in the retail clients business segment. Retail clients comprise students, salaried and self-employed academic health care professionals as well as retired health care professionals. Following our vision and the apoPur integrated advisory concept derived from it, we support our customers according to their individual needs and the various phases of life. We intend to continue strengthening our business with independent health care professionals while simultaneously driving the expansion of our product range and consulting services for salaried health care professionals and

students. Our specific private banking products and services are geared towards wealthy medical care professionals, completing our strategic orientation in this business segment.

In the professional associations and large customers business segment, we support professional associations and institutional organisations in health care as well as companies and supply structures in the health care market. We also offer tailor-made solutions for institutional clients along the entire institutional capital investment value chain.

We want to strengthen our market position with a systematic sales approach and by utilising cross-selling potential. To achieve this, our unique network in the health care market is a key success factor. The business potential of health care companies is growing constantly thanks to the trend towards cooperative, concentrated and complex medical care structures. This is where we are going to utilise our specialised customer and market expertise to expand our market position. We are going to establish an even stronger position in the market as a lending specialist for corporate clients and health care real estate. Our goal is to significantly expand the loan volume, especially with mid-size enterprises in the health care market.

We also want to continue to grow in the investment business with retail clients and institutional investors, where we will apply our own knowledge and the expertise of our associated companies Apo Asset Management GmbH and aik Immobilien-Kapitalanlagegesellschaft mbH. Apo Asset Management GmbH specialises in the administration and management of securities funds for private and institutional clients from the health care sector. aik Immobilien-Kapitalanlagegesellschaft mbH supports pension funds and occupational pension funds. As a real estate investment company, it pursues an integrated approach that includes all stages of the real estate investment value chain.

The general conditions for our business in the reporting year are described in the following.

Growth of the world economy remains weak

Due to the ongoing weakness of important emerging markets, the world economy posted the lowest growth rate since the onset of the worldwide financial crisis in 2015 with an expected 3.1%. This development was associated with a significant drop in commodity prices and low growth in the volume of world trade. This challenging environment notwithstanding, the upswing continued in the leading industrialised nations.

The economic performance of the USA increased by an expected 2.5% thanks to the solid development of the domestic economy – a similar rate as in 2014.

In the euro area, the tentative upswing gathered added strength due to an increase in private consumer spending on the one hand and a less restrictive fiscal policy on the other. In addition to the significant recovery in Spain and Ireland, the upswing also included France and Italy in 2015 after their economic performance had previously stagnated or declined.

Germany's gross domestic product (GDP) grew at an annual rate of 1.7%, somewhat more than in the previous year, thanks to the outstanding development of the job market and increasing real incomes. Although exchange rates developed favourably, the economic weakness of the emerging markets was detrimental to the development of German exports, so they only made a minor contribution to economic growth. In addition to private consumer spending, higher government spending in particular had a positive impact on GDP while the development of commercial investments was weak after significant growth at the start of the year.

GDP growth in % compared to the previous year

	2014 %	2015 (expected) %
Germany	1.6	1.7
Euro area	0.9	1.5
USA	2.4	2.5
Emerging markets	4.5	3.7
World economy	3.4	3.1

Sources: Federal Statistical Office, World Bank, Consensus Economics

Expansive monetary policy shapes the development of the financial markets

Inflation in 2015 was significantly below the target mark set by the European Central Bank (ECB), both in Germany and the euro area as a whole. This was not only due to the sharp drop in energy costs but also the weak development of other inflation components. Furthermore, expert estimates indicate that inflation will remain low over the medium term. On this basis, the ECB lowered the deposit facility rate to -0.3% in December 2015 while keeping the main refinancing rate at 0.05%. The ECB also announced that it would continue its broad-based securities purchase programme at least until March 2017. Also in December 2015, the US Federal Reserve raised its prime rate in a long-expected move and thereby ended its zero-interest policy that had been in place since 2008.

The yields on ten-year German federal bonds fell to an all-time low of 0.08% in the course of the year. The year-end yield at 0.63% was close to the level at the start of the year. Shorter maturities in part generated significantly negative yields in line with monetary policy. The sometimes extreme fluctuations in the prices of government bonds were remarkable as well. Fears that the euro area could break apart faded further into the background due to the reduction of risk premiums on government bonds in southern Europe and the recovery of the real economy.

 Yields on ten-year German federal bonds


The euro dropped in value significantly because of the monetary policy measures of the ECB relating to the currencies of the leading trade partners. In the course of the year, the exchange rate for the single currency fell by 10% against the US dollar. Developments in the global equity markets were mixed in 2015. While the MSCI World rose by a mere 0.2% in view of low profit expectations and widespread concern about China's economic development, the DAX and the Euro STOXX 50 rose by 9.6% and 3.8% respectively in response to the ECB measures.

US dollar/euro exchange rate in 2015



Noticeable growth of the lending business in Germany

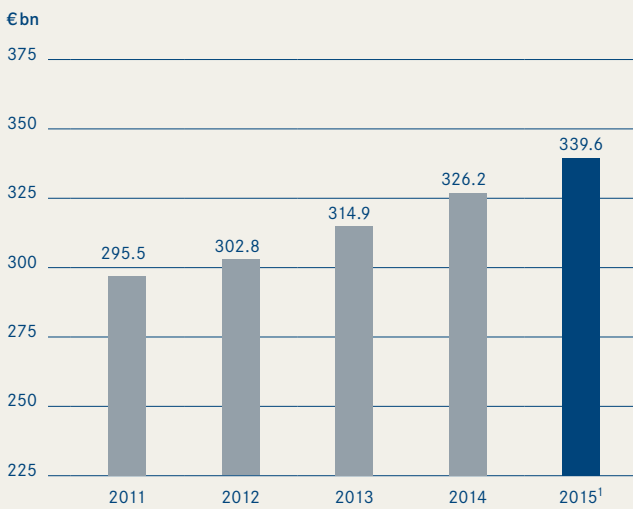
The lending business in Germany grew in 2015 thanks to brisk demand in the private real estate loan segment. While the volume of loans increased by 0.9% for non-financing companies compared to the previous year, the volume of loans to private households increased by 2.7% (November values for both). The noticeable price increases in the German real estate market continued in line with high demand for residential real estate.

Health care market remains a growth market

Germany has a very efficient and dynamic health care market. It remained a growth market also in the reporting year thanks to medical technology advancements, demographic developments and increasing health awareness within the population.

Lawmakers initiated substantial projects in the past year. They include the Care Provision Strengthening Act (GKV-Versorgungsstärkungsgesetz) and the E-Health Act (E-Health-Gesetz). The intent is to guarantee comprehensive medical care close to home going forward, to link the service sectors more closely and to establish secure digital communication between patients, practices, pharmacies and hospitals.

Development of health care spending



¹) Values include estimates and/or projections.
Source: Federal Statistical Office, health care spending calculation

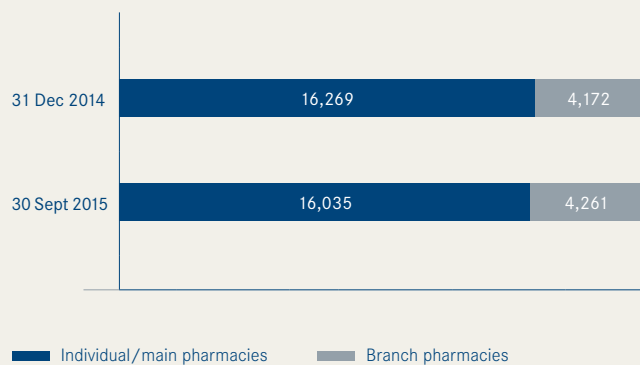
Health care spending continues to rise

We assume that health care spending in Germany continued to increase in the 2015 reporting year. An increase of 4.1% is expected based on the figures available to date.

Statutory health insurance (GKV) covered 59.3% of health care spending. According to the figures available to date (Q1 through Q3 2015), the benefit payments by statutory health insurance per insured person increased by 3.7% over the previous year.

Benefit payments by private health insurers increased by 1.8% in 2014. We expect that this trend continued in the reporting year.

Number of pharmacies¹



¹) As at 30 September 2015

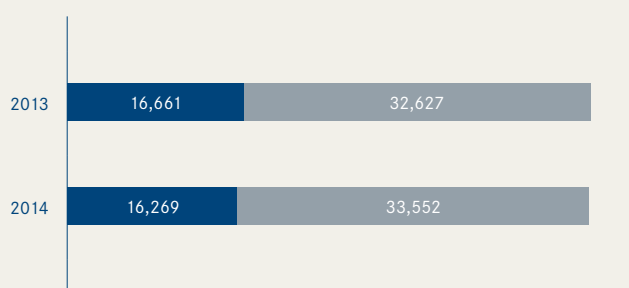
Source: Federation of German Pharmacists Associations (ABDA)

Pharmacies: Structural development

The number of pharmacies decreased by 145 as of 30 September 2015² compared to 31 December 2014. As in previous years, the number of main pharmacies continued to decrease, falling to 16,035, while larger branch networks played an increasingly important role. The number of branches rose by 89 (+2.1%) to 4,261. This means that fewer pharmacists are operating just a single pharmacy.

This branch expansion has also resulted in more pharmacists being employed as staff at the end of 2014 compared to the year before. Their number increased as it did in previous years (+2.8%) while the number of pharmacy managers continued to decrease (-2.4%).

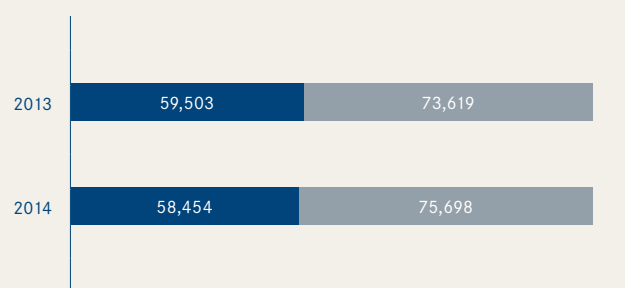
²) The figures given are those available at the press deadline.

Number of pharmacists¹

■ Pharmacy managers ■ Staff pharmacists

1) As at 31 December 2014

Source: Federation of German Pharmacists Associations (ABDA)

Number of panel doctors¹

■ Doctors with individual practices ■ Doctors in cooperative structures²

1) As at 31 December 2014

2) This includes doctors in group practices, in medical service centres/facilities and individual practices with staff doctors.

Source: Doctors' register of the National Association of Statutory Health Insurance Physicians

Pharmacies: Economic development

Pharmacies' earnings improved slightly in the past year according to the latest projections. Currently, the operating result is expected to have increased by €2,000 on average.

Statutory health insurance spending for pharmaceutical products rose by 5% to €26.0 billion in the first three quarters of 2015. Private health insurers spent €2.7 billion on pharmaceutical products and dressings in 2014 – currently, figures are only available for that year – which is 4.4% more than in 2013.

Panel doctors: Structural development

Although cooperations continue to change the way doctors practice, the proportion of individual practices among start-ups once again increased in 2014: 58% of start-ups were established as individual practices compared to just 55% the year before. If one examines all doctors providing statutory health insurance care, however, the number of panel doctors in individual practices with no staff doctors is decreasing steadily, which means the classic form of practising the profession is becoming rarer. While 44.7% of doctors operated individual practices in 2013, this figure fell to 43.6% in 2014.

The number of medical service centres rose steadily as it did in previous years: There were 2,073 medical service centres at the end of 2014, corresponding to an increase of 67 units compared to 2013. The average number of doctors working in a medical service centre has been growing continuously for years and reached 6.5 at the end of 2014.

At the end of 2014, there were 143,635 doctors participating in statutory health insurance care. That is 975 more than in the previous year (+0.7%). Younger doctors in particular continue to find a position in the ambulatory segment attractive and forgo establishing themselves at least for the time being. The proportion of staff doctors increased from 15.2% to 16.5% in 2014. At the same time, the number of independent panel doctors fell by around 900 to 109,638.

Panel doctors: Economic development

Statutory health insurance spending for doctors' services increased to €26.2 billion in the first three quarters of 2015, an increase of 4.6% over the previous year. Private health insurers spent €5.8 billion or 1.7% more on doctors' services in 2014 than in the previous year.

Contractual dentists: Structural development

Among contractual dentists, individual practices have been the dominating form of self-employment for years. In 2014, too, 71% of the start-ups financed by us were established as individual practices.

Medical service centres continued to play a subordinate role for dentists. There were 25 medical service centres with 155 staff dentists in the area of panel dentists across Germany in 2014. Medical service centres in a single field have also become possible since the Care Provision Strengthening Act came into force in August of 2015. Because of this easing, we assume that more medical service centres were founded in the dental field in 2015 than in previous years.

The number of dentists employed in practices has been increasing sharply for years. As at 30 June 2015, there were 9,173 dentists on staff in ambulatory care, 5.2% more than in the previous year. The proportion of staff dentists increased from 14% to 15%. In the same period, the number of panel dentists decreased slightly to 52,484 (-0.7%).

This shows that a trend towards larger organisations and operating units with more than one practitioner was also observed among panel dentists, although this was often achieved by employing dentists.

Contractual dentists: Economic development

Statutory health insurance spent €7.6 billion on dental treatment excluding dental prostheses in the first three quarters of 2015. This is an increase of 3.5% compared to the previous year. Private health insurers' spending at €1.4 billion in 2014 remained at the prior-year level.

Stable business environment

The economic development of our customers in the reporting year was positive overall. apoBank is therefore operating in a stable business environment. Gradual structural changes in the medical services sector continued as they did in previous years.

Retail Clients

Positive developments in the retail clients business segment

In the retail clients business segment, we support the professional and private endeavours of pharmacists, doctors, dentists and veterinarians with our apoPur advisory concept tailored especially to their needs and life phases. We once again continued our successful development with this consulting approach in 2015. In addition to our lending business, we continued to strengthen the securities business in particular. Deposits showed stable growth, too.

We owe our positive business development to increasingly addressing all customer groups with specialised advisers. We hired additional staff in the reporting year in order to continue expanding our consulting services. At the same time, we are pursuing the goal of opening new locations in the immediate vicinity of universities and clinics.

We continued increasing our customer numbers in 2015, especially among students in the health care professions as well as salaried and self-employed health care professionals. Our private banking advisory segment that is still young contributed to the increase in customers and especially to the positive results in the commission business across all three customer groups.

Increase in loans on the balance sheet despite high level of redemptions

Thanks to the dynamic new business, the retail client loan portfolio increased significantly although redemption remained high. It reached €24.1 billion on the balance sheet date³ (31 December 2014: €22.6 billion).

Even though the number of start-ups in the outpatient health care market is decreasing everywhere in Germany, we maintained our market leadership position in start-up financing thanks to our extensive industry knowledge with a loan portfolio of €6.2 billion (31 December 2014: €6.1 billion).

Demand for real estate financing remains high

The demand for real estate financing remained high in 2015 due to the low interest level. In addition to public subsidy programmes of the Kreditanstalt für Wiederaufbau (KfW) and the state development banks, demand for apoFestzinsDarlehen fixed interest loans increased for real estate financing. Competition with regard to the terms offered continued. At €12.7 billion, the real estate financing portfolio at the end of the year increased significantly compared to the 2014 closing balance (31 December 2014: €11.5 billion).

Investment and private financing amounted to €5.1 billion at the end of 2015 (31 December 2014: €5.1 billion).

3) Since the beginning of 2015, business volume generated with bank employees and retail clients included in intensive/problem credit management has been shifted to the retail clients business. Previous year's figures were not adjusted.

Deposits increased significantly again

The average volume of demand, savings and term deposits of our retail clients increased to €12.7 billion in 2015 (2014: €11.4 billion). Due to the persistently low interest rate environment, our customers were primarily interested in investments with short-term maturities and high availability. The average demand deposit volume grew noticeably to €6.4 billion (2014: €5.4 billion). The average volume of the apoZinsPlus and apoCash call accounts increased to €5.4 billion (2014: €5.1 billion). Term deposits decreased to €645 million on average (2014: €785 million). Savings deposits averaged €130 million (2014: €97 million).

Securities business characterised by equity market volatility

While the international equity markets went up significantly at the beginning of the reporting year, the second half of the year in particular was defined by severe fluctuations. Securities turnover in 2015 focused on products offering participation in the equity market with reduced risk and/or active portfolio management. This sustained trend benefited mixed funds in particular along with our various asset management services. On the other hand, investments in straight equities continued to be restrained because of capital market volatility. At the same time, the low interest level dampened interest in fixed-interest securities. Our customers increasingly chose call deposits for short- to medium-term investments as a result. Overall, the deposit volume in the retail clients segment increased slightly to €6.9 billion in 2015 (31 December 2014: €6.8 billion).

Growth in asset management

The growth trend in asset management continued. apoBank once again managed to grow in a challenging market environment compared to the previous year: The number of our customers increased to more than 4,600 (31 December 2014: around 4,000 customers) while the managed volume grew to €2.6 billion (31 December 2014: €2.2 billion).

Renewed growth in the insurance business

The insurance business grew noticeably compared to the previous year with a brokerage volume of around €290 million (31 December 2014: €266 million). This increase was driven by rising demand for index-linked insurance products and the use of redemption replacement for financing.

Marked growth in the building society savings business

The building society savings business once again developed very favourably in 2015. Brokered building society savings reached €509 million, again significantly more than in the previous year (31 December 2014: €431 million). This was due to higher demand for real estate and the use of building society savings in preparation for a potential real estate acquisition and as part of financing.

Professional Associations, Institutional Clients and Corporate Clients

Close collaboration with associations of health care professional groups

When it comes to the professional organisations customer group, we focus on financial advisory services in a health policy context. Deposits by professional associations, mainly associations of panel doctors and dentists, clearing centres for private doctors, and professional pharmacy data processing centres, constitute an important part of apoBank's customer deposits.

Overall, we succeeded in further solidifying our business relationships with professional associations in a highly competitive environment during the reporting year.

Our customers once again preferred demand deposits over classic time deposits in the deposit business. The total volume of customer deposits averaged €3.9 billion (2014: €3.6 billion).

Once again, the emphasis in the lending business was granting pre-financing lines for professional pharmacy data processing centres. The average volume in the loan business with professional associations was €267 million (2014: €292 million).

Positive development of business with our institutional clients

Our institutional clients customer group includes pension funds for health care professionals and other liberal professions as well as financial intermediaries such as pension schemes, pension funds and other professional investors.

With our comprehensive portfolio of investment products, banking and consulting services, we supported our customers in a challenging environment and helped them generate their actuarial interest rates or target yields.

Depositary volume increased again

To optimise the implementation of their investment strategies, our customers utilise our efficient depositary function for master and individual funds that serve as an organisational home for investments in securities and real estate. Our depositary volume increased significantly to €12.7 billion as a result (31 December 2014: €11.0 billion). The number of managed funds grew to 157 at the same time (31 December 2014: 130). Overall, we as a German depositary bank specialising in pension schemes have successfully established ourselves as an alternative to what are known as "global custodians" against tough competition. Key success factors include our knowledge accumulated over many years about this special market, the business structure and investment goals of our customers as well as the underlying regulatory conditions.

Slight expansion of institutional portfolio management

Demand for our investment products aimed at institutional investors was high in 2015. The managed volume in institutional portfolio management amounted to €2.8 billion on the balance sheet date (31 December 2014: €2.7 billion). In addition to the investment decision, our services focused on continuous portfolio monitoring and meeting the regulatory requirements of our customers – which keep getting stricter with regard to complexity and demands. Our apoScore risk controlling tool was met with great interest by our customers as well. This tool calculates the probability of issuers defaulting so that our customers who manage their pension portfolio themselves can maintain an overview of its credit quality as can the established rating agencies.

Increased demand for consulting services

In addition, we offer a comprehensive range of consulting services such as balance sheet management for our customers. We saw a positive trend in the demand for our models and modular consulting services, consisting primarily of controlling mechanisms in addition to the detailed reporting of all capital investments. Our asset liability model, for example, provides a long-term projection of capital investments and benefit obligations including recommendations for asset liability management based on the results. With apoConsult, our institutional clients optimise their strategic asset allocation depending on their readiness to assume risk, target yields and other individual restrictions. Our risk budgeting model is used to manage and review the portfolios of our customers during the year.

All modules are tailored to the needs of our investors and also support reporting for decision makers, committees and regulatory authorities.

Corporate clients business still on track for growth

apoBank bundles its support for companies in the health care market in the corporate clients business segment. These consist primarily of companies in the pharmacy wholesaling and dental trade, the pharmaceutical and medical technology industries and private clearing centres. We also support inpatient care providers such as clinics, rehabilitation centres and nursing homes, and we facilitate (real estate) project financing, especially for medical and health centres.

We successfully broadened the customer base in the industry segments described above and intensified existing customer relationships in the 2015 financial year. The realignment of our corporate clients business, which progressed significantly during the reporting year, made a contribution here. We are making ourselves more attractive for our customers by continuously expanding our product and service portfolio.

In particular, demand for financing by the initiators of real estate projects as well as inpatient care providers (clinics, nursing homes) increased, favoured by the ongoing low interest level and the continued positive growth prospects in the health care market.

Overall, we continued to expand our financing activities in the corporate clients business segment. The loan volume at the end of the year was €2.1 billion (31 December 2014: €1.6 billion).

Net Assets, Financial Position and Results

Positive business performance in the 2015 financial year

The general conditions for banks remained tough in 2015. Low interest rates, increasing regulatory requirements as well as rising geopolitical tensions and the subsequent volatile capital markets made business for financial institutions more difficult. In view of this, many banks continued to focus on optimising processes and costs, promoted in part by increasing digitisation, and to focus again on their respective core competencies. Competition in the retail clients segment remained high.

As planned, apoBank was able to once again improve its net profit in the year under review despite these conditions. This was due to our strong market position and the largely favourable economic conditions in the health care sector.

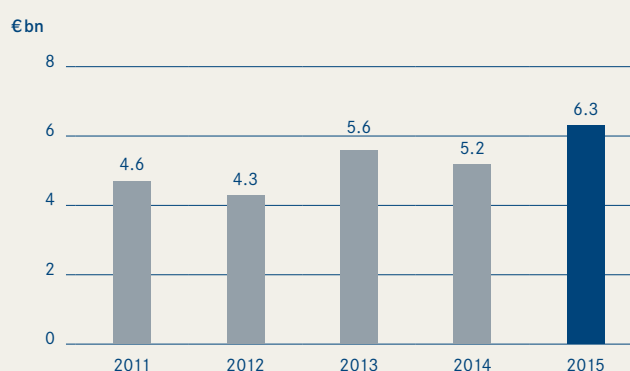
This allowed us to reach our goal of paying continuous dividends to our members and supporting them in all financial matters. We also once again strengthened our reserves.

Further rise in the number of members and customers

In 2015, our activities were once again focused on fulfilling our statutory purpose: We support our members and customers in attaining their professional and personal goals with our specialised banking services. Based on this focus, we continued the positive development of our customer business in the reporting year. This is reflected in the further expansion of our customer and member base: The number of customers increased to 397,000 in 2015 (31 December 2014: 382,000 customers). At the same time, the number of members increased to 107,768 (31 December 2014: 105,864 members).

In the following sections, we will present the main income and expenditure items for 2015.

New loan agreements¹



1) Including loan transfers

Net interest income down year on year as expected

Due to the historic period of low interest rates, net interest income was down year on year by 3.3% at € 675.2 million (31 December 2014: € 698.3 million). We generated positive effects from the increase in the volume of the interest-bearing customer business. The lending business was marked by a high level of new loans, which at € 6.3 billion were up significantly year on year (31 December 2014: € 5.2 billion). The volume of new business was much higher than repayments so that the loan portfolio in the balance sheet grew. By contrast, we registered a drop in contributions to profit from our strategic interest rate risk management due to low interest rates, as expected.

The relief on the refinancing side continued in the reporting period. The trend towards short-term customer deposits prevailed.

The interest margin remained more or less stable at 1.9% (2014: 2.0%).

Considerable rise in net commission income

Net commission income rose by 7.7% to €133.0 million (31 December 2014: €123.5 million). The positive development reflects the hiring of customer advisers as well as the expansion of our product range. Our new apoPur advisory concept contributed significantly to this development. The increase in the securities business was driven by retail clients and institutional clients as well as by our asset management. We also benefited from a favourable building society savings and insurance business.

General administrative expenses only up slightly

In 2015, we succeeded once again in keeping the increase in expenses at a moderate level thanks to our disciplined cost management. General administrative expenses only increased by a total of 3.6% to €496.0 million (31 December 2014: €478.6 million). This was mainly due to personnel expenses, which grew by 9.5% to €267.0 million (31 December 2014: €243.8 million), largely as a result of the higher number of employees. Operating expenditure, including depreciation, fell by 2.5% to €228.9 million (31 December 2014: €234.7 million), despite a significant rise in expenses in the wake of tougher regulatory requirements.

Operating profit down year on year as expected

Operating profit, i.e. operating profit before risk provisioning, amounted to €304.8 million and was thus lower than in the previous year (31 December 2014: €337.1 million), as expected, mainly due to the drop in net interest income.

Risk provisioning reflects high quality of loan portfolio

At €39.2 million, risk provisioning from the operating business was considerably lower than in the previous year (31 December 2014: €59.2 million). Thanks to the good creditworthiness of the loan portfolio and our successful risk management, particularly net allocations to loan loss provisions remained at a low level. In addition, the year 2014 had been marked by a higher individual precautionary measure. Financial instruments and participations both experienced slight write-ups.

Risk provisioning with reserve character, which includes precautionary measures for future charges, totalled €112.2 million (31 December 2014: €135.9 million). This item also includes the fund for general banking risks, to which we assigned €75.0 million (31 December 2014: €75.0 million).

Income statement

€m	31 Dec 2015	31 Dec 2014	Change in % ¹
Net interest income	675.2	698.3	-3.3
Net commission income	133.0	123.5	7.7
General administrative expenses	-496.0	-478.6	3.6
Net trading revenues	0.4	0.9	-54.7
Balance of other operating income/expenses	-7.9	-7.1	11.5
Operating profit before risk provisioning	304.8	337.1	-9.6
Risk provisioning from the operating business	-39.2	-59.2	-33.8
Risk provisioning with reserve character	-112.2	-135.9	-17.5
Operating result	153.4	141.8	8.1
Extraordinary income and expenses	0	-8.0	-
Taxes	-94.3	-79.3	19.0
Net profit after tax	59.1	54.5	8.3

1) Deviations due to rounding differences

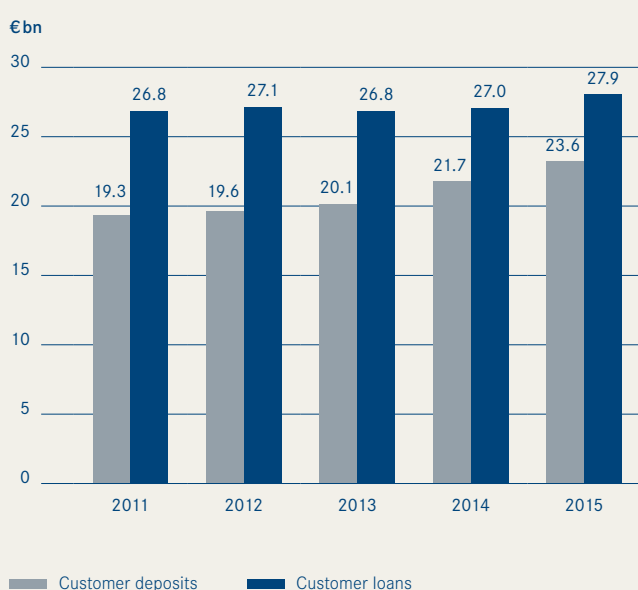
Increase in net profit

The operating result increased by 8.1% to €153.4 million (31 December 2014: €141.8 million). Net profit after tax amounted to €59.1 million (31 December 2014: €54.5 million). Net interest income was down year on year as expected. This development was countered by a noticeable rise in net commission income. At the same time, a significantly lower need for loan loss provisioning relieved the burden on the result. All told, apoBank once

again set aside reserves in the reporting year. Return on equity after tax was 3.6% (31 December 2014: 3.6%) and the return on investment was 0.16% (31 December 2014: 0.16%).

The net profit achieved allows the Board of Directors and the Supervisory Board to propose to the Annual General Meeting a dividend of 4% and an allocation to disclosed reserves of €15 million.

Customer deposits and customer loans



Balance sheet total up slightly

The balance sheet total amounted to €36.4 billion as at 31 December 2015 (31 December 2014: €35.1 billion), up 3.8% year on year. Loans and advances to customers rose to €27.9 billion (31 December 2014: €27.0 billion). This was due to demand for our financing expertise remaining high, resulting in an increase in the loan portfolio shown in the balance sheet. The securities portfolio amounted to €5.7 billion (31 December 2014: €5.5 billion). This slight increase is largely due to the expansion of our liquidity reserve in order to prepare for compliance with the regulatory liquidity coverage ratio (LCR) in future. On the liabilities side, we were able to significantly increase customer deposits, which totalled €23.6 billion (31 December 2014: €21.7 billion). This amount also includes the promissory note funds and registered bonds placed with our customers totalling €3.6 billion (31 December 2014: €3.8 billion).

Liquidity situation remains comfortable

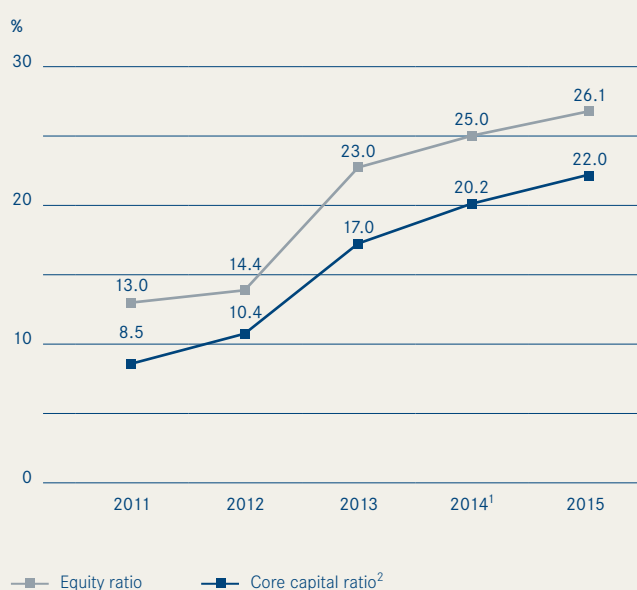
apoBank's liquidity position was comfortable in 2015, too. As an established market participant with good credit ratings, our funding is secured through various sources and on the back of the broadly diversified customer and investor base. Customer funds represent the largest source of funding. We also place Pfandbriefe and unsecured bonds with our institutional clients, members of the cooperative FinanzGruppe and on the capital market. In addition, we employ funding alternatives offered by the Kreditanstalt für Wiederaufbau (KfW) and state development banks.

As at the balance sheet date, customer funds amounted to €24.1 billion (31 December 2014: €22.7 billion), which represented more than half of the liabilities on the balance sheet. In addition to customer deposits, this item also includes apoObligations placed with retail clients.

Capital market-based refinancing funds, including promissory note funds placed with banks totalled €2.8 billion as at the balance sheet date (31 December 2014: €2.0 billion). New issues in our Pfandbrief business amounted to €569 million, which includes a mortgage Pfandbrief of €500 million that we successfully placed on the European capital market. This LCR-eligible Pfandbrief in a benchmark amount rounds out the funding of our growth strategy in the customer business. The total issue volume of Pfandbriefe amounted to €1.6 billion (31 December 2014: €1.2 billion).

apoBank utilised the refinancing option via ECB open market transactions only to a limited extent in the previous year. In view of the new regulatory liquidity risk requirements, we increased the volume of ECB-eligible securities to €4.5 billion (31 December 2014: €4.0 billion).

Equity and core capital ratio



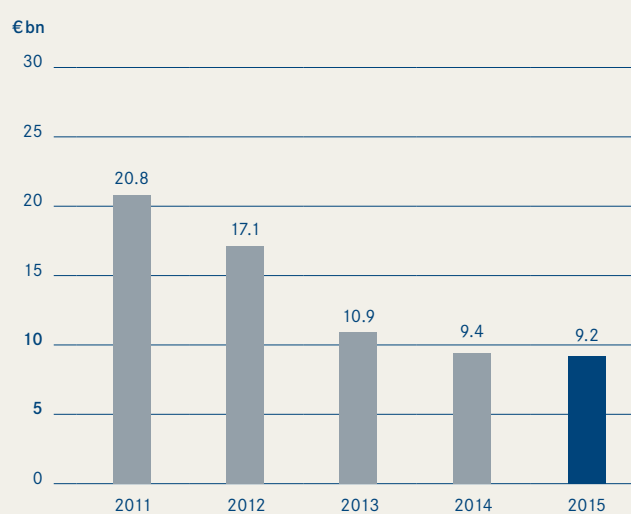
1) From 2014, calculation according to Capital Requirements Regulation (CRR)
2) From 2014, recognition of common equity tier 1 ratio

Equity ratios stable at a high level

apoBank's equity ratios were stable at a high level in 2015. At the end of 2015, the total capital ratio of apoBank calculated pursuant to the Capital Requirements Regulation (CRR) amounted to 26.1% (31 December 2014: 25.0%) and the common equity tier 1 ratio amounted to 22.0% (31 December 2014: 20.2%). The ECB has set the apoBank-specific core capital ratio pursuant to the supervisory review and evaluation process (SREP) at 8.75%. This minimum ratio is low compared to that of other banks regulated by the ECB.

Regulatory equity capital totalled €2,411 million as at 31 December 2015 (31 December 2014: €2,340 million). Common equity tier 1 capital rose from €1,890 million as at the end of 2014 to €2,028 million. The increase in capital contributions to €1,109 million (31 December 2014: €1,081 million) strengthened apoBank's capital base.

Risk positions requiring equity



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

We also made allocations to the fund for general banking risks and the revenue reserves from the annual financial statements as at 31 December 2014.

Supplementary capital declined slightly to €383 million. The reasons for this were that since the start of 2015, subordinated capital was accounted for to a lesser degree due to offsetting directly to the day within the last five years of the residual term and the fact that uncalled liabilities adjustment and the reserve pursuant to Section 340f were not considered to the same extent as previously.

Risk-weighted assets amounted to €9,227 million at the end of 2015, down slightly year on year (31 December 2014: €9,363 million).

The leverage ratio pursuant to the transitional provisions rose from 5.2% as at 31 December 2014 to 5.3%, mainly due to the increase in core capital.

Moody's lifts apoBank's rating

apoBank's creditworthiness, i.e. its ability and readiness to meet all financial obligations fully and in a timely manner, is assessed by rating agencies Moody's Investors Service and Standard & Poor's.

In addition, Standard & Poor's and Fitch Ratings assess the creditworthiness of the entire cooperative Finanz-Gruppe. As apoBank is part of the cooperative Finanz-Gruppe and is a member of the cooperative protection systems, these ratings also indirectly apply to apoBank.

Ratings

	Standard & Poor's	Moody's	Fitch Ratings (group rating)
Long-term rating	AA-	Aa1 ¹	AA-
Short-term rating	A-1+	P-1	F 1+
Outlook	stable	stable	stable

As at 26 January 2016

1) Long-term deposit rating

On 19 June 2015, Moody's Investors Service lifted its long-term deposit rating for apoBank two notches to Aa2 with a positive outlook. The agency rated apoBank's unsecured bonds Aa3 with a negative outlook, while the short-term rating for these bonds remained unchanged at P-1. The agency set the newly introduced Counterparty Risk Assessment at Aa1 (cr) and P-1 (cr), respectively. Moody's again reviewed its ratings for German banks in the wake of the new Resolution Mechanism Act (AbwMechG), the act to adapt national bank resolution legislation to the uniform resolution mechanism. As a result, the agency lifted its long-term deposit rating for apoBank one additional notch on 26 January 2016, from Aa2 to Aa1 with a stable outlook. The Aa3 rating for unsecured bonds was confirmed, and the outlook was changed from negative to stable. All other ratings remained unchanged.

Standard & Poor's confirmed apoBank's good ratings in November 2015.

Summary of net assets, financial position and results

Our sustainable business model and focus on our core business proved its worth in the reporting period. Thanks to our stable and strong market position and our in-depth knowledge of the health care market, we were able to further expand our customer and member base. In doing so, we are continuing the positive trend of previous years. Net interest income was characterised by the sustained period of low interest rates. By contrast, we increased our income from the commission-bearing business. Overall, our net profit was above that of the previous year once more. This allows us to further strengthen our reserves and pay out a stable dividend to our members. Our sustainable optimisation of processes and costs in particular contributed to this development.

apoBank's capital ratios are stable at a high level, benefiting from apoBank's risk profile, which remains both strong and intact, as well as a slight decline in risk-weighted assets, in addition to growth in the capital base. The liquidity situation was comfortable at all times during the reporting period; it is characterised by a broadly diversified refinancing base.

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

Events after the Reporting Date

No events took place that were subject to reporting requirements between 31 December 2015 and 10 March 2016 when the Annual Financial Statements were prepared by the Board of Directors.

Risk Report

Principles of risk management and risk control

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

Risk management at apoBank includes the following essential elements that contribute to achieving the objectives outlined above:

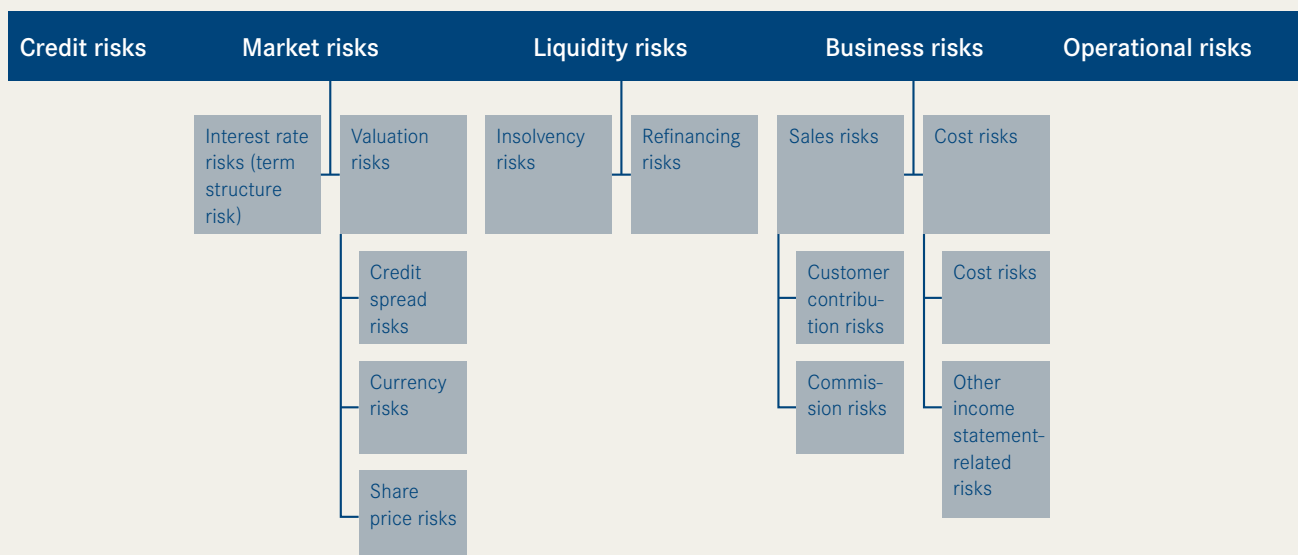
- risk inventory,
- the business and risk strategy,
- risk-bearing capacity including stress tests,
- risk control, measurement and limitation as well as
- risk reporting and reorganisation governance.

Risk inventory

The risk profile of apoBank with its participations and outsourced business operations is determined in the annual risk inventory. The identification of risks is an essential part of the risk inventory. In this process, the significant risks of apoBank are identified, measured in the risk-bearing capacity calculation and then limited. apoBank considers risks as significant which, by virtue of their nature and scope, are able to have a significant impact on the net assets, financial position and results.

The key types of risk for apoBank are credit risks, market risks, liquidity risks, business risks and operational risks as shown in the diagram that follows.

Overview of significant quantifiable risk types of apoBank



In addition to the key types of risk, apoBank also examines risks that can have an indirect impact on the significant risks. In keeping with their nature as so-called cross sectional risks, they are integrated in the risk controlling and measuring procedures for the significant risks. apoBank identified model risks and reputation risks in this context.

Credit risks

Credit risk refers to the loss that can result due to the partial or entire default or the deteriorating creditworthiness of a borrower or contractual partner.

Market risks

Market price risk is the loss that can occur in the markets due to changes in market prices (such as share prices, interest rates, credit spreads and foreign exchange rates) and market parameters (such as market price volatility) for the positions held by apoBank.

Liquidity risks

apoBank distinguishes between insolvency and refinancing risks.

Insolvency risk is the risk that apoBank may not be able to meet its current or future payment obligations in whole or in part.

Refinancing risk is the threat of higher refinancing costs due to a downgrade of apoBank's credit rating and/or changes in the liquidity situation on the money and capital markets.

Business risks

We differentiate between sales and cost risks.

Sales risk encompasses an unexpected development of sales results in the retail clients, professional associations and large customers business segments as well as the Treasury division. It contains deviations from target figures of interest-bearing customer contributions (customer contribution risks) and of (net) commission income (commission risks).

Cost risks refer to unexpected developments in general administrative expenses and to other risks of various items in the income statement.

Operational risks

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

Business and risk strategy

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

Binding risk guidelines have been defined in the risk strategy for all business segments and types of risk. Compliance with these guidelines is monitored as part of overall bank control. The responsible decision makers are informed of the current status quo as part of ongoing reporting.

Risk-bearing capacity

The risk-bearing capacity calculation is an important monitoring and controlling tool. We use it to analyse and evaluate the risk position of apoBank and to ensure our long-term existence.

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

All material, quantifiable risks are consolidated according to economic valuation approaches on the basis of a 97% confidence level and measured with a holding period of one year. Diversification effects between risk types are not taken into account.

The Board of Directors establishes an overall bank risk limit for all key types of risk thereby specifying the risk appetite of apoBank. The risk cover pool provided to cover the measured risks forms the basis for this overall bank risk limit and further, differentiated limitations.

The risk cover pool is comprised of regulatory capital components that are not required to meet the regulatory minimum equity requirements, parts of the results generated in the course of the year and the budgeted operating result as well as the hidden reserves in select securities. Hidden burdens in securities held as long-term assets are deducted.

The risk-bearing capacity is also examined separately in the Bank's annual and mid-term planning. This means it not only serves as an operational (risk) measurement tool but is also used for medium-term capital planning.

Stress tests

The risk-bearing capacity calculation is supplemented with Bank-wide stress tests and what are known as reverse stress tests. In the Bank-wide stress tests, various scenarios are used to identify how unusual negative but plausible changes compared to the planned and expected development of the risks affect utilisation of the risk-bearing capacity. The reverse stress tests analyse under what circumstances the apoBank business model is no longer sustainable.

Bank-wide stress tests

Four stress calculations in the form of scenario analyses are conducted to determine the risk-bearing capacity. In these calculations, the scenario analyses show the interaction between the two capital components of the risk-bearing capacity and between risk types.

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

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

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

The combination stress scenario is a historical and hypothetical scenario in which all portfolios are stressed simultaneously for counterparty default risk and stress effects of the previously described scenarios are taken into account for the other risk types.

Reverse stress tests

The reverse stress tests examine which events render the Bank's business model unsustainable. They constitute a supplement to the Bank-wide stress tests mentioned above. The focus is on the risk-bearing capacity with respect to both regulatory and economic capital as well as the Bank's solvency.

Within the scope of the reverse stress tests, apoBank calculates how much risk factors need to be stressed individually and in combination before the apoBank business model is no longer sustainable. This is followed by a critical evaluation of the results of this stress test calculation with regard to possible sensitivities in the Bank's risk profile.

Risk control, measurement and limitation

Risk concentrations

apoBank analyses and monitors concentrations within the key types of risk (intra-risk concentrations) and between the key types of risk (inter-risk concentrations). It differentiates between strategic and specific risk concentrations. Strategic risk concentrations arise from apoBank's business model and primarily relate to the health care sector.

Specific risk concentrations refer to the risk of possible detrimental consequences from an undesirable, uneven distribution of risk among customers and/or between or within regions/countries, industries or products. The management principles and risk guidelines take significant risk concentrations into account.

Credit risk

In credit risk management, a distinction is made between retail clients, professional associations and large customers, financial instruments and participations. The unexpected loss for credit risks as recognised in the risk-bearing capacity is determined based on portfolio data and concentration effects and is limited at a Bank-wide level.

Credit risks are also limited and monitored in terms of volume at portfolio and individual borrower level. Both the individual risk and significant risks of the Group's exposures or risk group are taken into account. apoBank has implemented a country limit system to monitor the regional distribution of credit exposures at the overall portfolio level. Risks are limited depending on macroeconomic, country-specific fundamental data, the current creditworthiness of the respective country and apoBank's equity situation.

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

The rating system of apoBank

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

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

apoBank regularly agrees on collateral with its customers in the lending business. Eligible collateral includes in particular the assignment of receivables (such as earned income) and life insurance benefits, guarantees, the pledging of securities, the assignment/pledging of assets as well as mortgages. A proportional valuation limit (loan-to-value ratio) is assigned to each bankable collateral which can be evaluated based on its properties and other factors.

Netting master agreements that apply across products are concluded to reduce counterparty risk from derivatives transactions. apoBank also utilises collateral management for derivatives (collateral for open positions).

Retail clients business segment

The retail clients portfolio primarily consists of loans for health care professionals, cooperations in outpatient care and smaller companies in the health care sector if these companies' risks can be assigned to health care professionals.

To manage this portfolio, apoBank applies the internally developed "apoRate" rating procedure tailored especially to apoBank customers in addition to the economic analysis of individual customers. Combined with its excellent expertise in the health care professions segment established over many years, these instruments are ideal risk and early warning indicators. They represent a reliable basis for early detection of potential payment disruptions.

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

Problem credit management comprises a catalogue of measures developed jointly with the customer in order to resolve his or her liquidity or earnings problems. The customer is primarily managed by the regional credit management's special customer service teams. Their responsibility is to support the customer in the reorganisation phase or – if a reorganisation is not possible – to wind up the engagement.

The Problem Credit and Loan Management department within headquarters supports the regional credit management team and the branches in asserting apoBank's claims against non-payers.

Professional associations and large customers business segment

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

Differentiated rating procedures are used in this portfolio: In the case of engagements with institutional health care organisations, these are loans to legal persons under public law, mainly professional organisations and associations of the health professions.

According to the CRR, the portfolio belongs to the institutional exposure class and is thus evaluated using a rating model designed by apoBank. Due to the special characteristics of these counterparties, the rating model focuses on the creditworthiness of the operator of the respective institution, in addition to qualitative aspects.

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

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

Treasury, participations and Corporate Center business segment

Financial instruments

The investment of available funds in the money and capital markets is used for liquidity and balance sheet structure management at apoBank. Money and capital market investments as well as derivatives transactions are combined in the financial instruments portfolio. In addition to classical securities and money market instruments for liquidity management, it includes derivatives to manage the Bank's interest change risk. The Bank holds a limited number of positions in foreign exchange and securities trading in the customer business. It also holds a minor investment in start-up financing and co-investments in fund products sold to customers.

The VR bank rating of WGZ Bank is the primary tool used for assessing creditworthiness in the financial instrument portfolio. apoBank has also established various early risk detection tools that are adapted to current market conditions. The established processes include ongoing and systematic monitoring of relevant risk indicators allowing for a direct and timely response, should any action be necessary.

Participations

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

Market risks

apoBank's market risks are integrated into the general risk management framework, which is based on a differentiated risk measurement and control system. The Bank's market risks are primarily its overall interest rate risks (term structure risks) and the change of credit spreads in the financial instruments portfolio (valuation risks).

We hedge currency risks as far as possible. Other market risks are of minor importance. apoBank's business and risk strategy does not include active trading to exploit short-term fluctuation in prices.

apoBank regularly employs interest and currency derivatives to reduce market risks and hedge transactions. Derivatives to hedge interest rate risk are employed both at transaction level (micro hedges) and Bank-wide level (strategic interest rate risk management).

Asset swaps, for example, are concluded at the level of specific securities transactions. To hedge interest rate risks for simply structured passive products, we conclude micro hedges in the form of structured derivatives. In addition, interest rate derivatives are concluded at Bank-wide level as part of strategic interest rate risk management to achieve a strategic benchmark. To avoid losses from currency fluctuations, apoBank hedges foreign currency positions with FX forward transactions.

Bank-wide interest surplus risk

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

In measuring the interest surplus risk from a period perspective, the impact of changes in the interest curve on the Bank-wide periodic interest result is simulated (term structure risk).

A key tool to monitor the interest surplus risk from a present value perspective is the interest risk coefficient, which relates the loss in present value upon occurrence of an ad hoc shock of +/-200 basis points to the regulatory equity capital.

Valuation risks of financial instruments

To measure the valuation risks of the financial instruments, we apply the value-at-risk method of historical simulation. While the parametrisation for operational controlling is based on the market development in the preceding 250 days, the valuation risk measured to calculate the risk-bearing capacity is based on a crisis or stress period (stressed value at risk).

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

Liquidity risks

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

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

The refinancing risk included in the risk-bearing capacity is calculated and limited accounting for the required refinancing volume and costs in case of risk realisation. apoBank has an internal liquidity price allocation system for the appropriate assignment of liquidity risks and the allocation of liquidity costs.

apoBank holds an extensive liquidity reserve consisting of ECB-compliant securities and cash reserves; the securities can be sold or borrowed on at any time. This gives apoBank sufficient liquidity in the event of a crisis and ensures compliance with regulatory requirements. The costs of the liquidity reserve to be held by apoBank are borne generally by the respective business areas on the basis of the internal liquidity cost allocation.

A key refinancing source for apoBank are covered bonds (Pfandbriefe). The security of their recovery is monitored and controlled on a daily basis. The loans in the cover pool are selected defensively.

Business risks

The Bank's business risks comprise sales risks, cost risks and other income statement-related risks.

Sales risk

Sales risks arise in segments where customer and commission contributions are generated. At apoBank, these risks relate to the retail clients, professional organisations and large customers segments as well as parts of the Treasury segment. Sales risks are controlled according to established processes for the management of the income statement and sales and are monitored and reported on an ongoing basis.

Potential deviations from target figures relating to customer contributions of interest-bearing transactions and commission contributions are considered by being measured in sales risks. While the customer contribution risk in the interest surplus is calculated in an interest surplus risk simulation, the commission risk is measured using a value-at-risk approach (variance-covariance approach).

Cost risks/other income statement risks

The cost and other income statement risk is measured using a value-at-risk approach (variance-covariance approach). Cost risks are constantly monitored and controlled through a defined cost management process.

Operational risks

Managing operational risks is based on the identification of potential operational risks performed by the local risk managers through self-assessments. The local risk managers are also responsible for developing, implementing and monitoring measures to control all significant operational risks identified.

Risk Controlling verifies the plausibility of the self-assessment results, compiles and analyses them and then reports them to the Board of Directors. The essential data on the losses incurred from operational risks are recorded in the central risk event database.

Legal risks from standard operations are reduced using standardised contracts. The effects of insurable risks are alleviated by obtaining suitable insurance coverage. The security and stability of the IT system is guaranteed by a number of technical and organisational measures. Fiducia & GAD IT AG as a specialised, quality-assured IT service provider is responsible for all services in operational processing, data management and most of data archiving. The contractual agreements are based on the usual standards and ensure the secure and efficient operation of applications and IT services for apoBank.

Measuring unexpected losses from operational risks in the risk-bearing capacity is based on the standard regulatory approach.

Risk reporting and reorganisation governance

apoBank has a comprehensive, standardised reporting system. It serves as the basis for detailed analyses and for deriving and evaluating alternative actions as well as deciding on risk controlling measures.

Risk reporting to the Board of Directors comprises, among other things, monthly reporting on the risk-bearing capacity calculation including monitoring the limits for the significant types of risk and daily reporting of market price risk limit utilisation in the financial instruments portfolio.

Early warning-related issues are reported via an established ad hoc process to a defined group of recipients.

As monitoring bodies, the Supervisory Board and its Audit, Loan and Risk Committee are informed regularly of the current risk position as well as risk controlling and limitation measures. The Audit, Loan and Risk Committee also discusses significant investments, the sale and purchase of properties and the acquisition and divestment of long-term participations. The committee held a total of four meetings in the 2015 financial year.

Pursuant to the Reorganisation and Liquidation Act (SAG), apoBank has been obligated since 2015 to prepare a reorganisation plan and establish corresponding governance. These requirements were stated in concrete terms in the Minimum Requirements for the Design of Reorganisation Plans (MaSan). apoBank prepared a reorganisation plan in March 2015 and integrated reorganisation governance into its organisation and procedures in August 2015.

Organisation of risk management

Organisational principles

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

Individual responsibilities are allocated as follows:

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

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

The Treasury division is also responsible for the operational controlling of market price and liquidity risks as well as refinancing for apoBank, among other things through mortgage Pfandbriefe. Overall strategic management of apoBank's interest rate change risks is carried out on the basis of cornerstones established by the Board of Directors.

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

The Central Loan Management division assigned to the Loans and Bank Operations board department is responsible for monitoring credit risk at the individual borrower, issuer and counterparty level in the customer portfolios and the financial instrument portfolio. In addition to individual creditworthiness assessments and second opinions on limit applications for customers, counterparties and issuers, this includes ongoing risk monitoring, responsibility for individual limits and organising the lending business as well as sole responsibility for problem credit management. In addition, monitoring in the retail clients portfolio is carried out by five regional credit management units in cooperation with the branches.

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

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

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

The Asset Liability Committee (ALKo) monitors the development of the balance sheet structure in the controlling dimensions of profitability, liquidity, solvency and the corresponding risk-bearing capacity across all divisions. Suitable controlling measures are prepared for submission to the entire Board of Directors as needed. The primary objective is to ensure the success of business activities over the long term while limiting the risks that arise from the balance sheet structure.

In the course of establishing reorganisation governance, apoBank has formed a Reorganisation Committee that is convened in crisis situations as well as the function of the MaSan coordinator.

Accounting management and control

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

The IKS for accounting ensures that business transactions are always accurately recorded, prepared and assessed and properly entered into the accounts. The Internal Audit division monitors the correctness and functional reliability of the processes and systems across all processes and, in particular, evaluates the effectiveness and appropriateness of the internal control system.

New products and new markets

Both customer and own business may only be conducted with products and in markets for which it has been documented, by means of the new product process (NPP), that the affected specialist departments are able to evaluate and monitor the risks and to ensure efficient processing in keeping with the requirements.

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

Details regarding development of the risk position in 2015

Risk-bearing capacity including stress tests

apoBank's risk-bearing capacity was guaranteed at all times in 2015. Furthermore, the Bank-wide risk limit of €553 million (31 December 2014: €572 million) derived from the risk cover pool as well as all limits for the defined significant types of risk were consistently adhered to.

The utilisation of our economic capital by the measured risks was reduced slightly year on year to 38.3% (31 December 2014: 44.6%). In the course of the year, the development of utilisation largely reflected the encumbrance and relief effects of regular business activities and therefore fluctuated moderately in the range from 37.2% up to a maximum of 42.0%. The available Bank-wide risk limit, which encompasses only part of the overall risk cover pool, was utilised at 73.9% at the end of the year (31 December 2014: 70.6%).

A slight increase of the risks measured at a 97% confidence level to €409 million was seen on the risk side (31 December 2014: €404 million). This risk increase was due primarily to the growth of the lending business, the increase in the refinancing volume relevant for refinancing risk and a slight increase of interest rate change risks. These developments that increased risk were partly offset by a reduction of valuation risks.

Risk-bearing capacity

as at 31 December 2015	€ m	as % of total risk coverage
Total risk cover pool	1,066	100.0
Bank-wide risk limit	553	51.9
Bank-wide risk position	409	38.3

Significant risk types

as at 31 December 2015	Actual risk €m	Limit utilisation %
Credit risk	114	76.1
Liquidity risk	12	58.7
Operational risk	61	96.2
Market risk	85	70.6
Business risk	137	68.7

At the same time, the risk cover pool increased noticeably to €1,066 million compared to the previous year (31 December 2014: €905 million). Free regulatory equity that is not required for meeting the minimum capital requirements significantly benefited from the expansion of regulatory equity in the course of the effective additions to reserves from the 2014 annual financial statements. Other economic capital also increased, especially due to the improvement of the operating profit components it contains.

The positive development of the risk-bearing capacity was confirmed by the Bank-wide stress tests performed on a regular basis as well. In the various stress scenarios, the degree of utilisation was lower overall than in the previous year.

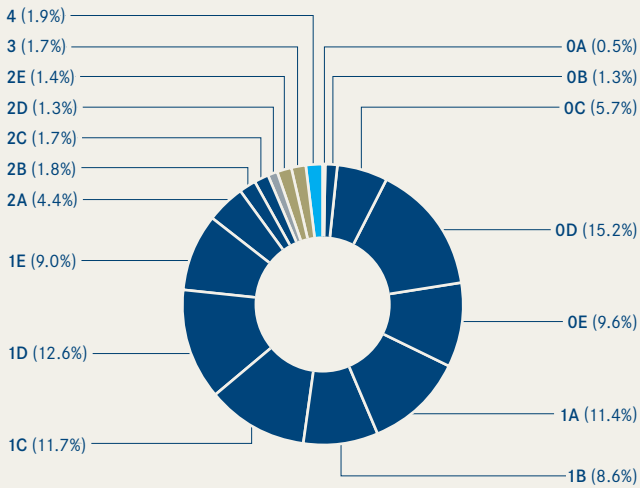
Credit risk

apoBank's overall credit risk mainly increased due to the growth of the customer lending business in 2015. The limit for credit risks derived from the risk-bearing capacity was maintained at all times in the reporting year.

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

Rating class distribution in the retail clients portfolio

Volume distribution based on drawdowns
total of €25,852 million



Retail clients portfolio

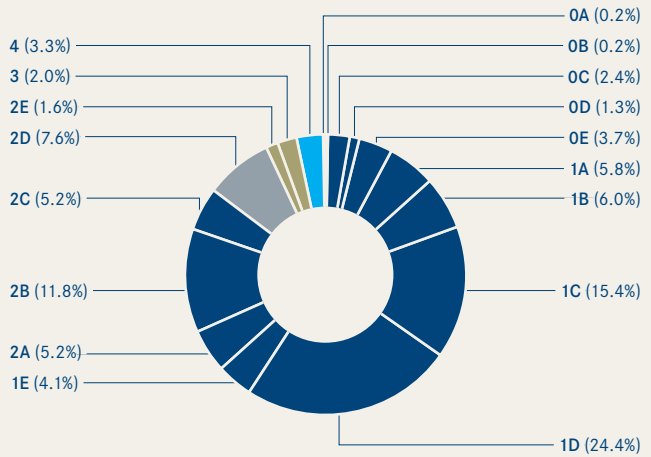
Due to the low interest rate environment, special redemptions in the retail clients portfolio remained high. Nevertheless, the drawdowns in this portfolio increased to €25.9 billion in the past financial year due to the positive development of new business (31 December 2014: €25.2 billion).

The rating structure shows a rating distribution with an emphasis on good and average rating classes, which is typical of this customer group. The rating coverage is very close to 100%. The portfolio is highly diversified: With around 180,000 borrowers, the largest single risk accounts for around 0.1% of the total drawdowns in this portfolio.

Value adjustments in the past financial year were significantly lower than in 2014. This confirms the above-average creditworthiness of health care professionals as well as apoBank's comprehensive financing know-how and successful risk management.

Rating class distribution in the professional associations and large customers portfolio

Volume distribution based on drawdowns
total of €3,069 million

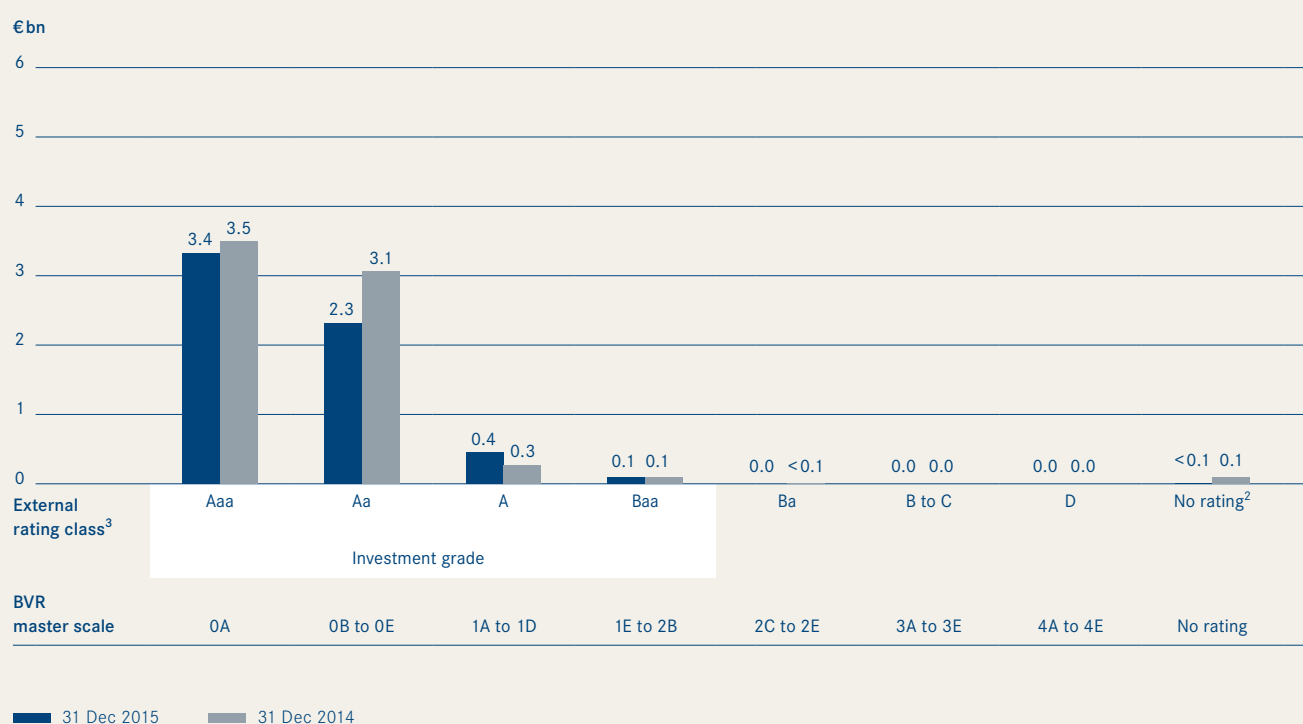


Professional associations and large customers portfolio

Total drawdowns in the professional associations and large customers portfolio increased by €0.3 billion compared to the previous year to a total of €3.1 billion (31 December 2014: €2.8 billion). The rating distribution of the portfolio remains balanced. The rating coverage was complete.

For the net amount of the professional associations and large customers portfolio, apoBank had to record only minor value adjustments on the reporting date of 31 December 2015. These fell significantly below the prior-year value, which had been driven by a high individual measure.

Total exposure of financial instruments by rating¹



1) Total exposure is generally the book value (loan drawdowns or credit equivalent amount). The exposure for the INKA funds is determined by looking at the underlying assets; the exposure is accounted for on a cost value basis.

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

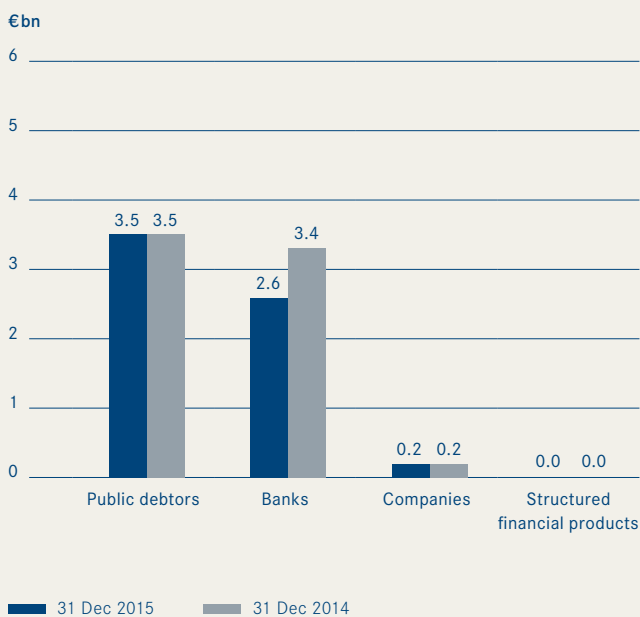
3) The letter ratings shown here comprise all rating classes of the respective rating segment (i.e. Aa comprises Aa1 to Aa3, for example).

Financial instruments portfolio

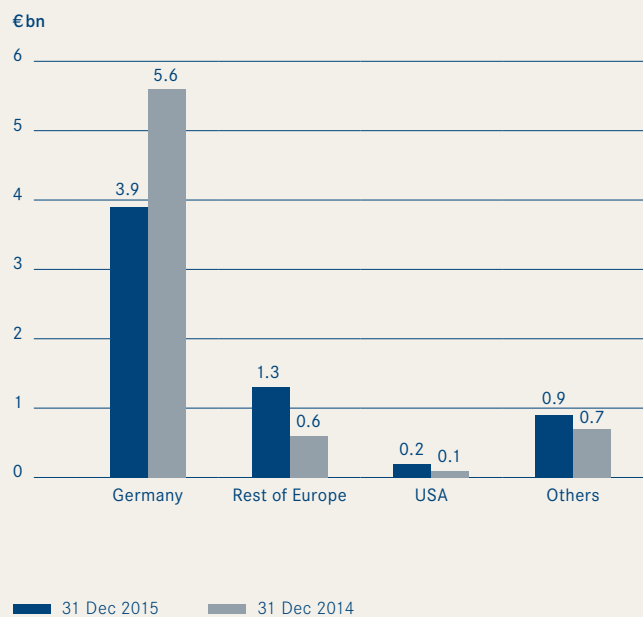
The risk volume of the financial instruments portfolio amounted to €6.3 billion on the reporting date (31 December 2014: €7.1 billion), which means it fell by €0.8 billion. This decrease is mainly due to lower balances in the interbank business that exceeded the slight increase in liquidity reserves.

On the reporting date, 99% of the financial instruments portfolio was rated as investment grade (31 December 2014: 98%). apoBank did not have to record any value adjustments for the financial instruments portfolio in 2015.

Total exposure of financial instruments portfolio by sector



Total exposure of financial instruments portfolio by country



Participations portfolio

There were no major changes to the participations portfolio in the course of the year. No significant value adjustments had to be made to the participations portfolio either.

Market risks

The overall limit for market risks derived from the risk-bearing capacity, i.e. for the periodic term structure risks and the financial instrument valuation risk, was met consistently in 2015.

The stressed value at risk applied within the scope of the risk-bearing capacity for valuation risks of financial instruments fell compared to the end of 2014. However, the periodic term structure risk increased during the

year. This increase resulted from the advanced implementation of a new interest book management concept on the one hand and opposing developments of the customer contribution risk on the other.

The results of the present value regulatory stress calculations confirm moderate interest rate risks at a Bank-wide level. The regulatory reporting limit of 20% of regulatory equity (interest risk coefficient) was not reached at any time in 2015. The maximum utilisation of the interest risk coefficient at 17.8% was reached in June and the value dropped to 17.1% by the end of the year (31 December 2014: 12.3%).

Liquidity risks

apoBank's liquidity supply was assured throughout 2015 and deposits continued to increase.

The refinancing risk considered in the risk-bearing capacity calculation was slightly higher at the end of 2015 than one year before, but at a very low level. Compliance with the limit established based on the risk-bearing capacity was easily accomplished at all times.

In terms of insolvency risks, the limits of the liquidity gap analysis were maintained and regulatory requirements fulfilled. As expected, the liquidity coverage ratio (LCR) was significantly above the regulatory minimum of 60% since compliance became mandatory in October 2015. The minimum requirements for the liquidity ratio and the net stable funding ratio (NSFR) requirements currently being discussed by the regulatory authorities were more than met at all times as well.

Compliance with the Pfandbrief cover pool limits was assured at all times in 2015.

Business risks

The limit for business risks derived from the risk-bearing capacity was maintained at all times in 2015. Only very minor fluctuations were noted in the course of the year, in particular for commission and cost risk. The customer contribution risk fell noticeably in the reporting year. However, this decrease was partly offset by opposing developments in the term structure risk.

Operational risks

Operational losses decreased significantly compared to the previous year. As in the previous year, the focus was on legal risks arising from the customer business and here in particular on the reimbursement of processing fees for consumer loans following the German Federal Court of Justice (BGH) decision in October 2014. apoBank had already formed comprehensive provisions for this in the 2014 financial year that were partly dissolved in the reporting year.

The limit for operational risks derived from the risk-bearing capacity was maintained at all times in 2015.

Risk management declaration according to Article 435 CRR

The risk management systems of apoBank are based on its individual risk profile and the implementation of the risk strategy.

The risk management systems including the controlling and monitoring methods take all significant risks for apoBank into account. Our risk management systems are suitable to ensure that the risk guidelines of the risk strategy for various business divisions are complied with and that significant risks are identified, evaluated, limited and monitored.

Our risk-bearing capacity concept takes into account all significant quantifiable risks which are then compared to the respective risk cover pool available. It thus helps to ensure the long-term existence of apoBank, which is the top risk management objective. We therefore consider our risk management systems to be appropriate and effective.

This is also reflected by a below-average minimum capital requirement in an industry comparison as the result of ECB's Supervisory Review and Evaluation Process.

The risk management objectives and the management of risks are described both on an overall bank level and in terms of significant risk types in the risk report, which is part of the management report. It also contains information about the risk profile and the key performance figures. This means that we provide a comprehensive overview of our risk management and, with regard to our risk-bearing capacity, demonstrate the relationship between apoBank's risk profile and risk tolerance.

Outlook

Ongoing weak development of the world economy

Although the growth rate compared to the previous year is expected to be higher than in 2015, world economic growth is likely to remain below average in the current year at around 3.6%. As in the reporting year, the economic development of important emerging markets in particular is going to remain weak due to the slump of commodity prices along with structural problems. Yet a low point is expected to be reached in the medium term. A moderate upswing with roughly consistent growth rates is expected to continue in the developed economies. In the euro area, a somewhat more expansive fiscal policy should support economic development while the export stimulation effects of the weaker euro can be expected to decrease. Export demand from important emerging markets should continue to contribute far less to growth than it has in the past.

Solid development of domestic demand in Germany

We expect the German economy to benefit from its self-reinforcing upswing due to higher incomes, an improved job market and rising demand. Growth should also be supported by higher and in particular consumption-based government spending. Net exports, however, are expected to weaken so that the pace of expansion should remain about the same on balance. While export demand from the emerging markets is going to remain low, a further devaluation of the euro that would encourage exports should not be expected. Consumers should continue to benefit from low inflation in addition to rising incomes.

No monetary policy change expected

Based on the slump in commodity prices and the restrained development of other inflation components, ongoing weak inflation at annual rates below 1% can be expected in Germany and in the euro area as a whole. Based on this, the ECB is likely to continue its highly expansive monetary policy and may even escalate it. A change in monetary policy and a corresponding increase in the prime rate are not expected from today's perspective. Ongoing low yields can be assumed as a result.

The further course of the Chinese economy bears risks for economic development and the financial markets in 2016. If the downturn intensified, it could also drag down the world economy, put added pressure on the equity markets and further depress yields. Additional risks arise from the potential escalation of geopolitical conflicts and unexpectedly severe tightening of US monetary policy, which however appears highly unlikely at this point. Political risks in particular can be identified within Europe due to the significant increase in scepticism about the EU and the euro in several countries.

Challenges in the health care market remain

The trends described under “Business and General Conditions” continue in the coming years and are expected to intensify.

In addition to measures implemented by the legislator, we expect perceptible structural changes for the health care market in particular because of digitisation. Digitisation encourages networking, cooperation and the consolidation of providers in the health care market and supports new, interdisciplinary or cross-sector care services. Such new enterprises are perceived as attractive employers by young health care professionals. The more concentrated the services and the larger the company become, the greater the interest of industrial health care enterprises and investors in these new providers.

Structural transformation trend continues

We expect the role of new operating and organisation forms in outpatient care to be further reinforced. Services are increasingly being bundled in practices, branches or cooperations, primarily due to economic considerations. The number of employed health care professionals continues to increase accordingly. In order to support start-ups of health care professionals and therefore outpatient care, we work closely with the professional associations under the “Chance Niederlassung” programme and are integrating our consulting and support services even better in regional networks.

The integration of outpatient, inpatient, rehabilitative and nursing care services will increase as well. Structural change in the health care sector in the context of health care policy reforms, technology advancements and changing patient expectations will therefore continue.

Inconsistent development of profitability in the health care market

Pharmacies’ earnings situation could deteriorate in 2016. According to current estimates, the average operating result will drop by €6,000 compared to the previous year. In a highly competitive environment, pharmacists who set themselves apart not only by offering advice and services but also selling non-prescription products are going to benefit.

Total compensation for panel doctors from statutory health insurance is going to increase to €800 million in 2016. This corresponds to an increase of 2.6%. The range of privately settled services will keep growing thanks to medical technology innovations. Due to increasing health awareness, we assume that these services will be used more as well.

The long-planned revision of the Fee Ordinance for Doctors (GOÄ) could be implemented in 2016. The German Medical Association and the Private Health Insurance Association have agreed on a draft as the basis for a regulation of the German Federal Ministry of Health. What effects this amendment would have, remains controversial.

We also expect to see the good development for contractual dentists continue. Negotiations between the contractual dentist associations (KZV) and health insurers have not yet led to any results, but in view of a high and growing proportion of privately settled services, entrepreneurial dentists have growth opportunities beyond the compensation for contractual dentists.

Financial buffers for health insurers

Deficits of some health insurers notwithstanding, statutory health insurance headed into 2016 with financial reserves. The subsequent development of their financial position depends on adjustments to the premium rates and the development of health care expenditure. Several health insurers increased the supplemental premium paid by insured persons in January 2016.

Health care market offers new opportunities

Health care remains a growth market offering more opportunities than risks from the perspective of apoBank. Advancements in medical technology and demographic developments are driving demand for health care services.

In view of the growing nursing and rehabilitation market, we are going to expand our corporate customer business with services for nursing facilities going forward.

Difficult general conditions for banks continue

The challenging business environment for German banks is not going to change significantly in 2016 and 2017. Interest rates are expected to remain low notwithstanding the interest increase of the US Fed in December 2015. Combined with unchanged intense competition especially for retail clients and the resulting price war, margins remain under pressure. Many banks are responding to these difficult general conditions with strict cost reduction programmes, branch closures and staff cuts. Customer needs are simultaneously changing fundamentally in the course of ongoing digitisation, which will probably cause additional price pressure. Innovative technologies also offer opportunities for new players with business models that fill specific niches to enter a market that was previously defined by high barriers to market entry. Therefore the banks need to adapt their business models as well as their access channels, processes and the use of data.

European financial institutions will have to continue dealing with increasing regulatory requirements going forward. The European debt crisis and in particular the discussion about developments in Greece has not yet been resolved, even though it attracted less attention at times in 2015. The discussion of a Brexit, that is the exit of Great Britain from the European Union, continues as well. Tensions between Ukraine and Russia are also ongoing. In addition, the civil war and the geopolitical upheaval in the Middle East intensified in 2015. These geopolitical risks and the subsequent development of the Chinese economy should be among the greatest uncertainty factors in the coming months, contributing to capital market volatility.

Long-term sources of income and issues such as costs and the efficient use of resources, primarily equity, remain important points on the agenda for many institutions. Significant investments in the IT infrastructure of banks are also on the horizon. On the one hand, investments are necessary as part of regulatory data requirements, while on the other, ongoing digitisation is likely to result in higher costs for financial institutions.

We have strategically adapted to this banking environment and the structural changes in the health care market described above. With our unique business model, we have established a foundation to consolidate our position in the health care market and increase our already high level of market penetration. Unlike many competitors, we will not give up proximity to the customer and are going to continue to selectively expand our network of branches and strengthening sales.

Operating environment remains challenging

Our planning assumes further increases in the number of customers and improved customer penetration. This will have a positive impact on expected net interest income, especially in the lending business shown on the balance sheet and the deposit business with retail clients. Nevertheless, the ongoing unfavourable interest rate environment is going to slow down development of net interest income so that we expect a further decrease here for 2016 and 2017.

We plan to significantly grow net commission income once again. We mainly expect increases from the securities business with our retail clients in the next two years. With our apoPur customer advisory concept and investments in sales, we believe we are on the right track. Our business with institutional clients makes additional contributions to profit. Hiring new customer advisers in sales is also going to have a positive impact on our customer business.

Both personnel expenses and operating expenditures will gradually increase in 2016 and 2017 in the course of implementing our growth strategy. We will continue to pursue our solid approach to cost management while simultaneously investing in our customer business. Hiring new advisers, especially for our branches, is going to be reflected in personnel expenses. The planned increase in operating expenditures is due to numerous individual measures. These have the nature of investments on the one hand, such as a new branch concept, but on the other hand are largely due to the significant increase in regulatory requirements. Project costs for the pending IT migration in the wake of the merger of the cooperative IT providers GAD and Fiducia are already taken into account here as well. On balance, we therefore expect an operating result for 2016 and 2017 (i.e. profit before risk provisioning) that is below the 2015 level.

After very low risk provisioning from the operating business in the 2015 financial year, we expect this to once again be approximately equivalent to standard risk costs in 2016 and 2017, which would be an increase compared to 2015. We expect no significant value adjustments for financial instruments.

Based on our planning, net profit in 2016 and 2017 should stabilise at the 2015 level overall. This development would allow us to further strengthen our capital position, albeit to a minor extent, and to distribute a stable dividend to our members.

Comfortable capital and liquidity situation

We want to keep our regulatory capital ratios stable at a high level. The increase in members' capital contributions and reserves is intended to ensure this. The risk positions requiring equity are going to increase slightly with the planned growth of the customer business. apoBank expects the liquidity situation to remain comfortable on the back of its broadly diversified customer and investor base. The liquidity gap analysis is solid both on a long- and short-term basis.

Opportunities and risks of the business development

The main prerequisite for continuing to consolidate and expand our market position is the success of our customer advisory concept and acceptance among our customers. This means we have an opportunity to achieve our strategic objectives more quickly, in particular our growth strategy for our core business, and to hone our business profile. In addition, we are continually working towards improving customer satisfaction and, by doing so, increasing the level of customer retention.

Adapting our range of services in the course of digitisation opens up new access channels for our customers, which can have a positive impact on the earnings situation. We also hope to further improve our process efficiency thanks to digitisation. Furthermore, we expect to improve customer retention through investments in sales and our value-added services.

The further course of the European debt crisis remains an uncertainty factor for our business development. While apoBank has already significantly reduced its investments in the affected countries, we cannot exclude a need for further risk provisioning should the situation once again deteriorate. Furthermore, it is not so much the exit of Greece from the euro as the risk of an exit by the UK from the European Union that is currently being discussed. The latter could cause significant financial market distortions.

New bank supervision requirements will pose additional challenges, for by further tightening regulatory capital requirements. In particular, the planned backing of banking book interest rate risks and the expected limitation of capital relief options for the application of internal rating procedures in combination with a more strict allocation of risk positions in the credit risk cost approach are going to have a negative effect on the capital ratios of banks. New legal regulations, in particular for consumer protection, are going to lead to higher expenses as well. In addition, the ongoing extremely low level of interest rates can be expected to increasingly prove an endurance test for banks' earnings situation. On the other hand, an increase in interest rates would have a positive impact on the earnings situation.

Added uncertainties arise from the opportunities and risks associated with the ongoing digitisation of the bank business and especially banking processes. Currently, a large number of fintech companies are entering the market, offering their IT services in segments of the banking business. Depending on how successful these new financial IT companies are going to be and how established banks respond to these competitors, fintech companies are expected to significantly change the financial sector. However, this trend should result in numerous new business opportunities for the financial sector.

Overall, the environment described above mainly holds opportunities for apoBank. This is assured by our business model and our specialisation in academic health care professionals, their organisations and companies in the health care market.

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Balance Sheet

Assets

		31 Dec 2015	31 Dec 2014
	(Notes)	€	€
1. Cash reserves		1,078,498,680.37	600,825,992.65
a) Cash on hand		41,526,493.09	42,488,823.12
b) Cash in central banks		1,036,972,187.28	558,337,169.53
Including: in the German Federal Bank (Bundesbank)		(1,036,972,187.28)	(558,337,169.53)
c) Cash in post office giro accounts		0.00	0.00
2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks		0.00	0.00
3. Loans and advances to banks	(3, 14, 15, 28)	1,052,920,476.66	1,007,763,373.78
a) Mortgage loans		0.00	0.00
b) Local authority loans		0.00	81,599,035.62
c) Other receivables		1,052,920,476.66	926,164,338.16
Including: due on demand		(588,514,595.28)	(485,623,228.91)
Including: lending against securities		(0.00)	(0.00)
4. Loans and advances to customers	(3, 14, 15, 18, 24, 28, 51)	27,892,890,853.47	27,036,649,068.96
a) Mortgage loans		6,896,646,419.35	6,295,335,452.20
b) Local authority loans		44,155,478.94	92,831,217.69
c) Other receivables		20,952,088,955.18	20,648,482,399.07
Including: lending against securities		(0.00)	(0.00)
5. Debt securities and other fixed-interest securities	(4, 6, 15, 16, 17, 18, 20, 24, 28, 51)	4,569,491,516.69	4,048,395,574.47
a) Money market papers		240,025,829.17	0.00
aa) of public issuers		0.00	0.00
Including: acceptable as collateral by the Bundesbank		(0.00)	(0.00)
ab) of other issuers		240,025,829.17	0.00
Including: acceptable as collateral by the Bundesbank		(240,025,829.17)	(0.00)
b) Bonds and debt securities		4,329,465,687.52	4,048,395,574.47
ba) of public issuers		1,838,493,571.41	1,632,574,044.29
Including: acceptable as collateral by the Bundesbank		(1,816,007,552.88)	(1,610,938,330.00)
bb) of other issuers		2,490,972,116.11	2,415,821,530.18
Including: acceptable as collateral by the Bundesbank		(2,436,983,689.13)	(2,379,055,700.00)
c) Own debt securities		0.00	0.00
Nominal amount		(0.00)	(0.00)
6. Shares and other non-fixed-interest securities	(4, 6, 17, 18, 19, 20, 24)	1,045,930,344.79	1,327,239,132.11
6a. Trading assets	(5, 17, 21)	65,395,811.23	157,365,143.89
7. Participating interests and capital shares in cooperatives	(7, 15, 17, 22, 24, 36)	201,215,346.80	201,312,943.65
a) Participating interests		201,043,899.41	194,960,563.99
Including: in banks		(163,062,933.99)	(163,062,933.99)
Including: in financial services institutions		(14,755,031.03)	(14,755,031.03)
b) Capital shares in cooperatives		171,447.39	6,352,379.66
Including: in cooperative banks		(0.00)	(0.00)
Including: in financial services institutions		(0.00)	(0.00)
8. Shares in affiliated companies	(7, 15, 17, 22, 24, 36)	9,363,179.61	9,363,179.61
Including: in banks		(0.00)	(0.00)
Including: in financial services institutions		(1,292,236.21)	(1,292,236.21)
9. Trust assets	(23)	2,743,355.11	2,744,134.31
Including: fiduciary loans		(5,834.48)	(6,613.68)
10. Compensation claims against the public sector, including debt securities from their exchange		0.00	0.00
11. Intangible assets	(9, 24)	756,615.00	619,786.62
a) Internally-generated industrial and similar rights and assets		0.00	0.00
b) Concessions, industrial property rights and similar rights and assets acquired for a consideration, as well as licenses to such rights and assets		756,615.00	619,105.00
c) Goodwill		0.00	0.00
d) Payments in advance		0.00	681.62
12. Tangible assets	(8, 24)	175,654,334.72	182,257,358.01
13. Other assets	(25)	343,869,291.47	549,863,314.57
14. Prepayments and accrued income	(26)	8,369,445.69	4,764,069.70
a) From issuing and loan transactions		4,287,246.32	1,436,295.12
b) Others		4,082,199.37	3,327,774.58
15. Deferred tax assets	(27)	0.00	0.00
Total assets		36,447,099,251.61	35,129,163,072.33

Liabilities

	(Notes)	31 Dec 2015 €	31 Dec 2014 €
1. Liabilities to banks	(10, 36, 37, 50)	7,213,833,828.86	8,033,429,477.69
a) Registered mortgage Pfandbriefe issued		37,256,752.19	19,744,620.00
b) Registered public Pfandbriefe issued		0.00	0.00
c) Other liabilities		7,176,577,076.67	8,013,684,857.69
Including: due on demand		(440,792,295.82)	(687,467,646.08)
Including: mortgage Pfandbriefe and registered public Pfandbriefe delivered to the lender as collateral		(0.00)	(0.00)
2. Liabilities to customers	(10, 36, 37, 50)	23,587,577,406.89	21,737,166,298.76
a) Registered mortgage Pfandbriefe issued		741,164,219.49	765,067,678.42
b) Registered public Pfandbriefe issued		0.00	0.00
c) Saving deposits		114,253,964.67	123,202,434.81
ca) with an agreed notice period of three months		100,385,284.01	79,499,815.18
cb) with an agreed notice period of more than three months		13,868,680.66	43,702,619.63
d) Other liabilities		22,732,159,222.73	20,848,896,185.53
Including: due on demand		(18,142,470,518.96)	(15,772,664,545.67)
Including: mortgage Pfandbriefe and registered public Pfandbriefe delivered to the lender as collateral		(0.00)	(0.00)
3. Securitised liabilities	(10, 36, 37, 50)	2,738,704,615.59	2,293,691,660.85
a) Debt securities issued		2,738,704,615.59	2,293,691,660.85
aa) Mortgage Pfandbriefe		873,780,544.56	487,440,348.54
ab) Public Pfandbriefe		0.00	0.00
ac) Other debt securities		1,864,924,071.03	1,806,251,312.31
b) Other securitised liabilities		0.00	0.00
Including: money market papers		(0.00)	(0.00)
Including: own acceptances and promissory notes outstanding		(0.00)	(0.00)
3a. Trading liabilities	(5, 31)	27,209,844.09	28,605,885.80
4. Trust liabilities	(32)	2,743,355.11	2,744,134.31
Including: fiduciary loans		(5,834.48)	(6,613.68)
5. Other liabilities	(10, 33)	80,424,154.17	126,891,061.51
6. Prepayments and accrued income	(34)	16,821,518.16	16,123,313.01
a) from issuing and lending business		8,541,576.04	9,476,126.58
b) Others		8,279,942.12	6,647,186.43
6a. Deferred tax liabilities		0.00	0.00
7. Provisions	(11)	428,551,302.59	363,696,683.03
a) Provisions for pensions and similar obligations		177,491,310.00	153,042,036.00
b) Tax provisions		82,007,273.00	31,431,617.00
c) Other provisions		169,052,719.59	179,223,030.03
8. ---		0.00	0.00
9. Subordinated liabilities	(10, 35, 36)	155,675,331.31	172,336,443.54
10. Participating certificate capital		0.00	80,000,000.00
Including: due within two years		(0.00)	(80,000,000.00)
11. Fund for general banking risks		503,412,189.65	428,789,970.29
Including: special items pursuant to Section 340e (4) of the German Commercial Code (HGB)		1,442,288.65	1,820,069.29
11a. Special items from currency translation		0.00	0.00
12. Capital and reserves	(38, 49, 54, 55)	1,692,145,705.19	1,845,688,143.54
a) Subscribed capital		1,123,587,452.08	1,295,665,703.84
b) Capital reserves		0.00	0.00
c) Revenue reserves		509,491,249.19	495,491,249.19
ca) Legal reserves		395,250,000.00	388,250,000.00
cb) Other revenue reserves		114,241,249.19	107,241,249.19
d) Balance sheet profit		59,067,003.92	54,531,190.51
Total liabilities		36,447,099,251.61	35,129,163,072.33
1. Contingent liabilities	(40)	580,710,297.78	525,641,088.34
a) Contingent liabilities from rediscounted, settled bills		0.00	0.00
b) Liabilities from guarantees and indemnity agreements		580,710,297.78	525,641,088.34
c) Liabilities arising from the provision of collateral for third-party liabilities		0.00	0.00
2. Other obligations		2,060,847,340.89	1,613,669,213.24
a) Obligations under optional repurchasing agreements		0.00	0.00
b) Placement and underwriting obligations		0.00	0.00
c) Irrevocable loan commitments		2,060,847,340.89	1,613,669,213.24

Income Statement

Income statement

	(Notes)	1 Jan – 31 Dec 2015 €	1 Jan – 31 Dec 2014 €
1. Interest income from	(42)	945,062,451.40	1,078,860,937.01
a) lending and money market transactions		934,741,723.48	1,061,318,474.29
b) fixed-interest securities and debt register claims		10,320,727.92	17,542,462.72
2. Interest expenses	(43)	- 285,861,401.92	- 392,577,054.99
3. Current income from		16,029,535.12	12,008,251.63
a) shares and other non-fixed-interest securities		2,700,025.12	0.00
b) participating interests and capital shares in cooperatives		10,358,633.76	9,119,734.98
c) shares in affiliated companies		2,970,876.24	2,888,516.65
4. Income from profit pooling, profit transfer agreements and partial profit transfer agreements		0.00	0.00
5. Commission income	(44)	199,916,059.39	184,923,675.25
6. Commission expenses		- 66,920,323.97	- 61,412,310.88
7. Net trading revenues	(45)	410,536.47	905,437.47
8. Other operating income	(46)	45,691,780.52	67,463,818.17
Including: from discounting		(90,565.45)	(296,406.78)
9. ---		0.00	0.00
10. General administrative expenses		- 483,406,182.96	- 465,962,706.66
a) Personnel expenses		- 267,047,894.63	- 243,825,890.72
aa) Wages and salaries		- 210,674,060.61	- 198,761,088.89
ab) Social security contributions and expenses for pensions and benefits		- 56,373,834.02	- 45,064,801.83
Including: for pensions		(- 26,698,713.33)	(- 18,651,952.67)
b) Other administrative expenses		- 216,358,288.33	- 222,136,815.94
11. Depreciation, amortisation and write-downs in respect of intangible and tangible assets		- 12,585,020.90	- 12,589,098.92
12. Other operating expenses	(46)	- 53,567,403.77	- 74,527,249.63
Including: from discounting		(- 8,335,126.07)	(- 10,263,419.34)
13. Write-downs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks		- 77,571,515.57	- 138,976,525.78
14. Income from write-ups in respect of receivables and specific securities and release of provisions for credit risks		0.00	0.00
15. Write-downs and value adjustments in respect of participating interests, shares in affiliates and securities treated as fixed assets		0.00	0.00
16. Income from write-ups in respect of participations, shares in affiliates and securities treated as fixed assets		1,183,112.87	18,839,272.87
17. Expenses from the assumption of losses		- 4,519.89	- 114,224.90
18. ---		0.00	0.00
19. Operating result	(59)	228,377,106.79	216,842,220.64
20. Extraordinary income	(47)	0.00	1,558,594.55
21. Extraordinary expenses	(47)	0.00	- 9,603,433.21
22. Extraordinary result		0.00	- 8,044,838.66
23. Taxes on income	(48)	- 94,538,633.31	- 79,395,438.33
24. Other taxes not reported in item 12		221,047.30	119,580.37
24a. Allocations to the fund for general banking risks		- 75,000,000.00	- 75,000,000.00
25. Net profit		59,059,520.78	54,521,524.02
26. Profit carried forward from the previous year		7,483.14	9,666.49
27. Withdrawals from revenue reserves		0.00	0.00
a) From legal reserves		0.00	0.00
b) From other revenue reserves		0.00	0.00
28. Allocations to revenue reserves		0.00	0.00
a) To legal reserves		0.00	0.00
b) To other revenue reserves		0.00	0.00
29. Balance sheet profit	(49)	59,067,003.92	54,531,190.51

Statement of Changes in Equity

Capital development

In the year under review, the amounts shown under liability item 12, 'Capital and reserves', developed as follows:

Capital development

	Subscribed capital		Capital reserves	Revenue reserves		Balance sheet profit/loss
	Members' capital contributions ¹	Contributions of silent partners		Legal reserves	Other revenue reserves	
	€ thous	€ thous	€ thous	€ thous	€ thous	€ thous
31 Dec 2014	1,097,966	197,700	0	388,250	107,241	54,531
Withdrawals	34,136	197,700	0	0	0	14,000
Additions	59,757	0	0	7,000	7,000	59,060
Distribution of annual result	0	0	0	0	0	40,524
31 Dec 2015	1,123,587	0	0	395,250	114,241	59,067

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

Cash Flow Statement

Cash flow statement

	31 Dec 2015
	€m
Result for the period (net profit/loss)	59.0
Write-downs, value adjustments and write-ups in respect of receivables and fixed assets	100.2
Increase/decrease in provisions	64.9
Other non-cash expenses/income	71.9
Profit/loss from the sale of fixed assets	-1.5
Other adjustments (on balance)	-5.3
Increase/decrease in loans and advances to banks	-83.4
Increase/decrease in loans and advances to customers	-881.1
Increase/decrease in securities (unless financial assets)	-150.2
Increase/decrease in other assets from operating activities	14.0
Increase/decrease in liabilities to banks	-823.1
Increase/decrease in liabilities to customers	1,862.6
Increase/decrease in securitised liabilities	455.2
Increase/decrease in other liabilities from operating activities	-18.6
Interest expenses/interest income	-658.5
Current income from shares, non-fixed-interest securities, participating interests, capital shares in cooperatives and shares in affiliated companies	-16.0
Expenses/income from extraordinary items	0.0
Income tax expense/income	94.4
Interest payments and dividend payments received	968.4
Interest paid	-230.3
Extraordinary deposits	0.0
Extraordinary payments	0.0
Income tax payments	-41.3
Cash flow from operating activities	781.3
Deposits from the sale of financial assets	1,025.9
Payments for investments in financial assets	-1,015.4
Deposits from the sale of tangible assets	0.9
Payments for investments in tangible assets	-5.9
Deposits from the sale of intangible assets	0.0
Payments for investments in intangible assets	-0.6
Deposits from the sale of consolidated companies	0.0
Payments for additions to the scope of consolidation	0.0
Fund changes from other investment activities (on balance)	0.0
Deposits from extraordinary items	0.0
Payments for extraordinary items	0.0
Cash flow from investment activities	4.9
Payments from increases in equity capital by partners	59.8
Payments for decreases in equity capital to partners	-34.1
Deposits from extraordinary items	0.0
Payments for extraordinary items	0.0
Dividends paid to partners	-40.5
Fund changes from other capital (on balance)	-293.7
Cash flow from financing activities	-308.8
Cash changes in liquid assets	477.7
Changes to liquid assets due to foreign currency and valuation	0.0
Changes in liquid assets due to the scope of consolidation	0.0
Liquid funds at the start of the reporting period	600.8
Liquid funds at the end of the reporting period	1,078.5

Notes

A. General Information

1. Framework for the preparation of the annual financial statements

The annual financial statements of Deutsche Apotheker- und Ärztebank eG (apoBank), Düsseldorf, as at 31 December 2015 were prepared according to the regulations of the German Commercial Code (HGB), the Accounting Ordinance for Banks and Financial Services Institutions (RechKredV) as well as the Securities Trading Act (WpHG). At the same time, the annual financial statements meet the requirements of the Cooperative Societies Act (GenG), the German Pfandbrief Act (PfandBG) and the Articles of Association of apoBank.

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

2. Structural changes in the presentation of the balance sheet, the income statement and the cash flow statement

apoBank made changes to the way in which the balance sheet and the income statement will be presented in the annual financial statements as at 31 December 2015. apoBank generally uses the forms for Pfandbrief banks pursuant to the RechKredV and does not omit individual balance sheet or income statement items because their balances are zero or because of eliminations in the RechKredV. The change in presentation improves transparency, particularly in a multi-year comparison.

Unlike in the previous year when the cash flow statement was prepared taking into account German Accounting Standard No. 2 (GAS 2), this year's cash flow statement has been prepared taking into account GAS 21. apoBank uses the minimum classification form pursuant to GAS 21, Appendix 2, and does not present previous-year figures.

B. Accounting, valuation and translation methods

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

3. Loans and advances and risk provisioning

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

4. Securities

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

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

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

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

5. Trading assets and liabilities

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

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

apoBank calculates the adjustment for risk on the basis of the value at risk (VaR) for a holding period of 250 days, a forecast interval with a confidence level of 97% and an effective historical observation period of 250 days. The total adjustment for risk is deducted from the greater item (assets, 6a).

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

Please refer to note 41 for details on the significant terms and conditions pursuant to Section 285 no. 20b of the HGB that may affect the amount, timing and certainty of future cash flows from derivative financial instruments.

6. Valuation units (hedge accounting)

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

In the case of the micro-hedge units, the effective portion of the valuation units formed is presented according to the cost method. For part of the portfolio valuation units, the fair value method is applied. A prospective and a retrospective effectiveness test is performed.

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

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

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

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

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

As at the balance sheet date, the total volume of the risks hedged amounted to €998 million (31 December 2014: €1,140 million). These risks result from an omitted depreciation of assets, an omitted appreciation of debt or omitted provisions for contingent losses and are quantified based on the gross net present values of the derivative transactions.

As at the reporting date, apoBank had designated 678 micro hedges with a nominal value of €8,939.9 million:

- 471 hedges on own issues against the interest rate risk with a nominal value of €5,285.3 million, including
 - 8 caps with a nominal value of €180.0 million
 - 9 floors with a nominal value of €190.0 million
 - 36 swaptions with a nominal value of €339.8 million
 - 418 swaps with a nominal value of €4,575.5 million
- 207 asset swaps to hedge against the interest rate risk of 115 acquired securities with a nominal value of €3,654.6 million

As at 31 December 2015, a volume of foreign currency swaps from FX trading was used in the amount of €476 million as valuation units, of which €475 million to hedge offsetting FX swaps and €1 million to hedge syndicated loans in foreign currencies.

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

- €288 million in US dollars
- €149 million in British pounds
- €19 million in Japanese yen
- €20 million in other currencies

At the reporting date, apoBank had a volume of FX forward transactions of €279 million as valuation units to hedge offsetting FX forward transactions. The FX forward transactions can be broken down based on their currency as follows:

- €214 million in US dollars
- €39 million in British pounds
- €9 million in Swiss francs
- €17 million in other currencies

7. Participating interests and shares in affiliated companies

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

8. Fixed assets/tangible assets

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

Depreciation for buildings was made on a straight-line basis throughout the useful life or using declining-balance rates; movable assets were depreciated on a straight-line basis throughout the useful life. Low-value assets within the meaning of Section 6 (2) of the German Income Tax Act (EStG) were completely written off.

9. Fixed assets/intangible assets

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

10. Liabilities

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

11. Provisions

The provisions for pension liabilities as at 31 December 2015 were calculated based on the actuarial tables 'Richttafeln 2005 G' (Heubeck) using the projected unit credit method on the basis of an interest rate of 3.89%, a wage increase trend of 3.00% and a pension increase trend of 1.75%. apoBank recorded the releases and allocations in the balance sheet items 'Provisions for pensions and similar obligations' in relation to the interest effect in other operating income and as a net item under 'Personnel expenses'. Pension provisions and the provision for deferred compensation have been netted with the corresponding plan assets at their fair value, which is equivalent to the acquisition costs, in the amount of €12,098 thousand pursuant to Section 246 (2) sentence 2 of the HGB. The difference between income of €1,597 thousand and expenses of €1,108 thousand in connection with the reinsurance for pension obligations was netted with the expenses from the discounting of pension provisions amounting to €7,257 thousand.

The provisions for part-time retirement and anniversary payments were also made on the basis of an interest rate of 3.89% and a wage increase trend of 3.00%.

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

apoBank also made adequate provisions for other uncertain liabilities.

12. Derivative financial instruments

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

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

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

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

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

13. Currency translation

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

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

C. Notes to the balance sheet

Notes to assets

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

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

Breakdown of loans and advances by residual terms

	Loans and advances to banks (A3)		Loans and advances to customers (A4)	
	€ thous		€ thous	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accrued interest	302,334	340,625	3,554	4,826
Up to 3 months	748,012	584,565	730,657	859,364
More than 3 months to 1 year	0	80,000	2,033,815	2,038,326
More than 1 year to 5 years	0	0	8,431,952	8,123,851
More than 5 years	2,574	2,574	14,911,185	14,102,048

Loans and advances to banks (assets, 3) include €147,599 thousand (31 December 2014: €366,995 thousand) of receivables from the relevant central cooperative bank (WGZ BANK AG).

The loans and advances to customers (assets, 4) include €1,781,728 thousand (31 December 2014: €1,908,234 thousand) of loans and advances with unspecified maturities.

15. Affiliated and associated companies

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

Affiliated and associated companies

	Loans and advances to banks (A3)		Loans and advances to customers (A4)		Debt securities and other fixed-interest securities (A5)	
	€ thous		€ thous		€ thous	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Loans and advances to affiliated companies	0	0	0	0	0	0
Loans and advances to associated companies	437,584	577,232	241,941	249,716	13,556	5,004

16. Debt securities and other fixed-interest securities

Of the debt securities and other fixed-interest securities (assets, 5) stated in the balance sheet, €410,770 thousand (31 December 2014: €1,010,975 thousand) will mature during the financial year following the balance sheet date. These amounts do not include accrued interest.

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

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

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

	Debt securities and other fixed-interest securities (A 5)		Shares and other non-fixed-interest securities (A 6)		Trading assets and liabilities (A 6a)	
	€ thous		€ thous		€ thous	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Non-negotiable	0	0	1,045,930	1,327,239	0	0
Negotiable	4,569,492	4,048,396	0	0	37,577	128,479
Quoted	4,320,914	4,048,396	0	0	28,697	54,442
Unquoted	248,578	0	0	0	8,880	74,037
Negotiable securities not valued at the lower of cost or market	946,530	308,974	0	0		

	Participating interest and capital shares in cooperatives (A 7)		Shares in affiliated companies (A 8)	
	€ thous		€ thous	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Non-negotiable	150,675	150,773	9,363	9,363
Negotiable	50,540	50,540	0	0
Quoted	2	2	0	0
Unquoted	50,538	50,538	0	0

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

18. Securities portfolio/receivables by purpose

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

Securities portfolio/receivables by purpose

	31 Dec 2015 €thous	31 Dec 2014 €thous
Loans and advances to customers		
Fixed assets	15,857	16,690

	31 Dec 2015 €thous	31 Dec 2014 €thous
Debt securities and other fixed-interest securities		
Fixed assets	3,616,824	3,610,494
Liquidity reserve	952,668	437,901
Total	4,569,492	4,048,395

	31 Dec 2015 €thous	31 Dec 2014 €thous
Shares and other non-fixed-interest securities		
Fixed assets	68,612	75,137
Liquidity reserve	977,319	1,252,102
Total	1,045,931	1,327,239

19. Shares in special investment funds

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

Shares in special investment funds

Name of fund	Investment objective	Value in accordance with Section 278 of the KAGB in conjunction with Section 168 of the KAGB or comparable international regulations €thous	Difference to book value €thous	Distributions made for the total financial year €thous	Restriction of daily redemption
APO 1 INKA	Domestic and international bonds	605,148	6,144	0	no
APO 2 INKA	Domestic and international bonds	245,625	28,967	0	no
APO 3 INKA	Domestic and international bonds	245,625	28,967	0	no
arsago STIRT 2 XL	Domestic and international bonds	1,502 ¹	0	0	yes
Master fund coinvestments	Domestic and international equities, domestic and international bonds, FX forward transactions, futures	60,720	5,720	0	no

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

20. Financial instruments classified as fixed assets

Financial instruments classified as fixed assets¹

	Book value as at 31 Dec 2015 € thous	Fair value as at 31 Dec 2015 € thous	Omitted depreciation € thous
Banks	875,641	869,376	6,265
Public debtors	36,000	35,981	19
Companies	30,165	29,506	659
Total	941,806	934,863	6,943

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

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

21. Trading assets

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

Trading assets

	31 Dec 2015 ¹ € thous	31 Dec 2014 ¹ € thous
Derivative financial instruments		
Caps	0	0
FX forward transactions	7,390	1,460
FX swaps	20,488	27,710
Loans and advances to banks	0	0
Debt securities and other fixed-interest securities	37,577	128,479
Shares and other non-fixed-interest securities	0	0
Less VaR adjustment	-59	-284
Total	65,396	157,365

1) The fair values are shown.

The nominal values of the derivative financial instruments included in the item 'Trading assets' were composed of caps amounting to €0 thousand (31 December 2014: €20,000 thousand), FX forward transactions amounting to €279,147 thousand (31 December 2014: €61,312 thousand) and FX swaps amounting to €475,534 thousand (31 December 2014: €623,958 thousand).

22. List of holdings

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

List of holdings

Company	Share in company capital on 31 Dec 2015		Year	Capital and reserves of the company € thous	Result of the past financial year € thous
		%			
Apo Asset Management GmbH, Dusseldorf		70	2015	7,033	2,993
APO Beteiligungs-Holding GmbH, Dusseldorf		100	2015	4,164	0 (- 4.5) ¹
APO Data-Service GmbH, Dusseldorf ²		100	2015	4,283	502
Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin ²		26	2015	204	85
medisign GmbH, Dusseldorf ²		50	2015	23	- 94
Konnektum GmbH, Dusseldorf ^{2,3}		49			
aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf		67	2014	9,781	2,708
aik Management GmbH, Dusseldorf ²		100	2014	72	47
CP Capital Partners AG, Zurich		24	2015	444	18
Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne		25	2014	10,055	5,729
Finanz-Service GmbH der APO-Bank, Dusseldorf		50	2014	1,933	405
IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster		26	2014	52	9
PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich		24	2015	4,998	2,834
Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover		26	2014	28,241	277
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Dusseldorf		50	2015	6,898	1,853

1) Before profit transfer or loss assumption

2) Indirect participations

3) No figures of the abbreviated reporting period were available at the time the financial statements were being prepared.

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

23. Trust transactions

The trust transactions shown in the balance sheet are fiduciary loans totalling €6 thousand (31 December 2014: €7 thousand) and contributions held in trust totalling €2,737 thousand (31 December 2014: €2,737 thousand).

Trust assets comprise the following balance sheet items:

Balance sheet items

	31 Dec 2015 €thous	31 Dec 2014 €thous
Loans and advances to banks	6	7
Participations	2,737	2,737
Total	2,743	2,744

apoBank holds in trust almost exclusively limited partnership shares for the holders of share certificates in various Medico funds.

24. Development of fixed assets

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

Tangible assets

	31 Dec 2015 €thous	31 Dec 2014 €thous
Owner-occupied land and buildings	136,766	141,899
Office furniture and equipment	37,585	38,609

Development of fixed assets

	Acquisition/ production costs € thous	Changes in the reporting period					Subtotal € thous
		Additions € thous	Write-ups € thous	Transfers € thous	Disposals € thous	Subsidies € thous	
Intangible assets	47,791	624	0	0	118	0	48,297
Tangible assets							
Land and buildings	265,295	1,566	0	0	950	0	265,911
Office furniture and equipment	99,953	4,353	0	0	786	0	103,520
Receivables from customers	16,200	0	0	0	800	0	15,400
Fixed-asset securities	3,657,090	1,009,340	109	0	1,018,801	0	3,647,738
Participating interest and capital shares in cooperatives	211,919 ¹	6,087	0	0	6,181	0	211,825
Shares in affiliated companies	9,942	0	0	0	0	0	9,942
Total	4,308,190¹	1,021,970	109	0	1,027,636	0	4,302,633

	Carried forward € thous	Amortisation/ depreciation (accumulated) € thous	Amortisation/ depreciation in the reporting year € thous	Book values at the balance sheet date € thous
Intangible assets	48,297	- 47,541	- 487	757
Tangible assets				
Land and buildings	265,911	-127,841	- 6,746	138,070
Office furniture and equipment	103,520	- 65,935	- 5,352	37,585
Receivables from customers	15,400	0	0	15,400
Fixed-asset securities	3,647,738	- 442	0	3,647,296
Participating interest and capital shares in cooperatives	211,825	-10,610	-3	201,215
Shares in affiliated companies	9,942	- 579	0	9,363
Total	4,302,633	- 252,948	-12,588	4,049,686

1) Previous year's figures were adjusted.

25. Other assets

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

Other assets

	31 Dec 2015 €thous	31 Dec 2014 €thous
Capitalised premiums from options and caps	269,529	440,133
Tax receivables	33,550	69,228
Including: corporation tax credit pursuant to Section 37 (5) of the German Corporation Tax Law (KStG)	(33,316)	(49,821)

26. Prepayments and accrued income (assets)

The prepayments and accrued income items include discount amounts from assumed liabilities of €4,287 thousand (31 December 2014: €1,436 thousand) as well as premiums for swaptions exercised of €1,085 thousand (31 December 2014: €247 thousand) and upfront payments of €986 thousand (31 December 2014: €2,187 thousand).

27. Deferred tax assets

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

As at 31 December 2015, a net deferred tax asset existed. This deferred tax asset was essentially due to differences between the valuations in the trading and tax accounts for shares and other non-fixed-interest securities, loans and advances to customers, provisions for pensions as well as intangible assets.

The net deferred tax assets amounted to €182.7 million, thereof deferred tax assets of €182.8 million and deferred tax liabilities of €0.1 million.

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

28. Subordinated assets

Subordinated assets are included in the following items:

Subordinated assets

	31 Dec 2015	31 Dec 2014
	€ thous	€ thous
Loans and advances to banks	2,584	2,584
Loans and advances to customers	27,269	29,494
Debt securities and other fixed-interest securities	13,556	5,004
Total	43,409	37,082

29. Repurchase agreements

Repurchase agreements did not exist at the balance sheet date.

30. Foreign currency items

Assets include foreign currency items with a value of €271,240 thousand (31 December 2014: €259,090 thousand).

Notes to liabilities

31. Trading liabilities

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

Trading liabilities

	31 Dec 2015	31 Dec 2014
	€ thous	€ thous
FX forward transactions	7,270	1,438
FX swaps	19,940	27,168
Caps	0	0
Total	27,210	28,606

The nominal values of the derivative financial instruments included in the item 'Trading liabilities' were composed of caps amounting to €0 thousand (31 December 2014: €20,000 thousand), FX forward transactions amounting to €279,156 thousand (31 December 2014: €61,218 thousand) and FX swaps amounting to €475,348 thousand (31 December 2014: €623,838 thousand).

32. Trust liabilities

Trust liabilities are subdivided into the following balance sheet items:

Trust liabilities

	31 Dec 2015 €thous	31 Dec 2014 €thous
Liabilities to banks	6	7
Liabilities to customers	2,737	2,737
Total	2,743	2,744

apoBank holds in trust almost exclusively limited partnership shares for the holders of share certificates in various Medico funds.

33. Other liabilities

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

Other liabilities

	31 Dec 2015 €thous	31 Dec 2014 €thous
Premiums from options and caps carried as liabilities	42,869	65,757

34. Prepayments and accrued income (liabilities)

'Prepayments and accrued income' (liabilities) include:

Prepayments and accrued income (liabilities)

	31 Dec 2015 €thous	31 Dec 2014 €thous
Premium from liabilities (securitised or unsecuritised)	96	149
Discount from claims	8,446	9,327
Other prepayments and accrued income	8,280	6,647

35. Subordinated liabilities

Expenses of €10,794 thousand were incurred in the past financial year (31 December 2014: €18,291 thousand). Early redemption of the subordinated liabilities is excluded.

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

Subordinated liabilities with a nominal value of €151.5 million (31 December 2014: €167.5 million) carry the following rates of interest:

- Subordinated bearer bonds with a 6-month Euribor variable rate plus 1.00%
- Subordinated promissory note bonds with fixed interest rates of 6.80% to 7.47%

There were no borrowings exceeding 10% of the balance sheet item as at the balance sheet day.

36. Liabilities due from affiliated or associated companies

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

Liabilities due from affiliated or associated companies

	Liabilities to affiliated companies		Liabilities to associated companies	
	€ thous		€ thous	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Liabilities to banks (P 1)	0	0	334,091	452,145
Liabilities to customers (P 2)	12,749	11,026	62,008	71,229
Securitised liabilities (P 3)	0	0	0	0
Subordinated liabilities (P 9)	0	0	0	0

37. Breakdown of liabilities by residual terms and other items

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

Breakdown of liabilities by residual terms

	Liabilities to banks (P 1) €thous		Saving deposits (P 2c) €thous		Liabilities to customers without saving deposits (P 2a, 2b, 2d) €thous		Securitised liabilities (P 3) €thous	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accrued interest	85,686	82,134	0	1	86,163	98,357	7,739	17,898
Up to 3 months	993,824	1,556,549	100,612	90,318	19,292,752	16,787,745	736,368	593,727
More than 3 months to 1 year	702,260	915,947	3,854	17,009	951,199	865,332	601,804	713,743
More than 1 year to 5 years	2,625,789	2,643,379	8,029	11,649	2,617,475	3,084,230	590,794	696,323
More than 5 years	2,806,275	2,835,420	1,759	4,226	525,734	778,300	802,000	272,000

Liabilities to banks include €86,173 thousand (31 December 2014: €8,765 thousand) of liabilities to the relevant central cooperative bank (WGZ BANK AG).

Of the liabilities to banks, €6,005,067 thousand (31 December 2014: €6,190,809 thousand) are secured by transfer of assets. These liabilities are mainly publicly funded loans.

Further securities with a book value of €255.0 million (31 December 2014: €307.0 million) have been pledged as additional security for public refinanced loan programmes. Irrespective of an assigned liability, we deposited cash collaterals of €173.5 million (31 December 2014: €107.5 million) within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of €151.2 million (31 December 2014: €494.7 million) were pledged as collateral for margin obligations at futures and options exchanges and to secure payment obligations from securities transactions.

Of the debt securities issued (liabilities, 3.a)), €1,337,224 thousand (31 December 2014: €1,306,502 thousand) will mature in the financial year following the balance sheet date.

38. Capital and reserves

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

Subscribed capital

	31 Dec 2015	31 Dec 2014
	€ thous	€ thous
Contributions of silent partners	0	197,700
Members' capital contributions	1,123,587	1,097,966
Of remaining members	1,109,354	1,080,864
Of departing members	12,315	13,628
Of terminated cooperative shares	1,918	3,474
Compulsory contributions due on shares in arrears	2	3

The silent participation in the amount of €197.7 million issued to Capital Issuing GmbH (ISIN XF0000QBA760) in 2010 was repaid in line with contractual terms and conditions on 31 July 2015.

The revenue reserves (liabilities, 12.c)) developed as follows in 2015:

Revenue reserves

	Legal reserves € thous	Other revenue reserves € thous
As at 1 Jan 2015	388,250	107,241
Transfers		
from balance sheet profit of the previous year	7,000	7,000
from net profit of the financial year	0	0
Withdrawals	0	0
As at 31 Dec 2015	395,250	114,241

39. Foreign currency items

Foreign currency items with an equivalent value of €269,793 thousand (31 December 2014: €236,377 thousand) are included in liabilities and with an equivalent value of €149,765 thousand (31 December 2014: €130,379 thousand) in off-balance-sheet contingent liabilities and other obligations.

40. Contingent liabilities

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

Derivative financial instruments

41. Derivative financial instruments

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market risk arising from open positions, and in the event of counterparty default also from closed positions, amounted to €29,294 million as at 31 December 2015 (31 December 2014: €37,225 million). As at 31 December 2015, the following types of transactions were included therein:

Distribution of traded derivatives/types of transactions

Interest rate-related transactions

- Interest rate swaps
- Swaptions
- Caps/floors

Currency-related transactions

- FX forward transactions
- FX swaps

Stock-related transactions

- Stock options

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

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

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

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

Risk structure

	Nominal value €m		Fair value €m	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Interest rate-related transactions¹				
Time to maturity up to 1 year	1,206	12,299	9	443
more than 1 year to 5 years	14,635	13,743	165	253
more than 5 years	13,449	11,158	-134	-140
Subtotal	29,290	37,200	40	556
Currency-related transactions				
Time to maturity up to 1 year	1	22	0	0
more than 1 year to 5 years	0	0	0	0
more than 5 years	0	0	0	0
Subtotal	1	22	0	0
Stock-related transactions¹				
Time to maturity up to 1 year	0	0	0	0
more than 1 year to 5 years	0	0	0	0
more than 5 years	3	3	0	0
Subtotal	3	3	0	0
Total	29,294	37,225	40	556

1) Interest rate- and stock-related transactions are reported under the items 'Other assets' (€270 million), 'Prepayments and accrued income (assets)' (€2 million) as well as under the items 'Other liabilities' (€3 million) and 'Prepayments and accrued income (liabilities)' (€4 million).

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

D. Notes to the income statement

42. Interest income

The “Interest income” item includes €1,709 thousand (31 December 2014: €728 thousand) in negative interest income from deposits with the ECB and other banks, from collateral management, as well as from fixed-interest securities.

This item also includes material income related to other periods of €19,272 thousand for prepayment penalties (31 December 2014: €13,785 thousand).

43. Interest expenses

The “Interest expenses” item includes €156 thousand (31 December 2014: €0 thousand) in positive interest expenses from borrowings from the ECB and other banks, from collateral management as well as from securitised liabilities.

44. Commission income

Commission income includes insurance brokerage services rendered for third parties amounting to €17,007 thousand (31 December 2014: €15,952 thousand).

45. Net trading result

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

apoBank calculated a special item in accordance with Section 340g of the HGB pursuant to Section 340e (4) of the HGB as at 31 December 2015. A release of €378 thousand was credited to the net trading result (31 December 2014: allocation of €105 thousand). Current interest income and expenses from the trading portfolio are included in interest income.

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

Other operating income of €45,692 thousand (31 December 2014: €67,464 thousand) include, among other things:

Other operating income

	31 Dec 2015 €thous	31 Dec 2014 €thous
Rental income	3,583	3,565
Release of reserves (related to other periods)	32,680	51,080
Accounting gains from the disposal of fixed assets and intangible assets (related to other periods)	451	1,545
Interest income from tax refunds (related to other periods)	236	1,092
Income from discounting	91	296
Income from currency translation	2,667	1,676

Other operating expenses of €53,567 thousand (31 December 2014: €74,527 thousand) result primarily from the following items:

Other operating expenses

	31 Dec 2015 €thous	31 Dec 2014 €thous
Provisions for litigation costs ¹	29,920	42,653
Accounting losses from the disposal of fixed assets and intangible assets (related to other periods)	7	281
Interest expenses from tax arrears (related to other periods)	404	2,102
Expenses from compounding	8,335	10,263
Expenses from currency translation	1	2

1) Litigation risks include €18.0 million for apoBank's legal risks from possible claims to the revocation of loans.

47. Extraordinary income and expenses

No extraordinary income (31 December 2014: €1,559 thousand) or extraordinary expenses (31 December 2014: €9,603 thousand) were incurred in 2015.

48. Taxes on income

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

The 'Taxes on income' item includes other material income related to other periods of €6,447 thousand from tax refunds for previous years, and expenses related to other periods of €14,418 thousand from tax arrears for previous years.

49. Proposal for the appropriation of balance sheet profit

In 2015, apoBank recorded a net profit of €59,060 thousand; the profit carried forward from the previous year amounted to €7 thousand. The Supervisory Board and Board of Directors will propose the following appropriation of profit at the Annual General Meeting:

Appropriation of balance sheet profit

	31 Dec 2015 €	31 Dec 2014 €
Net profit	59,059,520.78	54,521,524.02
Profit carried forward from the previous year	7,483.14	9,666.49
Balance sheet profit	59,067,003.92	54,531,190.51
Allocations to legal reserves	7,500,000.00	7,000,000.00
Allocations to other revenue reserves	7,500,000.00	7,000,000.00
Dividends (4%)	44,057,549.43	40,523,707.37
Carried forward to new account	9,454.49	7,483.14

E. Other notes

50. Disclosures according to Section 28 of the PfandBG

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

Total amount and maturity structure

	Total amount of outstanding Pfandbriefe		Total amount of cover pool		Overcollateralisation	
	€m		€m		%	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Nominal value	1,632	1,247	3,555	3,455	118	177
Net present value	1,751	1,392	4,005	3,918	129	181
Risk net present value ¹	1,681	1,344	3,794	3,743	126	178

	Maturity profile of outstanding Pfandbriefe		Maturity profile of cover pool	
	€m		€m	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Up to 6 months	0	174	163	181
More than 6 months to 12 months	38	10	182	198
More than 12 months to 18 months	55	0	154	151
More than 18 months to 2 years	40	38	174	172
More than 2 years to 3 years	126	95	383	308
More than 3 years to 4 years	415	126	312	390
More than 4 years to 5 years	85	415	352	346
More than 5 years to 10 years	855	382	1,479	1,441
More than 10 years	18	8	356	268

¹) The risk net present value is calculated on the basis of the dynamic method pursuant to 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	€m	Share in the total amount of cover pool	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
By size class				
Up to €300 thousand	2,918	2,791	---	---
More than €300 thousand to €1 million	320	288	---	---
More than €1 million to €10 million	230	160	---	---
More than €10 million	35	0	---	---

By type of use (I) in Germany

Residential	2,890	2,808	---	---
Commercial	613	431	---	---

By type of use (II) in Germany

Flats	819	762	24	22
Single- and two-family homes	1,799	1,696	51	49
Multi-family homes	271	350	8	10
Office buildings	112	0	3	0
Retail buildings	0	0	0	0
Industrial buildings	0	0	0	0
Other commercially used buildings	502	431	14	13
Unfinished new buildings not yet ready to generate a return as well as building sites	0	0	0	0
Of which: building sites	0	0	0	0

There are no mortgage cover assets outside Germany.

Summary of overdue claims

	31 Dec 2015	31 Dec 2014
	€m	€m
Total amount of claims being more than 90 days past due	0	0
Total amount of the impaired receivables, provided that the respective arrears amount to at least 5% of the receivable	0	0

Other data

	Residential		Commercial	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Number of pending forced auctions and forced administrations	0	0	0	0
Number of forced auctions carried out in the fiscal year	0	0	0	0
Number of real estate taken over in the fiscal year to prevent losses	0	0	0	0
Total amount of overdue interest payments in €m	0	0	0	0

51. Cover statement mortgage Pfandbriefe

Cover statement mortgage Pfandbriefe

	31 Dec 2015	31 Dec 2014
	€thous	€thous
Loans and advances to customers		
Mortgage loans	3,503,473	3,238,741
Tangible fixed assets (land charges on the Bank's own property)	0	0
Debt securities and other fixed-interest securities (book value as at 31 Dec 2015: €55,000 thousand, 31 Dec 2014: €235,000 thousand)	51,250 ¹	216,500 ¹
Total cover assets	3,554,723	3,455,241
Total mortgage Pfandbriefe requiring cover	1,631,900	1,246,900
Overcollateralisation	1,922,823	2,208,341

1) When calculating the cover, apoBank takes into account an internal security discount of 10% of the nominal value.

52. Other financial obligations

Other financial obligations amount to €118.0 million and result from an optional obligation to purchase shares in a company within the scope of the lending business. This obligation does not currently pose a risk.

apoBank is a member of the protection scheme with a guarantee fund and a guarantee network operated by the National Association of German Cooperative Banks (BVR). Within the scope of the guarantee network, apoBank has assumed a guarantee obligation of €30.0 million.

A premium guarantee in favour of BVR Institutssicherung GmbH (BVR-ISG) is also in force. This relates to annual contributions to reach the target level and payment obligations, special contributions and special payments in the event that the available cash funds are not sufficient to compensate the depositors of a CRR bank belonging to a bank-related protection scheme, as well as replenishment obligations pursuant to cover measures.

53. Average number of employees

The average number of employees in 2015 was 2,139 (31 December 2014: 2,077) full-time and 406 (31 December 2014: 360) part-time employees. In addition, apoBank employed an average of 116 apprentices (31 December 2014: 81).

54. Changes in membership

Changes in membership

	Number of members	Number of cooperative shares	Uncalled liabilities € thous
Beginning of 2015	105,864	720,597	1,080,896
Additions 2015	4,618	39,847	59,770
Departures 2015	2,714	20,844	31,266
End of 2015	107,768	739,600	1,109,400

55. Cooperative shares and uncalled liabilities of members

Cooperative shares and uncalled liabilities of members

	31 Dec 2015 € thous	31 Dec 2014 € thous
The capital contributions of the remaining members increased in the year under review by	28,491	137,572
Uncalled liabilities increased in the year under review by	28,504	137,582

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

56. Auditors' fee

The expenses for the audit of the annual financial statements, other certification services, tax advice and other services of the auditor, RWGV (Rheinisch-Westfälischer Genossenschaftsverband e.V.), were €1,538 thousand in the year under review (31 December 2014: €1,888 thousand).

The expenses can be broken down as follows:

Auditors' fee

	2015 €thous	2014 €thous
Audit of the annual financial statements	1,039 ¹	1,198
Other assurance services	498 ²	690
Tax advice	0	0
Other services	1	0

1) Of which release of reserves 2014: €124 thousand

2) Of which release of reserves 2014: €41 thousand; additional expense for 2014: €31 thousand

57. Remuneration of Board members

According to Section 285 sentence 1 no. 9a of the HGB, the total remuneration granted to the Board of Directors amounted to €4,928 thousand in 2015 (2014: €4,882 thousand); the performance-related share of this total remuneration was 39.2% (2014: 40.4%). The total remuneration paid to Board members in 2015 amounted to €4,744 thousand (2014: €3,744 thousand).

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

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

The total remuneration for former members of the Board of Directors and their surviving dependants amounted to €1,941 thousand (2014: €4,183 thousand; this amount was adjusted due to settlement payments). Pension provisions for this group of persons as at 31 December 2015 amounted to €25,546 thousand (2014: €23,752 thousand).

The total remuneration for members of the Supervisory Board was €905 thousand (2014: €852 thousand), which was divided up as follows: annual remuneration €563 thousand (2014: €506 thousand), attendance fees €342 thousand (2014: €339 thousand) and other remuneration €0 thousand (2014: €7 thousand).

58. Amounts due from Board members

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

Amounts due from Board members

	31 Dec 2015 €thous	31 Dec 2014 €thous
Members of the Board of Directors	133	155
Members of the Supervisory Board	4,904	2,699

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

Deutsche Apotheker- und Ärztebank eG, 40547 Dusseldorf, Germany

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

Revenue of €800.8 million resulted from the profit from ordinary business activities, excluding risk provisioning and general administrative expenses. Deutsche Apotheker- und Ärztebank's profit from ordinary business activities amounted to €228.4 million based on HGB accounting.

The average number of employees (excluding members of the Board of Directors) in 2015 was 2,545.0.

The profit before tax of €228.4 million as at 31 December 2015 was largely generated in Germany. Taxes on income relating to this amount came to €94.5 million.

apoBank does not receive any public aid.

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

Some of the disclosures required pursuant to Part 8 of the CRR (Articles 435 to 455) are included in the management report. apoBank publishes the remaining disclosures in a separate disclosure report simultaneously on its website.

61. Board of Directors

Members of the Board of Directors

- Herbert Pfennig, Chairman
- Ulrich Sommer, Deputy Chairman
- Harald Felzen (until 30 September 2015)
- Eckhard Lüdering
- Dr. Thomas Siekmann

62. Supervisory Board

Members of the Supervisory Board

- Hermann Stefan Keller, Chairman, pharmacist
- Wolfgang Häck¹, Deputy Chairman, bank employee
- Ralf Baumann¹, bank employee
- Fritz Becker, pharmacist
- Marcus Bodden¹ (since 19 June 2015), bank employee
- Martina Burkard¹, bank employee
- Mechthild Coordt¹, bank employee
- Dr. med. dent. Peter Engel, dentist
- Sven Franke¹, bank employee
- Eberhard Gramsch (until 19 June 2015), physician
- Dr. med. Torsten Hemker (since 19 June 2015), physician
- Klaus Holz¹ (until 19 June 2015), trade union secretary
- Dr. med. Andreas Köhler, physician
- Walter Kollbach, tax consultant/auditor
- Ulrice Krüger¹ (until 19 June 2015), bank employee
- Prof. Dr. med. Frank Ulrich Montgomery, physician
- Dr. med. dent. Helmut Pfeffer, dentist
- Robert Piasta¹, bank employee
- Dr. med. dent. Karl-Georg Pochhammer, dentist
- Christian Scherer¹, bank employee
- Friedemann Schmidt, pharmacist
- Ute Szameitat², bank employee
- Björn Wißuwa¹ (since 19 June 2015), trade union secretary

1) Employee representative

2) Representative of the executive staff

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

In 2015, members of the Board of Directors and employees of the Bank held seats on the supervisory boards or comparable boards of the following joint-stock companies pursuant to Section 267 (3) of the HGB or comparable organisations:

Name	Company	Function
Herbert Pfennig	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Chairman of the Administrative Board, until 25 November 2015
	DFV Deutsche Familienversicherung AG, Frankfurt	Member of the Supervisory Board
	PEIKER acoustic GmbH & Co. KG, Friedrichsdorf	Deputy Chairman of the Supervisory Board
	PEIKER Verwaltungsgesellschaft mbH, Friedrichsdorf	Deputy Chairman of the Supervisory Board, until 20 March 2015
	WGZ Bank AG, Dusseldorf	Member of the Supervisory Board
Ulrich Sommer	Apo Asset Management GmbH, Dusseldorf	Deputy Chairman of the Supervisory Board
	aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	1st Deputy Chairman of the Supervisory Board
	Börse Düsseldorf AG, Dusseldorf	Member of the Exchange Council, until 6 July 2015
	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board
	Internationale Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
Harald Felzen	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board, until 30 September 2015
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Deputy Chairman of the Supervisory Board, until 30 September 2015
	Finanz-Service GmbH der APO-Bank, Dusseldorf	Chairman of the Supervisory Board, until 30 September 2015
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Deputy Chairman of the Supervisory Board, until 30 September 2015
Eckhard Lüdering	APO Data-Service GmbH, Dusseldorf	Chairman of the Supervisory Board
	CP Capital Partners AG, Zurich	Member of the Administrative Board
	GAD Beteiligungs GmbH & Co. KG, Münster	Member of the Supervisory Board, since 18 June 2015
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board, since 4 November 2015
Dr. Thomas Siekmann	CredaRate Solutions GmbH, Cologne	Member of the Supervisory Board, until 27 July 2015
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board, until 4 November 2015 Deputy Chairman of the Supervisory Board, since 4 November 2015
	ZA Zahnärztliche Abrechnungsgesellschaft AG, Dusseldorf	Member of the Supervisory Board

Mirko Engels	aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
Georg Heßbrügge	patiodoc AG, Berlin	Deputy Chairman of the Supervisory Board, until 3 February 2015
Steffen Kalkbrenner	ARZ Haan AG, Haan	Member of the Supervisory Board
Dr. Lars Knohl	APO Data-Service GmbH, Dusseldorf	Member of the Supervisory Board
Dr. Hanno Kühn	aik Immobilien-Kapitalanlagegesellschaft mbH, Dusseldorf	Member of the Supervisory Board
André Müller	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board, since 20 October 2015
	APO Data-Service GmbH, Dusseldorf	Member of the Supervisory Board, since 23 April 2015
Carsten Padrok	Finanz-Service GmbH der APO-Bank, Dusseldorf	Member of the Supervisory Board
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG (DÄF), Cologne	Deputy Chairman of the Supervisory Board, since 2 November 2015
Peter Schlögell	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Member of the Administrative Board, since 25 November 2015
Dr. Barbara Schwoerer	APO Data-Service GmbH, Dusseldorf	Deputy Chairwoman of the Supervisory Board, since 23 April 2015
	ARZ Haan AG, Haan	Deputy Chairwoman of the Supervisory Board
	Finanz-Service GmbH der APO-Bank, Dusseldorf	Member of the Supervisory Board, since 20 October 2015
Ute Szameitat	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board, since 20 October 2015

64. Name and address of the responsible auditing association

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

Dusseldorf, 10 March 2016
Deutsche Apotheker- und Ärztebank eG
The Board of Directors



Herbert Pfennig



Ulrich Sommer



Eckhard Lüdering



Dr. Thomas Siekmann

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Report of the Auditing Association

We have audited the annual financial statements comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and the notes, together with the financial accounts and the management report of Deutsche Apotheker- und Ärztebank eG, Dusseldorf, for the business year from 1 January 2015 to 31 December 2015. The financial accounting and the preparation of the annual financial statements and the management report in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the supplementary provisions of the Articles of Association are the responsibility of the Board of Directors of the cooperative. Our responsibility is to express an opinion on the annual financial statements together with the financial accounts and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Dusseldorf, 17 March 2016

On behalf of

Rheinisch-Westfälischer Genossenschaftsverband e.V.

Thomas Kulina
Certified Auditor

Dieter Schulz
Certified Auditor

Responsibility Statement by the Legal Representatives

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

Dusseldorf, 10 March 2016
Deutsche Apotheker- und Ärztebank eG
The Board of Directors



Herbert Pfennig



Ulrich Sommer



Eckhard Lüdering



Dr. Thomas Siekmann

Imprint

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

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

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

