

2009



## Annual Financial Report 2009



Balance Sheet Figures (€ million)	2008	2009	Changes*
Balance Sheet Total	41,221	<b>41,231</b>	+0.0 %
Customer Loans	24,554	<b>25,600</b>	+4.3 %
Customer Deposits	15,801	<b>16,984</b>	+7.5 %
Securitised Liabilities	10,960	<b>9,938</b>	-9.3 %
Liabe Equity Capital	2,483	<b>2,486</b>	+0.1 %

#### Earnings Development (€ million)

Net Interest Income	570.5	<b>618.2</b>	+8.4 %
Net Commission Income	136.2	<b>111.6</b>	-18.1 %
General Administrative Expenses	396.3	<b>422.6</b>	+6.6 %
Operating Profit before Risk Provisioning	315.9	<b>317.8</b>	+0.6 %
Risk Provisioning <sup>1</sup>	244.0	<b>588.4</b>	---
thereof balance of loan loss provisions	36.8	95.9	
thereof balance of provisions for financial instruments and subsidiaries	330.8	485.1	
thereof balance of other provisions	-123.6	7.4	
Net profit (+) / Net loss (-) <sup>2</sup>	+59.6	<b>-283.1</b>	---

#### Selected Ratios

Return on Equity	4.7 %	<b>-19.3 %</b>	-24.0 ppt
Cost/Income Ratio	56.4 %	<b>57.9 %</b>	+1.5 ppt
Equity Ratio	12.8 %	<b>10.2 %</b>	-2.6 ppt
Core Capital Ratio	8.7 %	<b>6.2 %</b>	-2.5 ppt

#### Ratings<sup>3</sup>

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

#### Other data

Number of Employees	2,263	<b>2,350</b>	+3.8 %
Number of Members	100,378	<b>101,176</b>	+0.8 %
Number of Customers	319,100	<b>333,100</b>	+4.4 %

\* Deviations due to rounding differences

<sup>1</sup> Balance of risk provisioning for lending, financial instruments and subsidiaries as well as provisioning reserves pursuant to § 340 HGB

<sup>2</sup> Subject to the approval of the annual general meeting the net loss 2009 will be compensated by the reversal of general reserves.

<sup>3</sup> As at: 26 March 2010

Deutsche Apotheker- und Ärztebank  
Annual Financial Report 2009



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Werner Albert Schuster,  
Claus Verfürth,  
Herbert Pfennig,  
Stefan Mühr (f. l. t. r.)

Dear Members, Customers and Business Friends,

In 2009, the global economy probably experienced its most severe crisis since the Great Depression of 1929. At the beginning of the year, there was still the danger that the obvious parallels to the 1929 world economic crisis would prove to be true. But thanks to the consistent implementation of alternatives in monetary, but also fiscal policies as well as to the close co-operation between globally operating institutions, it was finally possible to break the vicious circle of crisis, deflation and depression.

Already in the second quarter, important national economies such as Germany, France and Japan returned to positive growth rates in gross domestic product. However, the German economy suffered more than most other industrial nations because of its great dependence on exports. The undervaluation of the US dollar against the euro additionally weakened the competitiveness of German companies. As a result, the German gross domestic product decreased significantly. This decline is all the more surprising in view of the relatively stable consumer behaviour in Germany.

The downside of stimulating the economy through an expansive monetary policy is the increased danger of inflation. This is all the more true in view of the fact that prices in the oil market steadily increased throughout the year, so that the peak price of a barrel was almost twice as high as at the beginning of the year.

What is true for the economy as a whole is particularly true for the financial industry. Thus, the repercussions of the global financial crisis were still felt in the financial sector in 2009. More than 100 bank bankruptcies in the United States are a clear sign for this. Also in Germany, there was ongoing news about the banks in focus. Therefore, it is still too early to believe that the crisis is completely over. Instead, the international banking world will be busy enough clearing poorly performing stocks out of their portfolios over the next few years.

This also applies to apoBank. The number one bank in the health care sector has gone through another difficult year, and the outlook for 2010 provides little reason for euphoria. For the time being, we therefore cannot do otherwise but devote a large part of our energies to gradually dealing with the consequences of the financial crisis. In the second half of 2009, we subjected our structured financial products to an intensive internal and external review in order to achieve transparency about the Bank's risk situation. On the basis of first interim results, we have developed a six-point programme.

Among other things, this includes the gradual reduction of the "Structured Financial Products" portfolio in a value-preserving manner to around Euro 2.5 billion by 2014. In the 2009 financial year, this portfolio was already reduced by Euro 1.1 billion to now Euro 4.5 billion. Overall, financial instruments were even reduced by Euro 4.5 billion. In addition, we will further reduce the equity in order to be able to use the released resources for sustained expansion of the stable and profitable core business.



The latter continued its very satisfactory development last year. At more than Euro 4 billion, new advances in the loan sector were once again significantly up on the high level of the previous year. Net interest income also further improved in comparison with last year. This development clearly shows that our business model provides a stable basis for our sustained earnings power. On this basis, we will try to make apoBank as profitable again as in the better times before the financial market crisis.

With the already initiated sales offensive, apoBank significantly expanded its sustained good core business in the past year, both regionally and in view of the individual customer. In the area of client services, more than 90 additional employees were hired. Another 45 new jobs will be created in 2010. In addition, we introduced our successful agency model in additional locations, thereby further improving the proximity to our customers. Also in this context, we are planning another increase in the coming year.

Value-oriented distribution is an important part of our strategy. Our customers' trust is our most valuable asset. Every pharmacist, physician, dentist and veterinarian should be able to rely on us to only recommend products that justify his or her trust in us. At the end of last year, we received an acknowledgment for this approach. Within the framework of a study published in October, apoBank was awarded a prize for its private asset management by investor magazine Focus Money and TV station n-tv. Among other things, the award jury praised

apoBank's customer orientation, comprehensibility, risk information, costs and transparency. We are very proud of this award and see it as an incentive to further strengthen our position in the field of asset management.

In February 2009, apoBank had another reason to celebrate. In 2009, as in the previous years, our Bank was once again awarded as a particularly attractive employer. The "Great Place to Work" research and consulting institute first of all praised the reliable, respectful and fair cooperation between management and employees, the employees' strong identification with their work and the great team spirit within the company. At the end of the month, apoBank was then awarded as "TOP EMPLOYER 2009" by the independent research company CRF. The quality seal stands for an outstanding quality of the corporate and employer culture.

Another large internal project apoBank was working on in 2009, was the outsourcing of our IT infrastructure. As a result of an intensive selection process, we entered into long-term agreements with GAD eG, a cooperative IT service provider. Our target is to migrate the Bank's systems to GAD eG by 2012 and thus achieve a significant reduction in running costs. The IT migration is part of apoFit, our project for sustained optimisation of the cost structure, which we started already in 2008. Our utmost goal is to create greater scope for strategic investments to implement our growth strategy.

Therefore, thanks to its robust core business, apoBank sees itself well prepared for the future despite the present burdens. Our goals are focused on our customers from the medical professions with their individual demands made on the banking business; as “the bank in the health care sector”, we will continue to offer them high competence, competitive products and quality service in all areas of banking.

Yours sincerely

Deutsche Apotheker- und Ärztebank



Herbert Pfennig



Stefan Mühr



Werner Albert Schuster



Claus Verfürth

# Agenda

of the Annual General Meeting  
of Deutsche Apotheker- und Ärztebank  
on Friday, 18 June 2010, 14:30 hours,  
Hotel Maritim, Maritimplatz 1, 40474 Düsseldorf

Words of Welcome

1. Report of the Board of Directors for the 2009 Financial Year
2. Report of the Supervisory Board
3. Report on the Legal Audit, Statement by the Supervisory Board, Resolutions
4. a) Resolution on the 2009 financial statements  
b) Resolution on the appropriation of the balance sheet result 2009
5. a) Ratification of the Actions of the Board of Directors in the 2009 Financial Year  
b) Ratification of the Actions of the Supervisory Board in the 2009 Financial Year
6. Issuance of a securitised silent partnership
7. Amendment of the Supervisory Board fees for the year 2011 seqq.
8. Election of the Supervisory Board
9. Any other business

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

**Herbert Pfennig** (from 1 April 2009)

Düsseldorf

Spokesman (from 1 July 2009)

**Günter Preuß** (until 30 June 2009)

Düsseldorf

Spokesman

**Gerhard K. Girner** (until 31 August 2009)

Düsseldorf

**Günther Herion** (until 30 November 2009)

Düsseldorf

**Stefan Mühr**

Düsseldorf

**Werner Albert Schuster**

Düsseldorf

**Claus Verfürth**

Düsseldorf



## **The new team of Directors – Organisational chart of apoBank**

A generational change has taken place in the Board of Directors of Deutsche Apotheker- und Ärztebank. The personnel changes are accompanied by a change in strategy. The new team of Directors stands for a refocusing on the core business, where the Bank has been successful for more than 100 years: as the Bank for the members of the medical professions and their professional associations. This reorientation aims at positioning Deutsche Apotheker- und Ärztebank as the financial services provider in the health care sector with great sector-specific expertise, competitive products and quality service in all areas.



**Stefan Mühr**

*Board Department 2*

Stefan Mühr has been a member of the Board of Directors of Deutsche Apotheker- und Ärztebank since 1 January 2009. He is responsible, among other things, for the Professional Associations, Medical Cares Structures and Securities Institutional Investors departments.



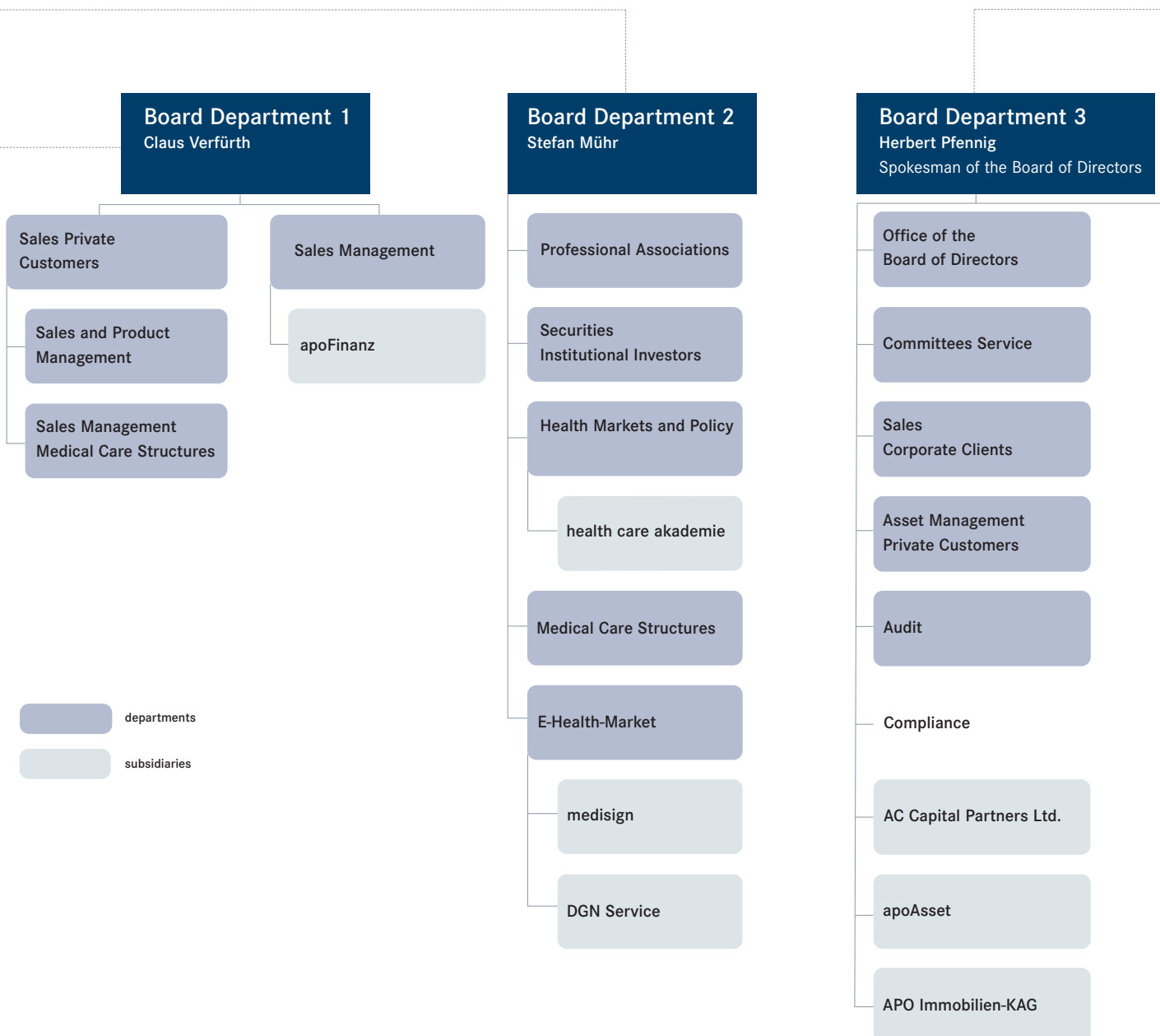
**Claus Verfürth**

*Board Department 1*

Claus Verfürth joined the Board of Directors of Deutsche Apotheker- und Ärztebank on 1 July 2008. He is responsible for the Sales Private Customers department with its 65 branches, agencies and advisory centres.



# Organisational Chart of Deutsche Apotheker- und Ärztebank

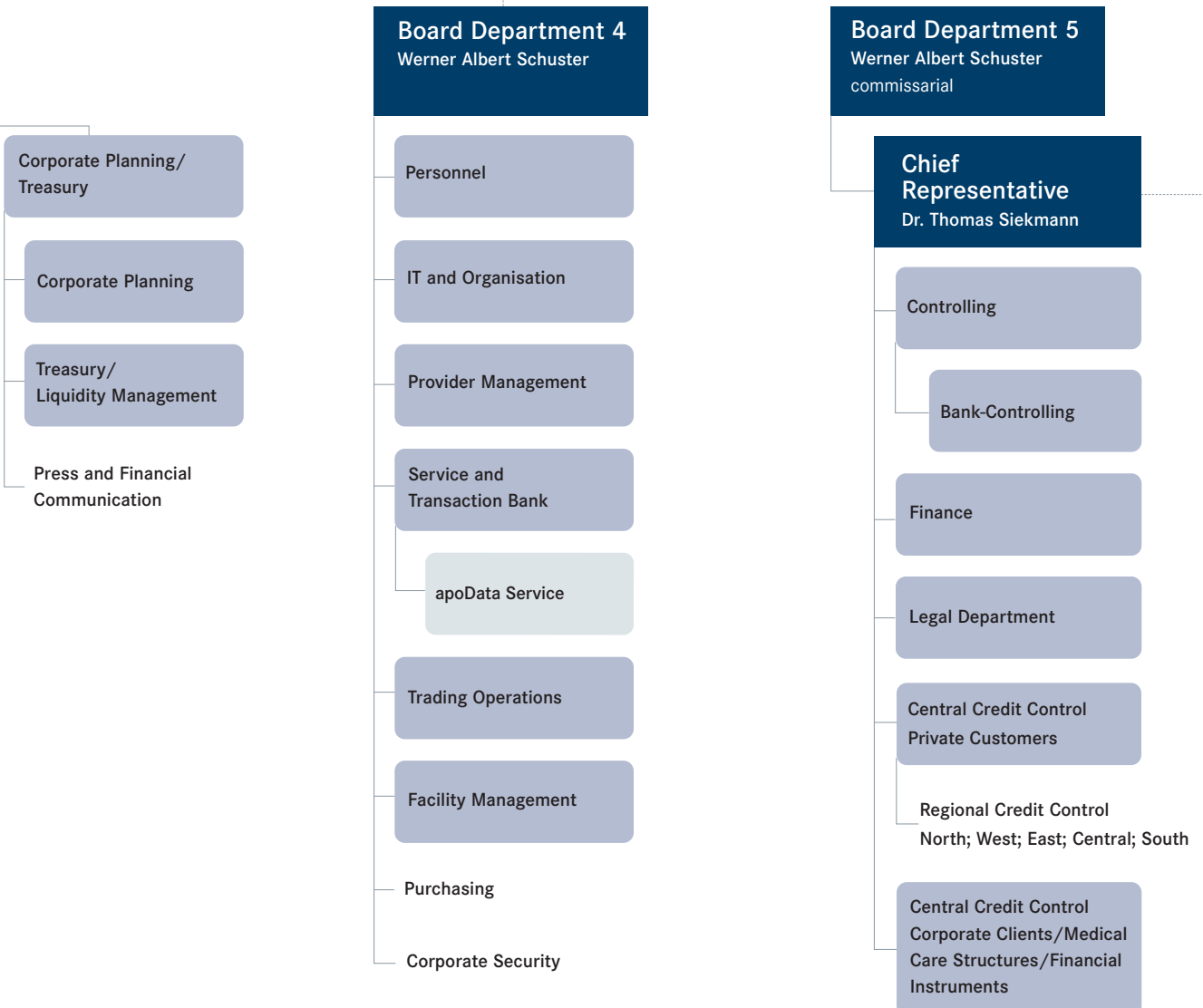




## Herbert Pfennig

*Spokesman of the Board of Directors,  
Board Department 3*

Herbert Pfennig has been Spokesman of the Board of Directors of Deutsche Apotheker- und Ärztebank since 1 July 2009. He is responsible, among other things, for the Corporate Planning/ Treasury, Asset Management Private Customers and Sales Corporate Clients departments.





**Werner Albert Schuster**

*Board Department 4*

Werner Albert Schuster has been a member of the Board of Directors of Deutsche Apotheker- und Ärztebank since 1 July 2000. He is responsible, among other things, for the Personnel, IT and Organisation, Provider Management and Banking Operations departments. In addition, he holds the position of Human Resources Director, and he is currently the commissarial Head of Board Department 5.



**Dr. Thomas Siekmann**

*Board Department 5, Chief Representative*

Dr. Thomas Siekmann was appointed member of the Board of Directors of Deutsche Apotheker- und Ärztebank on 1 March 2010, subject to the usual BaFin approval procedure. He will perform his duties as Chief Representative until a positive vote is achieved. He is responsible for the Controlling, Finance, Credit Control and Legal departments.

**Hermann Stefan Keller, Pharmacist, Mainz, Chairman (from 19.06.2009)**

**Dr. med. dent. Wilhelm Osing, Düsseldorf, Chairman (until 19.06.2009)**

**Wolfgang Häck, Neuss\*, Vice-Chairman**

**Karin Bahr, Kiel\***

**Ralf Baumann, Düsseldorf\***

**Hans-Jochen Becker, Mülheim/Ruhr\***

**Dr. med. dent. Peter Engel, Bergisch Gladbach (from 19.06.2009)**

**Dr. med. dent. Wolfgang Eßer, Mönchengladbach**

**Sven Franke, Hanover\***

**Eberhard Gramsch, Göttingen**

**Norbert Hinke, Düsseldorf\***

**Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, Düren**

**Uschi Jaeckel, Mülheim/Ruhr\***

**Dr. med. Andreas Köhler, Berlin**

**Ulrice Krüger, Berlin\* (from 19.06.2009)**

**Dr. med. Ulrich Oesingmann, Dortmund**

**Dr. med. dent. Helmut Pfeffer, Wohltorf**

**Gerhard Reichert, Pharmacist, Hengersberg (until 19.06.2009)**

**Christian Scherer, Neustadt\***

**Friedemann Schmidt, Pharmacist, Leipzig**

**Roland Wark, Heusweiler\* (until 19.06.2009)**

**Loni Wellert, Vallendar\***

**Heinz-Günter Wolf, Pharmacist, Hemmoor (from 19.06.2009)**

\* elected by employees

Honorary Chairman of  
the Supervisory Board

**Dr. med. dent Wilhelm Osing**  
Düsseldorf

Honorary Legal Counsel of  
the Supervisory Board

**Dipl.-Kfm. Richard Deutsch, Lawyer**  
Meerbusch

Honorary Chairman of  
the Board of Directors

**Dipl.-Volkswirt Walter Schlenkenbrock**  
Ratingen

Holder of the Karl-Winter-Medal  
and Honorary Member of the Bank

**Klaus Stürzbecher, Pharmacist**  
Berlin

Honorary Members of the Bank

**Berthold Bisping**  
Neuss

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

**Elfriede Grl**  
Munich

**Jürgen Helf**  
Meerbusch

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

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

**Günter Preuß**  
Freihung

**Dipl.-Betriebswirt Werner Wimmer**  
Meerbusch

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

Dr. med. Burkhard Lütkemeyer, Bad Essen  
 Dr. med. dent. Ute Maier, Tübingen  
 Prof. Dr. med. vet. Theodor Mantel, Eichstätt  
 Dipl.-Ing. Hartmut Miksch, Düsseldorf  
 Dr. med. Josef Mischo, St. Ingbert  
 Dr. med. dent. Dirk Mittermeier, Bremen  
 Dr. med. Carl-Heinz Müller, Trier  
 Dipl.-Kfm. Karsten Müller-Uthoff, Hildesheim  
 Dr. med. Axel Munte, Grünwald  
 Dipl.-Math. Gert Nagel, Hainburg  
 Christian Neubarth, Dentist, Hildesheim  
 Dr. med. Volker Niehaus, Norden  
 Dr. Ralph Nikolaus, Dresden  
 Dipl.-Kfm. Siegfried Pahl, Erkrath  
 Dr. med. dent. Karl-Georg Pochhammer, Berlin  
 Dr. med. Peter Potthoff, Bad Honnef  
 Dr. med. Angelika Prehn, Berlin  
 Dr. med. dent. Janusz Rat, Munich  
 Dr. med. Hans-Joachim Raydt, Stade  
 Dr. med. dent. Michael Reinhard, Nörtershausen  
 Dr. med. dent. Martin Reißig, Munich  
 Dipl.-Volkswirt Manfred Renner, Planegg  
 Dr. med. Karl-Friedrich Rommel, Mechterstädt  
 RA Dr. jur. Helmut Roth, Senden  
 Hans Günter Scherer, Bremen  
 Dr. med. dent. Karl-Horst Schirbort, Burgdorf  
 Dr. med. Gabriel Schmidt, Munich  
 Dipl.-Finanzwirt Peter Schmidt, Kall  
 Dr. med. Ralf-Rainer Schmidt, Leipzig  
 Dipl.-Med. Thomas Schmidt, Hohen Neuendorf  
 Dr. med. Rüdiger Schneider, Trier  
 Dr. med. dent. Ursula von Schönberg, Barntrop  
 SR Dr. med. Ulrike Schwäblein-Sprafke, Hohenstein  
 Dr. med. Michael Siegert, Trier  
 Dirk Smolka, Dentist, Bonn  
 Dipl.-Volkswirt Jochen Stahl, Münster  
 SR Dr. med. dent. Helmut Stein, Clausen  
 Dipl.-Volkswirt Helmut Steinmetz, Kiel  
 Dr. med. Volker Steitz, Bienen  
 Dr. med. dent. Helke Stoll, Eilenburg  
 Dr. med. dent. Karl-Heinz Sundmacher, Hockenheim  
 Dr. med. Jürgen Tempel, Wunstorf  
 Dr. med. Ulrich Thamer, Dortmund  
 Dr. med. Christoph Titz, Ganderkesee  
 Dr. med. Sigrid Ultes-Kaiser, Ramstein  
 Ralf Wagner, Dentist, Langerwehe  
 Ulrich Weigeldt, Berlin  
 Dr. med. dent. Holger Weißig, Gaußig  
 Dr. med. Elmar Wille, Berlin  
 Prof. Dr. med. Kuno Winn, Berlin  
 Dr. med. dent. Walter Wöhlk, Kiel  
 Dr. rer. pol. Thomas Zalewski, Stuttgart  
 Dr. med. Gerd W. Zimmermann, Hofheim/Ts.  
 Dr. med. dent. Gert Zimmermann, Leun





# Annual Report

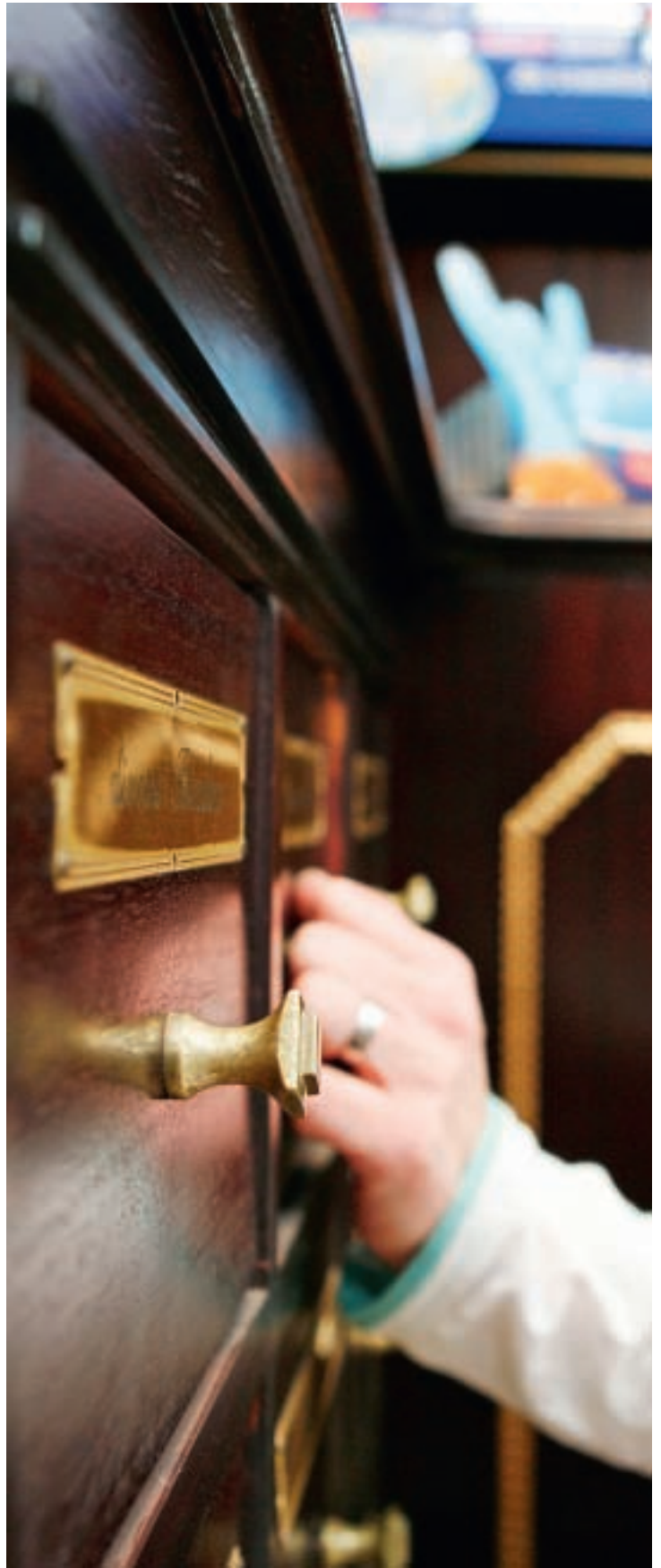
# We share common roots and a common future.

We have been the specialist bank in the health care sector for more than 100 years, and we offer more than just individual solutions.

“For many years, I have maintained an intensive relationship with apoBank that goes far beyond the normal relationship between customer and bank. Already when I was chairman of the Thuringian Pharmacists Association, I very much appreciated apoBank’s expertise as a bank for medical professionals. My contact persons always knew exactly what was troubling us pharmacists. By the way, my pharmacy could celebrate its 400th anniversary a few years ago. This respect for the long tradition of the medical professions is something else I have in common with my Bank.” Dr. rer. nat. Helmut Wittig



Böttger pharmacy, Schleiz: Dr. rer. nat. Helmut Wittig



## Premium Provider with a Consistent Growth Strategy

### Changes in health care market open new chances

The numerous changes in the health care sector of the past few years have significantly increased the professional opportunities for academic health professionals. When it comes to making optimal use of the possibilities and opportunities offered by these changes, we, as “the bank in the health care sector”, are increasingly in demand by our customers. This is also reflected in the renewed increase in the number of our clients, which has grown by approximately 14,000 to now around 333,100. We regard the continued increase in the number of new customers as a positive response of pharmacists, physicians, psychotherapists, dentists and veterinarians to the range of services offered by their professional bank. We are firmly focused on growth – with our individual advisory services, our expertise in the health care sector and our various investments in the future.

We want to successfully position ourselves in the long run as a premium provider in the market. By placing even greater emphasis on the needs of our customers and clearly focusing on our core business, we provide the basis for sustainable growth in the future. For this purpose, we have already introduced a series of activities and measures that support this growth strategy and have already proven successful.

Nevertheless, 2009 was very much characterised by the impact of the financial market crisis. The positive effects from our core business could not fully offset the negative impacts from our securities portfolio, so that we have to report a net loss for the first time. We have taken the necessary measures to

build on the success we achieved in the period before the financial market crisis. This means primarily that we will focus solely on our core business with the health professionals and their organisations while gradually reducing our security portfolio.

### **Best new lending result in our history**

Also last year, despite the difficult general economic conditions, we further expanded our lending business. With a volume of Euro 4.1 billion, we achieved the best new lending result in the over 100-year history of apoBank. Therefore, our clients are not affected by the credit crunch that is being felt by many.

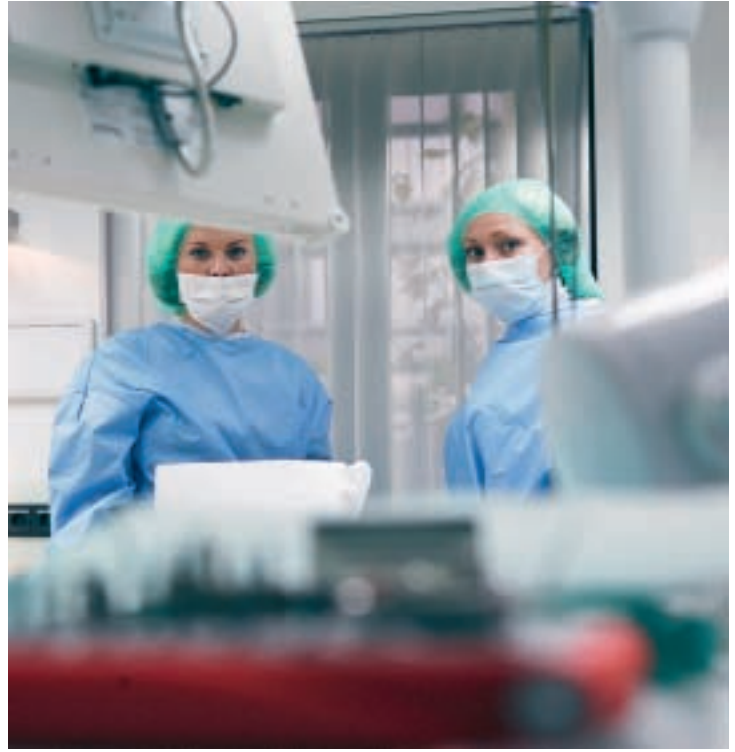
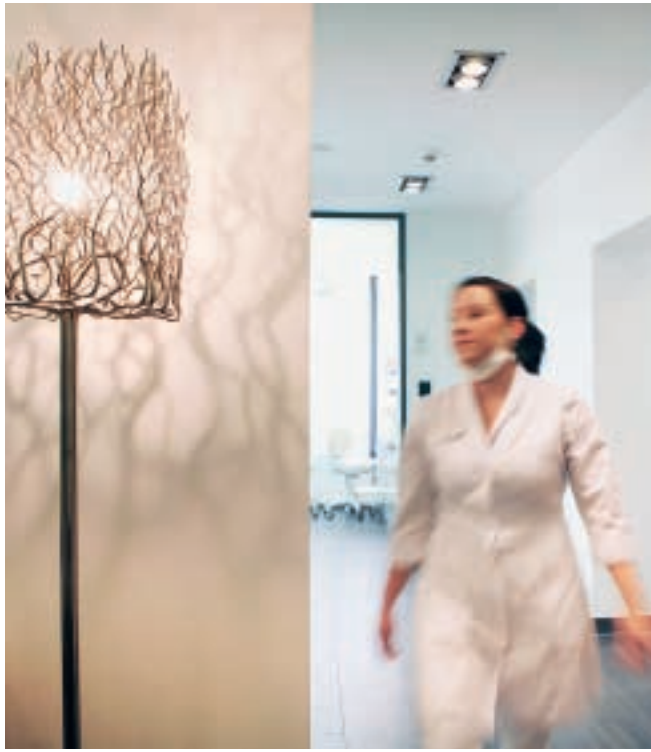
So in 2009, more than ever before, we played an important role in granting loans to the German health care market. On the one hand, this is because as a professional bank, we feel particularly committed to the health professions. But on the other hand, it is also because for decades we have achieved good results with our integrated advisory approach and our expertise. We will consistently pursue this customer and growth-oriented credit policy also in the future.

The general conditions in the German health care sector have changed significantly over the last few years. For example, today there is a much greater number of employed health professionals as well as a strong trend towards new professional practice communities and forms of care. Against this background, our customers made increasing use of our conceptual financing advisory services, which are tailor-made to suit the specific needs of the academic health professions. This also shows the effectiveness of our target-group-specific business model.

“When I intended to take over a joint practice in Duisburg ten years ago, apoBank not only had full confidence in my plans for the future, but also supported me in all economic questions. When I founded Kaiserberg clinic, I also benefited from apoBank’s expertise and its leading role in the health care sector. I particularly appreciate that my apoBank consultants are always informed about the current developments in the health care market. Therefore, they can well understand and support my strategic plans and the investments in innovative technologies.” Dr. Richard J. Meissen



Kaiserberg clinic, Duisburg: Dr. Richard J. Meissen





Apart from traditional financing advisory services for business start-ups, investment financing has gained a lot of importance. The entrepreneurial opportunities of new medical care structures have led to increasing investment needs on the part of physicians, dentists and pharmacists. We meet these needs by providing the necessary loans. In this context, we also use the possibility of including low-interest public loans, such as from the Kreditanstalt für Wiederaufbau (KfW) or the state development institutes (Landesförderinstitute). Our clients are not affected by the publicly discussed credit crunch.

### Reliable partner on the way to self-employment

Our customers not only benefit from our expertise in the health care sector, but also from our experience gained over many years of providing advisory services to academic health professionals.

For example, health professionals who want to establish their own practice are offered the possibility of checking their investment calculations by comparing them with our extensive industry data. If desired, our advisors can establish contacts between health professionals interested in self-employment who do not want to open a new practice or have not yet found a suitable practice and health professionals who want to sell their practice. According to an analysis conducted by apoBank together with the Central Research Institute of Ambulatory Health Care (Zentralinstitut für die Kassenärztliche Versorgung) and the Institute of German Dentists (Institut der Deutschen Zahnärzte), physicians and dentists who want to set up their own practice prefer to take over individual practices.

Even if our customers want to make use of the varied new market opportunities in other ways – for instance in new medical care structures such as modern forms of cooperation, health centres, medical care centres, specialist centres or practice networks – we provide active and sustained support to them: On our initiative, the “Deutsches Netzwerk Versorgungsstrukturen” (German network of health care structures) was founded in 2009. Apart from our Bank, it represents renowned advisors from the fields of medical law as well as tax and management consulting, helping customers to avoid legal and fiscal pitfalls and supporting them with the necessary expertise in the development of sustainable concepts from idea to implementation.

### **From the practice for the practice: Exclusive events and seminars**

Successful and practice-oriented economic activities follow their own principles. The parameters of the economic basis of existence have changed in recent times – especially in the health care sector: In the future, only those health professionals will be successful who can focus on their patients without having to deal with existential problems.

This is what the concept of apoBank’s further training courses is based on. They offer physicians, dentists, veterinarians and pharmacists the necessary support and professional assistance in the fields of business administration, law and taxes. Apart from events for health professionals with own practices, seminars for employed physicians and dentists were offered for the first time last year. The lectures by renowned speakers on topics such as “Alternatives to self-employment”, “Labour law” and “Communication and leadership training” met with very positive response from the participants.

In 2009 alone, we held more than 440 seminars. Our Bank has an experienced team of speakers for these seminars, consisting of physicians, banking experts, legal experts as well as tax and management consultants. Thus, competent, practical and independent information is guaranteed.

Retirement provision and asset accumulation have always been important components of our customers' professional and private financial planning. Our "Money Talks" offer first-hand information and exchange of ideas on these topics. In more than 100 seminars last year, renowned experts from the fields of finance, tax and real estate provided valuable information on the opportunities and risks, but also on the fundamental necessity of private financial planning.

### **Commitment to the health care sector: Conventions and conferences**

For us, being a partner for the medical professions primarily means providing our customers with personal and comprehensive support in all financial and economic matters. But there is even more to this partnership: Therefore, the regular exchange of information and experience with all important players in the health market is an essential foundation for our commitment in the health care sector.

As a partner for the medical professions, we are actively engaged in this knowledge transfer, e.g. at numerous conventions and conferences. In 2009, we promoted or actively supported more than 300 events of this kind.

# More time and space for you.

Building a personal relationship with our customers is the core of our business philosophy – and that's what we invest in.

“As a general practitioner in a group practice with two colleagues, I have special demands on my Bank. Particularly in view of the constant changes in the health care sector, it is important for me that my apoBank consultant is informed about the latest developments – and is able to give me correspondingly competent and reliable advice. apoBank offers me a range of services that goes far beyond the usual services of a bank. This also includes that my apoBank consultant – just like me – makes house calls, if necessary.” Dr. med. Hans-Peter Koller



Dr. med. Hans-Peter Koller, country doctor, Grossbottwar | Ute Keller, apoBank



## Greater Customer Proximity and Concentration on the Core Business

### Successful together: Our focus is on our customers

We will continue to pursue and intensify consistent orientation to the wishes and needs of our customers in all business areas of our Bank. Our customers and their success in the health care sector are always the focus of our activities and measures.

For our customers, there are many ways that lead to their bank: Apart from personal advice from our employees in the apoBank branches and the services provided by the mobile financial consultants of apoFinanz, our customers have the possibility, by using our online or telephone banking services, to conduct their banking transactions, make appointments or contact us at all times – even outside the usual branch and advisory service hours.

### Investments in the future: Further expansion of our presence in Germany

apoBank pursues the goal of being a premium provider. Of course, personal and faithful advisory services and therefore also physical proximity to our customers are particularly important for us. That is why, under the motto “More time and space for you”, we opened four new locations last year in Bündingen, Friedrichshafen, Heilbronn and Limburg. The representative and modernly equipped premises fulfil our claim of being “the bank in the health care sector” in every respect.

Overall, with 65 locations apoBank is now represented in all regions of Germany. Since we know that qualified and successful advisory services require proximity to the customer and, in particular, personal contact between customers and advisors, we are further expanding our network of agencies and advisory centres and will open new locations in Aschaffenburg, Berlin's Mitte district, Heidelberg, Jena, Landshut, Murnau, Passau, Siegen and Tübingen.

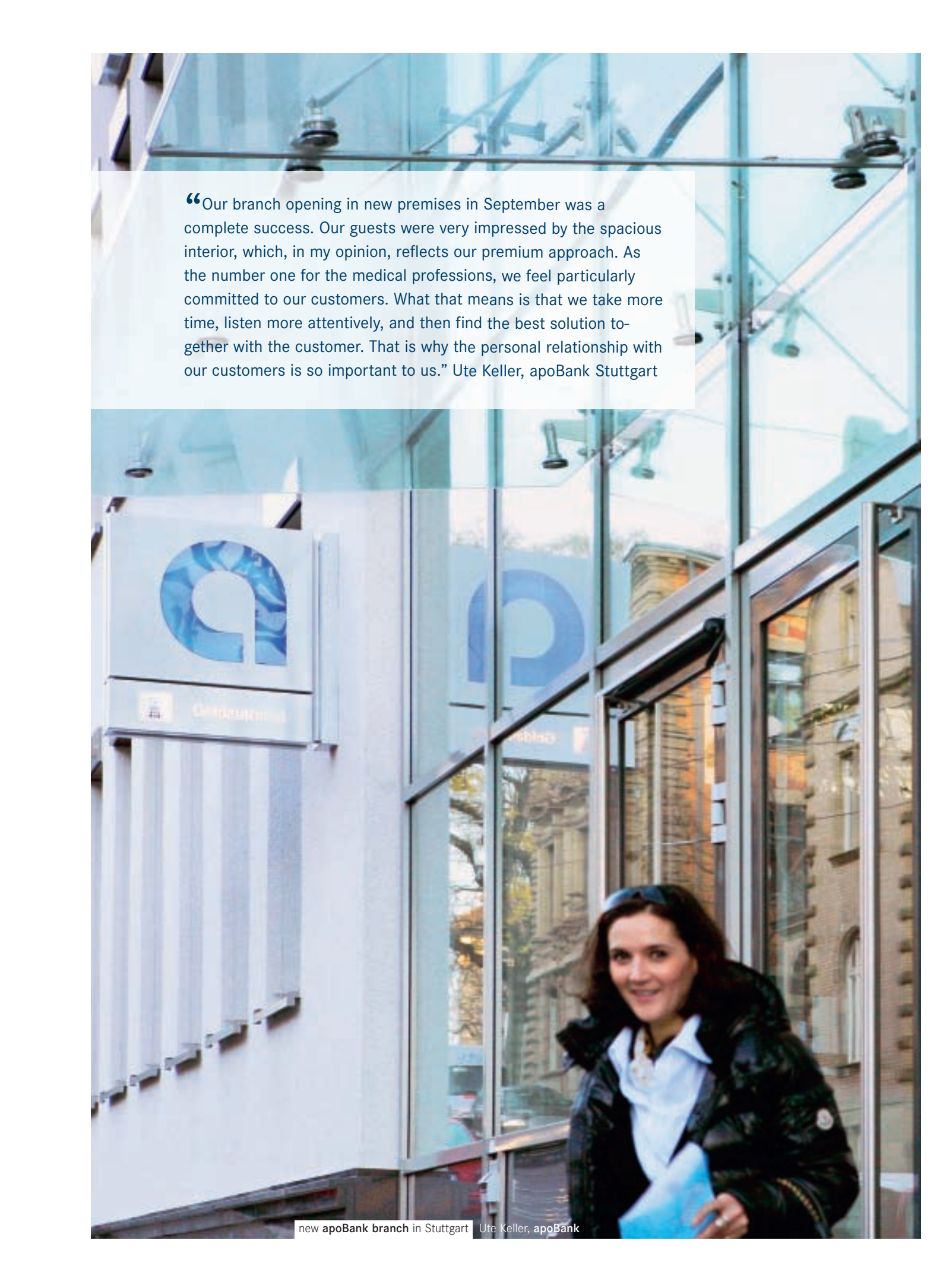
### **New service model and qualification offensive in sales**

In 2009, we reorganised the service model for our two largest customer groups – self-employed and employed academic health professionals – and adjusted it to the ever growing demands. The advisory services for the respective customer groups are now provided by specifically trained and qualified advisors with professional expertise. As part of this adjustment, we significantly expanded our advisory capacities with the addition of 90 employees.

In order to respond even better to our customers' high demands on the quality of advice, our individual customer advisors take part in a special study course in cooperation with the "Frankfurt School of Finance and Management" within the framework of the "apoVendo" qualification programme. At the end of the six-month sales education programme, the participants receive a certificate as "financial consultant in the health care sector" (Finanzberater im Gesundheitswesen).

With this innovative and practice-oriented education, we ensure the high quality and continuity of our customer advisory services also in the future. Therefore, our sales activities are also consistently oriented toward sustainable growth by being focused exclusively on our profitable core business.



The image shows the exterior of a modern apoBank branch in Stuttgart. The building features large glass windows and a white facade. A woman, Ute Keller, is standing in front of the entrance, smiling. She is wearing a dark jacket over a light blue shirt and holding a blue folder. The apoBank logo is visible on the glass and a sign above the entrance.

“Our branch opening in new premises in September was a complete success. Our guests were very impressed by the spacious interior, which, in my opinion, reflects our premium approach. As the number one for the medical professions, we feel particularly committed to our customers. What that means is that we take more time, listen more attentively, and then find the best solution together with the customer. That is why the personal relationship with our customers is so important to us.” Ute Keller, apoBank Stuttgart



### **apoFinanz: Mobile and high-quality on-the-spot advisory services**

The mobile advisors of apoFinanz are affiliated to the respective regional branches and mainly provide services to those customers who do not have the time to visit our branches and wish for personal, on-the-spot advisory services. They can offer our customers the Bank's whole range of services and products. Moreover, with its apoFinanzCheck, apoFinanz offers an unrivalled premium product which has already attracted a growing number of customers.

In order to meet the increased customer requirements on integrated advisory services in all financing, investment and provisioning issues, many advisors of apoFinanz have already been trained as certified financial planners.

### **Comprehensive account services and a broad range of credit card options**

For our customers, our current account with the trademark service “cost-free account management on a credit basis” was in the focus of their daily operations again in 2009. Our current-account full-service package with attractive services helps our clients to make disposals from their current account. The package still includes no postage charges for monthly bank statements, personalised forms, payment slips and cheques as well as the apoBankcard, and it is rounded off, above all, by our versatile and efficient credit card service.

Our attractive dual credit card service apoGoldenTwin has also proved successful. The free Visa and MasterCard Gold including partner card enjoy the highest acceptance worldwide. In collaboration with the Marburger Bund, we offer a special credit card combination for its members. Since the second quarter of 2009, our credit card service has been completed by another dual gold card service for the members of the Hartmannbund.

## Online and business banking services optimised and expanded again

Our online banking service continues to be in strong demand. Thus, the number of our customers going online via internet banking or by using banking software rose to approximately 215,000 in 2009. In the past year, we updated not only the traditional StarMoney banking software, but also the business version, which is now available as apoEdition Business 4.0. Due to its special performance characteristics, it is particularly suitable for large practices and pharmacies with high demands on payment transactions and accounting.

We also responded to the requirements of our clients by further expanding our business banking platform. A number of new and extended functionalities as well as more efficient billing methods provide for a comfortable and customer-tailored variety of use. In 2009, almost 15 million transactions with an order volume of almost Euro 100 billion were conducted through our business banking portal.

## Credit card payments in practices and pharmacies reach almost one billion euros

The trend towards cashless payment in practices and pharmacies continued also in 2009. This service is being used by more than 11,000 customers. Overall, 17 million credit card payments were settled and a volume of around Euro 1 billion was credited to our customers' accounts through the credit card payment systems provided by our Bank. Apart from individual payment solutions, terminals for reading the electronic health card (Elektronische Gesundheitskarte, eGK) were offered by us for the first time in the past year.

**Better accessibility:****Central telephone service available nationwide from mid-2011**

We aim at continuously improving the availability of the Bank by telephone for our customers. Therefore, in 2009, we expanded our central telephone service, which was originally started as a pilot project, to eleven branches and two agencies.

Since this service received only positive response from our customers, we will gradually introduce nationwide use of the central telephone service by mid-2011 and combine this service with our established apoDialog service.

# Being partners for us means passing on our special expertise.

Extensive expertise, market knowledge and our experience provide the basis for our business consulting concept.

“Founding our own practice clinic was an exciting thing to do. Especially in the beginning, there were many open questions. And apoBank had all the right answers. Thanks to its good business consulting concept, we quickly got everything under control. Whether it was about the acquisition of a practice, the new colleague Dr. Jäger joining our clinic, the financing of his employment, or the expansion of the practice rooms: Our apoBank consultant always found intelligent, practice-oriented solutions for us. On this basis, we have established a successful cooperation.” Dr. med. Christian von Ostau







## Unique Expertise also in the Investment Business

### Award for apoBank's asset management

The asset management activities for our customers were successful and were further expanded also in 2009. It is gratifying to see that our asset management services are appreciated not only by our customers, but also by the market.

For instance, in a bank test by Focus Money and n-tv in October 2009, our asset management was awarded the rating “Very good asset management”. In the nationwide bank test, a total of 44 renowned institutions were tested with respect to their advisory services and portfolio composition.

This result confirms our objective of becoming as successful in our investment business as we are in our lending business. The year 2009 showed that we are on a good way, despite the difficult overall economic situation.

## Advisory services are in increasing demand by professional pension funds

After the difficult year 2008, the following year was also extremely challenging for our institutional clients. While in 2008 investors already had to use a large share of their reserves to manage the impact of the financial market crisis on their portfolios, these reserves were further affected by the weak stock markets in spring 2009.

In 2009, balancing effects could only be achieved with portfolios that are geared to using specific risk spreads. The government support measures – with guarantees worth billions of euros – had a positive effect here, so that the mandates of our customers developed very positively.

Nevertheless, against this background, our investors' risk budgets failed to recover sustainably. The significant recovery in the stock markets, which took hold in the course of the year, had only small positive effects for most investors, because the investment ratios were in the lower single-digit percentage range.

The shift from rather volatile asset classes, which are mainly managed in special funds of our customers, to so-called direct bond portfolios continued. The development of the interest rate curve was strongly influenced by the massive flooding of the capital markets with central bank money. In the course of 2009, the interest rate curve became ever steeper, but this was exclusively due to the reduction in interest rates for short-term investments. In contrast, the long-term capital-market interest rate, which is relevant for pension funds, moved only marginally.

“The intensive care and optimal treatment of patients in our rheumatology centre are always top priority for our team of doctors. In this context, the trustful exchange of experience with my colleagues plays an important role for me – as an indispensable prerequisite for successful teamwork in the field of orthopaedic surgery and rheumatology. I decided to cooperate with apoBank as my professional advisor in financial matters. In particular, I appreciate apoBank’s informative range of advanced training and seminars.”  
Priv. Doz. Dr. med. Thomas Pauly





In addition, the reduction in the credit spreads created by the banks in the wake of the financial market crisis led to a further decline in the yields on Pfandbriefe. The yields on 10-year Pfandbriefe decreased to approximately 3.7 percent at the end of 2009 and were thus below the limit of the actuarial interest rate relevant for most pension funds.

Nevertheless, the investment volume managed for our institutional clients increased. The unpredictable situation in the volatile capital markets and the resulting effects on investors' reserves positions led to a brisk demand for our advisory services.

Also thanks to the sustained confidence of the pension funds in their professional bank, the Bank was able to significantly increase its capitalization in the past financial year. Subordinated capital in a total amount of more than Euro 200 million was placed with the Bank's institutional clients.

## apoAsset: Innovative product ideas and successful fund concepts

In 2009, our subsidiary apoAsset implemented a number of new product ideas which we hope will lead to significant growth potential. For instance, a fund product under the name of “DuoPlus” was introduced last year. This product invests in European blue-chip securities as well as in European government bonds in euro and is increasingly in demand for individual investments because of its defensive characteristics.

The new public fund “apo Kupon Plus” was launched in 2009. According to a procedure developed by apoAsset, this fund manages the maturities of bond portfolios. Independent of the fluctuations in capital-market interest rates, this is supposed to generate steady current income that meets or exceeds the ambitious investment targets of our institutional clients.

Also last year, apoAsset revamped its management procedure for the “apo Vivace INKA” fund of funds, which was introduced in 2008. Due to the change in strategy, the fund invests in a significantly expanded range of different risk classes, whose composition is subject to regular review. The result is an attractive yield in connection with good defensive characteristics in weak market phases.

The apoAsset fund for health care shares, which had already proved itself as a defensive investment at the beginning of the financial market crisis, became one of the best products of its kind in Europe in the course of 2009.

## Real estate investment company (aik) is market leader in its segment

apo Immobilien-Kapitalanlagegesellschaft (aik) celebrated its tenth anniversary last year. In the ten years of its existence, it has established a reputation as a real estate investment company for pension funds of the medical professions – and is the market leader in this target group segment.

In the past year, aik was able to attract numerous pension funds as customers for the newly launched “apoReal International” special real estate fund. Attractive real estate acquisitions in England, France and Germany led to an excellent performance in the financial year 2009.

aik once again made numerous real estate acquisitions in 2009, including the purchase of a portfolio consisting of 11 retail properties in Germany. With good timing for the renewed market entry, the company acquired further attractive properties in London and Paris. Moreover, aik also purchased valuable properties in Brussels and selected German locations for its special assets.

# Thinking in broad terms and making prudent use of opportunities.

The health care market is a growth market. We initiate ideas and help to implement projects.



“dental bauer-gruppe and apoBank have much in common: Most obvious is their success in their respective core businesses. Our owner-owned medium-sized company for dental products is managed according to the latest principles, and thanks to our continuous expansion, we are one of the market leaders in Germany. We know apoBank as a modern provider of banking services with tradition and corresponding experience. Both parties benefit from our mutual partnership.” Jochen G. Linneweh, managing partner of dental bauer-gruppe



Stefan Hommel, apoBank dental bauer-gruppe, Tübingen: Jochen G. Linneweh, managing partner



## Reliable Partner in the Health Care Sector

### Expansion of the business volume with medical care structures and corporate clients

In order to fulfil our claim of being “the bank in the health care sector”, we provide our services in our business areas “medical care structures” and “corporate clients” not only to the new forms of cooperation and care in outpatient medicine, but also to the hospital, care and rehabilitation market as well as to companies in the health care market environment. This includes the pharmaceutical wholesale trade, the dental trade, the pharmaceutical industry as well as the medical and dental technology industries.

In 2009, we were able to further expand the business volume with medical care structures and corporate clients. These business areas are primarily meant to provide a meaningful supplement to our traditional core business with academic health professionals in order to be able to support our clients in a competent manner, even when it comes to innovative or major projects.

On this basis, we can offer our expertise in the health care sector to a broader client base and actively and competently support the processes of change in the health care sector – particularly with regard to the structures of medical care – that have been initiated both by politics and by market participants.

## Trustful cooperation with the medical professional associations

Traditionally, we attach great importance to the cooperation with the professional associations of all medical professions. This trusting partnership is part of our self-image. The changes in health policy of the last few years, but also the first steps taken by the new government coalition, have offered care providers and their associations a multitude of new opportunities and fields of operation.

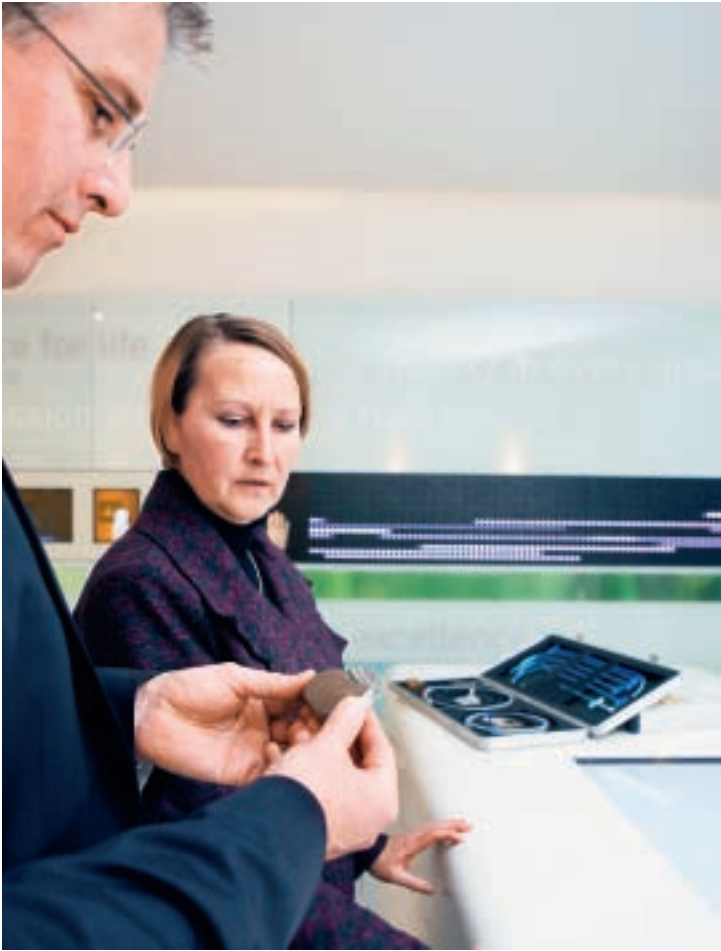
Therefore, it is important for us that the medical professional associations always see our Bank as a reliable and competent partner. For health professionals and our Bank are equally affected by the minor and major changes in the health care system initiated by the government at regular intervals. The information about current development processes gained from trusting dialogue with representatives of the professional associations helps us to provide optimal support to the medical professional associations; in turn, we also take account of this information when setting the future strategical course of our Bank. Especially in the last few years, this intensive dialogue with representatives of all medical professions has led to many successful cooperations.

Today more than ever, with everyone in all industries talking about the “credit crunch”, it is clearly felt that medical professional associations and banks are closing ranks. Therefore, it is justified to speak of a renaissance of the professional bank.

“We are a leading European medical technology company with more than 5,000 employees worldwide. For us, apoBank is an experienced partner which can effectively support globally operating companies like ours. Innovations play a key role for us. It was no coincidence that we were nominated for the German Federal President’s Future Prize in 2009. Just like apoBank, we can look back on a long tradition: About 50 years ago, BIOTRONIK founder Prof. Dr. Max Schaldach developed the first German cardiac pacemaker.”  
Christoph Böhmer, managing director of BIOTRONIK



BIOTRONIK, Berlin: Susanne Bernt, head of finance; Christoph Böhmer, managing director



## health care akademie:

### Extensive range of further training courses for health professionals

One result of our successful cooperation with the professional associations is the health care akademie, which was founded jointly by the Federal Board of Physicians (Bundesärztekammer), the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung) and apoBank in 2000.

The certificate course “New forms of care and cooperation in the health sector” has already been attended by more than 228 participants. In 2009, the health care akademie introduced the new certificate course “Medical leadership”, which is based on the curriculum of the same name of the Federal Board of Physicians (Bundesärztekammer).

Another new study course called “MBA Health Care Management” is conducted by the health care akademie in cooperation with the Düsseldorf Business School, a facility at the Heinrich-Heine-Universität Düsseldorf. After 21 months, participants of this certified study receive the certificate as “Master of Business Administration – Health Care Management”.

### More efficiency in electronic business processes in the health care sector

Electronic billing in the health care sector is still increasing. Professional associations and health professionals benefit from our expertise in this field – and thus from efficient and comfortable billing procedures. The resulting savings are of benefit to all involved. For instance, by differentiating administration fees, online billers are preferred or receive an investment grant for the technical equipment of their practices.

We support our customers in the conception, introduction and implementation of these processes. Whether online billing portals, signature cards for secure identification or secure access products for the connection of practices – our IT products are examined and approved by the umbrella organisations of health insurers and health providers. Together with our 100-percent subsidiary DGN Service GmbH, we offer companies and organisations operating in the health care market support in implementing their electronic business processes. Advisory and integration services are supplemented by product offers via the trust centre accredited by the Federal Network Agency (Bundesnetzagentur) and a secure access platform. Thus, new orders were won in the 2009 financial year through the development of online platforms.

Here, we combine our long years of experience in the health care sector with profound IT expertise and use both to efficiently support our customers. For us, this also means that we respect the interests of the individual professional groups and take account of regional differences, for example when issuing the electronic health professional card with the logo of the respective responsible medical association.



## Achieving the Best Results with the Best Employees

### **Our employees actively supported the changes**

The difficult market situation placed great demands on our employees again in 2009. The health care market, and thus also the medical professions, are changing continuously and more rapidly than ever before. We responded to the resulting challenges by rigorously adjusting our business processes to these changes.

Our employees contributed with great commitment and dedication to the successful implementation of necessary measures. We thank all of our employees for their extraordinary achievements and their great personal commitment.

### **Safeguarding the future starts today: Intensive promotion of junior staff**

By educating bank employees, we provide additional support to our growth strategy. We have intensified our education activities in order to be able to further qualify junior staff after their professional training in our Bank.

Therefore, we have continuously stepped up recruitments in the last few years and created additional training opportunities. This includes, for example, the trainee programme to become a customer advisor as well as our own job-integrated studies.

## Once again awarded as an attractive employer

Also in 2009, our Bank was again among the “TOP Employers” in Germany. This seal of quality is awarded within the framework of a questionnaire enquiry and interviews conducted by independent economic journalists.

In addition, it is already the second time in a row that we are among the 100 companies in Germany that were awarded the title of “Germany’s Best Employers”.





# Management Report

Business and General Conditions  
Lending Business  
Deposit Business  
Asset Management  
Organisations and Large Customers  
Earnings, Asset and Financial Position  
Supplementary Report  
Risk Report  
Outlook

## Business and General Conditions

### World economy has returned to the 2006 level

In 2009, the global economy underwent one of the most severe tests since the Great Depression of the 1930s. Thanks to the consistent implementation of alternative courses of action, both in monetary and fiscal policy, as well as the close cooperation between globally active institutions, the risks of deflation and depression were successfully minimised. Nevertheless, the global economy has returned to the 2006 level.

In spring 2009, the US Federal Reserve reported that there were first positive tendencies in the American economy. In the second quarter, important national economies such as Germany, France and Japan announced positive growth rates in their gross domestic product (GDP) again. Especially in the Far East, the positive momentum had accelerated. The economy also recovered in China, South Korea, Singapore, Indonesia and Hong Kong. In the third quarter, the United States, Italy and the Netherlands returned to the growth path as well. The United Kingdom should have overcome the recession in the fourth quarter. In the UK

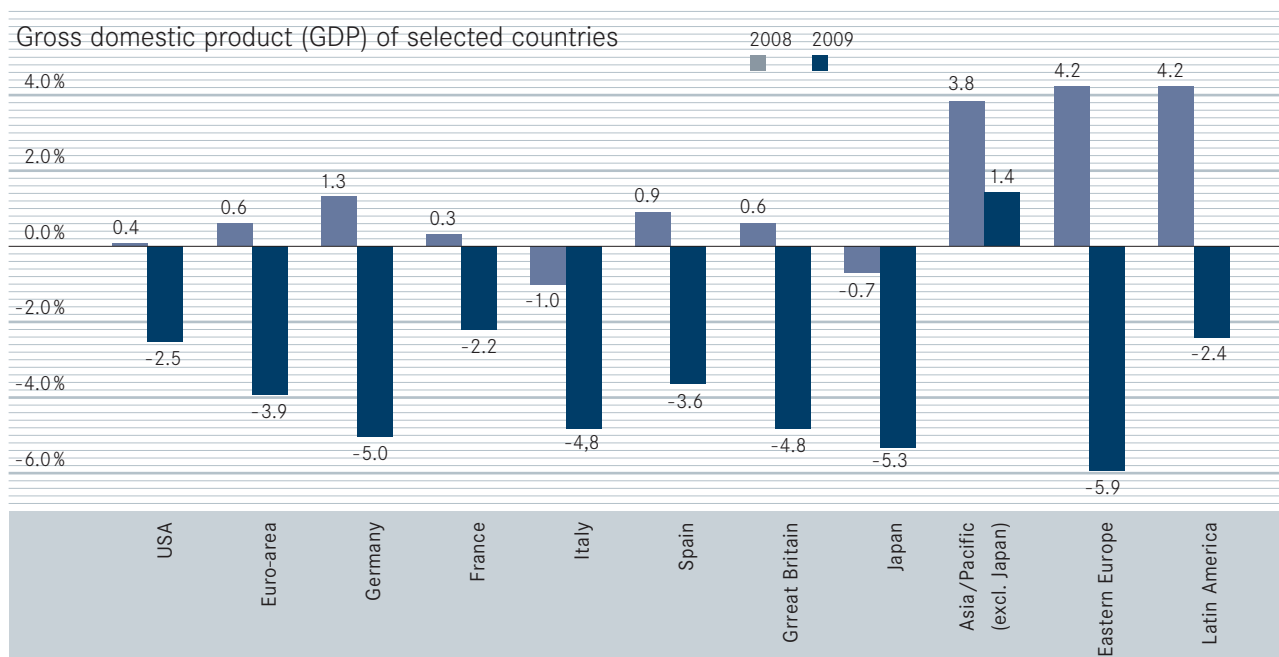
as well as in Spain, the unemployment rate had increased much more strongly, which was due, among other things, to the real estate market crises in these countries.

### Germany was hit particularly hard by the slump in world trade

What Germany had benefited from until 2008 became a burden on German industry last year. Compared with most other industrial nations, the German economy suffered particularly badly because of its great dependence on exports. Japan was the only G7 country that was hit even harder. Despite the relatively stable consumer behaviour in Germany, current estimates for the calendar year 2009 forecast a decline of 5 percent in German gross domestic product.

### Undervaluation of the US dollar

The large central banks succeeded in preventing strong fluctuations in the foreign exchange markets. Since the lows of 1.26 USD/EUR at the beginning of March 2009, the value of the euro compared to the US dollar has increased



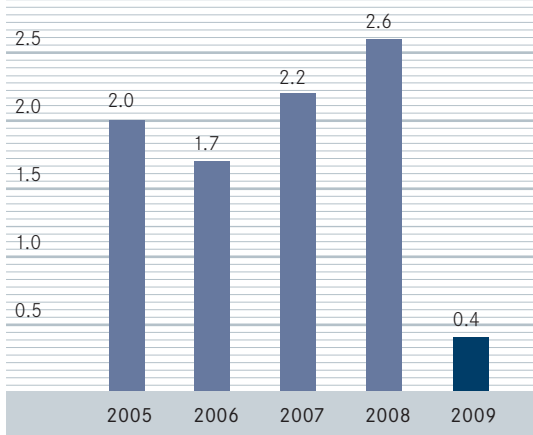
significantly. Since October 2009, the USD/EUR has made several attempts to break the 1.50 level. However, the threshold has not yet been exceeded for a long time. The relative weakness of the US dollar is attributable, among other things, to the lower US interest rates. The US dollar has meanwhile become carry trade currency number one, i.e. large amounts of US dollars were borrowed and invested in another currency. From a fundamental purchasing power perspective, the US dollar can be regarded as undervalued at a year-end exchange rate of 1.43 USD/EUR.

### Oil price has doubled

Prices in the oil market increased continuously throughout the year. The price per barrel peaked at nearly USD 80, which is almost twice as much as at the beginning of the year.

### Consumer prices

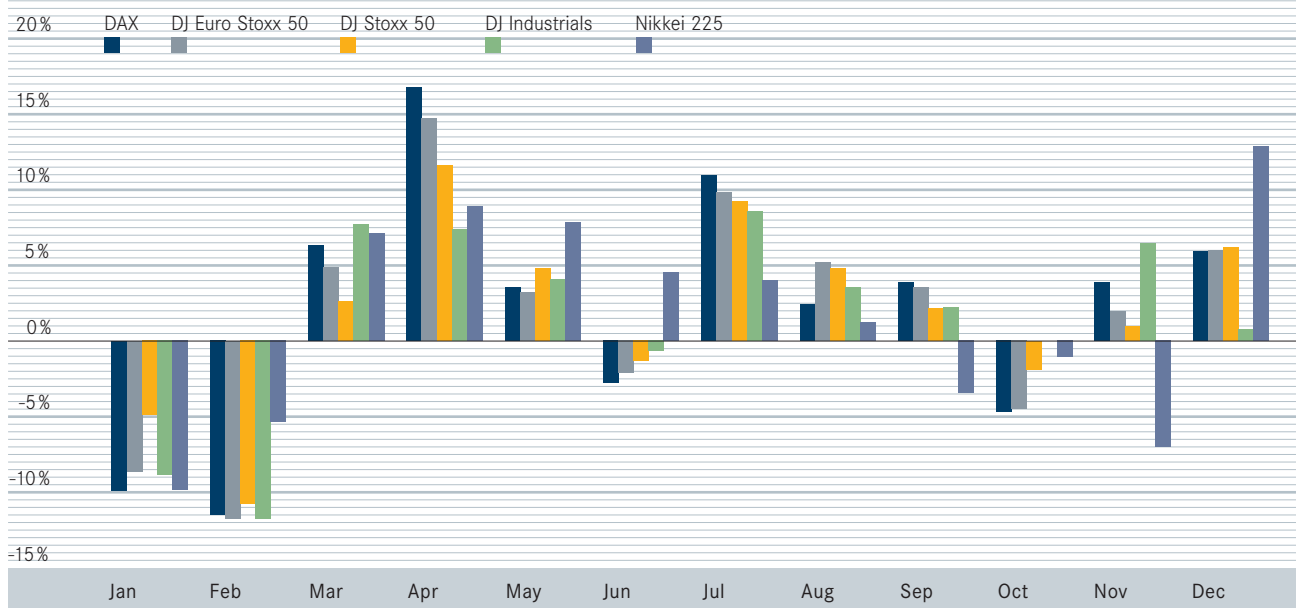
(increase compared to the previous year in %)



### Stock markets anticipated economic recovery

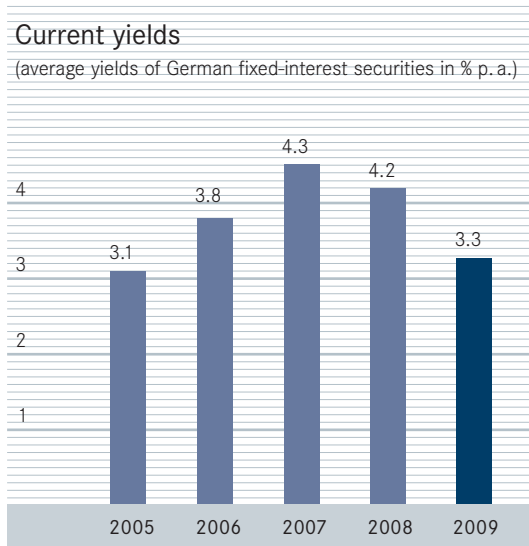
The extent of the financial market crisis becomes particularly evident when looking at the performance development since September 2008 (insolvency of Lehman Brothers). The indices included in the chart below have all lost between 50 and 60 percent of their value. More significant declines were only seen during the world economic crisis of 1929/1932, when the technology bubble burst in 2000 and after the terrorist attacks in New York and Washington on 11 September 2001.

### 2009 performance of selected indices on a monthly basis in the respective national currency



Source: Datastream





For the international stock markets, the year 2009 began as badly as the year 2008 had ended. Until mid-March 2009, all markets suffered significant losses. As from mid-March, the mood in the stock markets noticeably brightened again. Although the losses incurred since the beginning of the crisis have not yet been made up for, the performance for calendar year 2009 is nevertheless very satisfactory. For instance, the German DAX was up by 23.8 percent, the European DJ STOXX 50 by 24.1 percent, and the US S&P 500 by 23.5 percent.

### Health care sector in 2009 characterised by discussions about fees and third-party ownership

Over the last few decades, the German health care sector focused exclusively on cost-cutting measures. In addition, the health care reform laws passed since 2004 have led to structural changes in the health care sector, as we can already clearly see in the ongoing changes within the sectors of the health care sector.

For example, the number of employed health care professionals in all occupational groups increased significantly in the last financial year - at the expense of a decline in the number of economically independent, self-employed health care professionals. At the same time, there is a clear cross-sector trend towards cooperative structures.

Apart from its traditional target group of self-employed health care professionals, the Bank focuses increasingly on the target groups of employed health care professionals and other market participants in the health care landscape.

Within the context of the general conditions described above, apoBank welcomes the decision by the European Court of Justice (ECJ) which confirmed the third-party ownership ban of pharmacies in Germany. The decision

at least slightly slowed down the attempt made by those politicians who were responsible for health care until September 2009 to create more competitive structures for health service providers and their organisations. It remains to be seen, however, to what extent possible evasion strategies will be developed in the market. In spite of this, it must be noted that the trend from owner-operated pharmacies towards branch pharmacies has noticeably accelerated.

Economically, 2009 was characterised by the reform of doctors' fees, which many panel doctors were sceptical about at first. But after the first quarterly billing, it became noticeable that many doctors were actually able to achieve an increase in fees, at least when all relevant fees were added up.

Family doctors participating in the family doctor contracts in Bavaria and Baden-Wuerttemberg hope for better fees under the respective contract models, which are expected to lead to overall higher reimbursements for doctors. On the other hand, the social security regulations regarding family doctor contracts and the decision that the current regulations will remain valid until at least 2012 have led to a reduction in the range of tasks and services provided by the associations of panel doctors (Kassenärztliche Vereinigungen, KVen). This may signif-

icantly weaken these associations and simultaneously lead to an ongoing split among German physicians.

As far as dentists are concerned, a change in the Dentist Fee Schedule (Gebührenordnung für Zahnärzte, GOZ) was prevented by the initiative of the Federal Board of Dentists (Bundeszahnärztekammer, BZÄK), because the planned reform would not have met the dentists' legitimate demands. A central element of the planned reform was problematic from the dentists' point of view. The draft provided for a saving clause for individual contracts, i. e. private health insurance companies might have been allowed to agree on fee regulations with individual doctors that deviate from the GOZ. Thus, the GOZ would have lost its function as a lower price limit. Dentists would have been threatened by price competition. However, the BZÄK succeeded in thwarting this plan.

From apoBank's point of view, it would be desirable that the GOZ will be updated in order to ensure a performance-related remuneration.

It is apoBank's general assessment that the positive development of the health care market offers its entrepreneurial clients both structural scope for action and economic opportunities. This view was once again confirmed in the 2009 financial year.

### apoBank – “The bank in the health care sector”

Founded as a universal bank with a complete range of products and services in 1902, apoBank has geared its business policy to the specific needs of the medical professions and the health care market. As “the bank in the health care sector”, apoBank, as a specialist and niche supplier, has a strong market position in the German health care market. Owing to the demographic development, the medical and medical-technological progress and the increasing health awareness, the health care market will continue to be a growth market.

With its business policy, apoBank pursues the aim of making consistent use of market opportunities and business potentials of the thriving health care market. The Bank’s profound specialist knowledge of the sector and the customers’ needs, which supports both the acquisition of new business and the management of risks, contributes to securing the current market leadership. With its attractive business model, apoBank, as an integral part of the cooperative financial services network, maintains market leadership for financial services in the health care sector for the cooperative network.

The Bank’s clients include academic health professionals, professional organisations, forms of cooperation and companies operating in the health care market, as well as operators of pharmaceutical and dental/medical care structures and other selected customers.

The major business areas “Private Customers/Branch Business” and “Organisations and Large Customers” make a substantial contribution to apoBank’s results. In these business areas, we offer our customers the complete range of financial and advisory services in the lending and deposit business as well as in asset management. Apart from that, the other business areas mainly carry out control measures and supply the range of services for academic health professionals beyond the traditional banking business.

The maxim of our business policy is to focus on our profitable core business. apoBank has taken appropriate measures to face the challenges of the financial market crisis. For instance, in accordance with its initiated consolidation and risk hedging strategy, the Bank will consistently reduce its Financial Instruments portfolio.

A systematic strategy process contributes to apoBank's permanent further development, so that it is able to steadily expand its position as "the bank in the health care sector" also in the future. Central parts of this process are the optimisation of core processes as well as the improvement of the cost structure; the funds thus released can be used for strategic investments. This creates scope for the implementation of the growth strategy in the core business and for the positioning of apoBank as a premium supplier for financial services in the health care sector.

In order to fulfil our claim of being "the bank in the health care sector", we once again reinforced our advisory capacities in the past 2009 financial year. To respond in an even more targeted manner to the changes in the health care sector, our advisors specialised in the needs of self-employed and employed clients. Since employed medical professionals are also increasingly receiving more attention, more than 50 qualified private client advisors have been used since the beginning of the year to provide help and advice in all financial matters exclusively to this target group. This has created additional scope for providing advice to clients with own practices, on whose concerns the individual customer advisors can now fully concentrate. In this context, the number of individual customer

advisors was increased by more than 40, which corresponds to a rise of around 12 percent. Apart from the increase in advisory capacities, apoBank already expanded its presence in Germany by opening four new locations in 2009. At the moment, we offer our services to our clients in over 60 locations in all regions of the Federal Republic of Germany. Apart from stationary customer services in traditional branches, our employees advise their customers in advisory centres/offices as well as in local agencies.

By focusing even more strongly on our core competencies, we want to raise further efficiency and growth potentials. Therefore, apoBank has decided to outsource its IT operations to the external service provider GAD eG (GAD). With this move, the Bank will take advantage of the full range of services of an experienced IT provider. The planned full IT outsourcing means that apoBank changes from an IT developer and operator to a purchaser of IT services. The decision in favour of external IT migration marked the start of a large multi-year project that will reorganise the Bank's entire IT infrastructure.

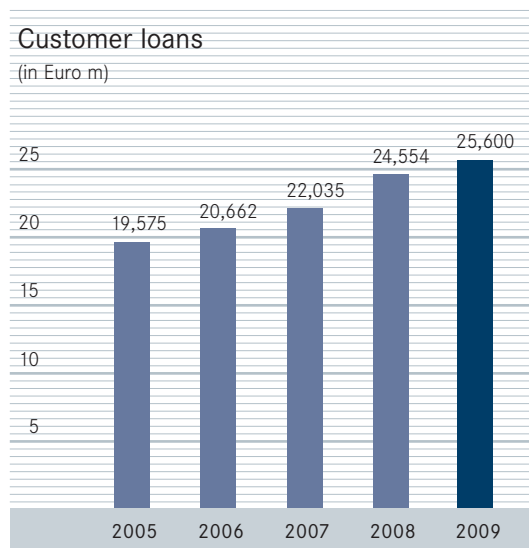
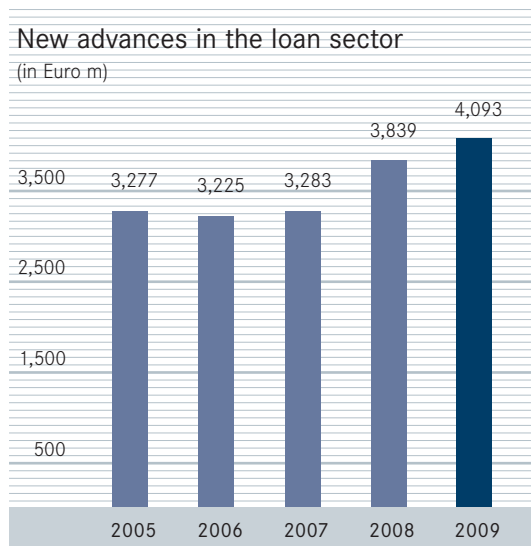
apoBank believes that its decision for a cooperative data processing centre and thus for GAD as the new central IT service provider also has an important strategic

component: The Bank can focus even more strongly on its core business as a financial services provider in the health care sector, which will create even closer cooperation with the cooperative network.

## Lending Business

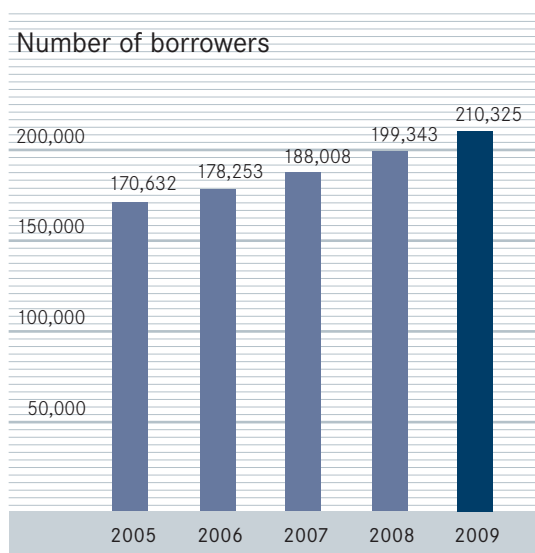
### Market leadership in the lending business with academic health professionals further expanded

The financial year 2009 was again characterised by extraordinarily high levels of new lending business. The Bank's highly specialised financing expertise in the business areas of business start-up financing, real estate financing and investment financing/personal loans was in strong demand from customers. With new advances totalling Euro 4.1 billion (+6.6 percent as compared to the previous year), apoBank achieved the best result in its over one-hundred-year history.



Consequently, the total loan portfolio also increased significantly in the financial year 2009 to Euro 25.6 billion (31 December 2008: Euro 24.6 bn). This figure includes another high on-balance-sheet loan growth of Euro 1.4 billion.

The average loan portfolio increased as well in the financial year 2009 by 7.5 percent to Euro 22.7 billion. At an average volume of Euro 1.9 billion, advances on current accounts were 6.2 percent up on the previous year's level.



The structure of the new business in the private customer segment is as follows: Business start-up financing accounts for 17.2 percent, investment financing/personal loans for 31.3 percent and real estate financing for 51.5 percent. The focus of new business in the Bank's Organisations and Large Customers portfolio has remained on short to medium-term working capital and investment financing as well as on long-term project financing.

### Investment financing is gaining importance

Apart from the traditional financing advisory services for start-ups, investment financing advisory services are increasingly gaining

importance in the business with existing customers. The changed structural framework conditions in the health care sector and the resulting entrepreneurial opportunities have a positive impact on the investment behaviour of physicians, dentists and pharmacists.

### Higher volume of new business in real estate financing

The business area of real estate financing showed an extremely successful performance in the 2009 financial year, with an increase in the volume of new business of 31 percent as compared to 2008. The average loan portfolio of real estate financing amounted to Euro 9.7 billion in the year under review. Given the historically favourable money market rates, apoBank experienced very high demand for its "apo ZinscapDarlehen". The low-interest loans of KfW Privatkundenbank in the areas of CO<sub>2</sub> reduction, energy conservation and restoration of older buildings are other important financing components included in our concept of advisory services.

In the area of investment property, a gratifyingly high level of sales in the three-digit million range was reached in 2009. Apart from high investor preference for tangible assets, sales were mainly driven by high-quality offers in thriving locations such as Hamburg, Frankfurt, Berlin and Leipzig.

## apoFinanz

In order to be able to offer personal, high-quality on-the-spot advisory services even to those customers who work or have practices or pharmacies outside our locations, more than 80 self-employed mobile advisors work for our 50-percent subsidiary Finanz-Service GmbH – or apoFinanz for short. Many of these advisors were trained as certified financial planners (cfP). The apoFinanz consultants offer the same services as the apoBank consultants and, as a matter of course, also the entire product range of apoBank.

apoFinanz made a substantial contribution to apoBank's success in the operating core business also in 2009. For instance, the sales targets were exceeded in many areas, despite the difficult macroeconomic conditions.



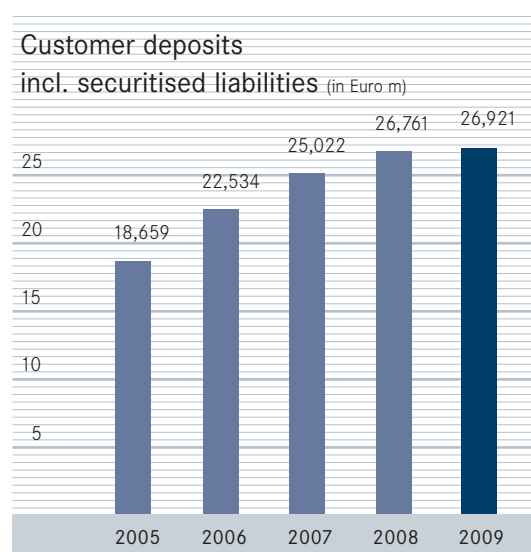
## Deposit Business

### Further growth in deposits

Apart from an increase in total customer funds as at the end of the financial year under review, the total volume of deposits also increased slightly to Euro 11.5 billion on an annual average. This renewed increase was driven by growth in the deposits of private clients. In the Organisations and Large Customers portfolio, the development of deposits was mainly characterised by a shift from term deposits to demand deposits available at short notice.

The volume of deposits from private clients, including demand, savings and term deposits as well as the call account “apo- ZinsPlus”, was again significantly increased by 20 per cent compared to the monthly average at the end of the respective financial years.

The average volume of demand deposits of private clients, which allows analysis independent of the closing date, increased considerably over the previous year by approximately 12 percent. This is mainly due to the lack of interest in alternative forms of investment because of low interest rates and to our clients’ need for short-term liquidity.



The “apoZinsPlus” call account also continued its successful development, with further growth in private customer deposits of around 2 percent as compared to the previous year’s average. The average annual volume amounted to around Euro 3.5 billion. In the individual months, the average volumes fluctuated between Euro 3.3 and 4.0 billion.

Driven by the development in the money market in the wake of the financial crisis, term deposits with longer maturities were again in demand from the Bank’s private

clients. The high average annual increase in term deposits of approximately Euro 290 million or around 260 percent as compared to the previous year is mainly attributable to the special investment product “apoSafe15”, a 15-month term deposit. Already since the end of November 2008, our product “apo-Safe15” has led to a significant increase in term deposits. In the past few years, term and savings deposits had played a minor role in apoBank’s product portfolio, since the product range was successfully bundled, especially in the “apoZinsPlus” call account.

The average savings deposits of private clients declined over the year, by Euro 13 million to approximately Euro 80 million. Particularly in demand was our product “apo50/50”, which was relaunched in spring 2009 to meet customer demand. With this product, 50 percent of the investment capital is invested in a savings deposit with fixed interest rates and the other 50 percent in investment funds.

## Asset Management

### Increased demand for apoBank services – overall positive business development

Despite investors' declining confidence in the financial markets, the assets under management of private clients increased to Euro 7.0 billion in 2009 (31 December 2008: Euro 6.7 bn). The investment property brokerage business also developed satisfactorily. Properties with a volume in the three-digit million range were brokered last year. The private asset management was equally successful. In the financial year 2009, the number of customers increased by more than 12 percent, so that the Bank now provides its services to more than 1,800 customers with a volume of over Euro 820 million (31 December 2008: Euro 632 m).

On balance, the investment volume deposited by apoBank in the institutional clients segment grew as well by Euro 1.3 billion to a total of Euro 25.5 billion (31 December 2008: Euro 24.2 bn). Investors' lower willingness to take risks led to a reduction in the fund volume during the first half of the year, which was offset at the end of the year by new inflows of funds and the strong performance of individual asset classes. The volume of

funds deposited by apoBank amounted to Euro 7.9 billion at the end of the year (31 December 2008: Euro 7.2 bn). In the field of institutional asset management, the volume under management remained at the previous year's level of Euro 1.4 billion, despite the massive distortions in the capital markets.

The extremely volatile situation in the capital markets and the resulting influence on investors' reserve assets led to a brisk demand for our consulting services for stress scenarios and so-called asset liability management (ALM) models for the optimisation of assets and liabilities in clients' balance sheets. At the moment, we provide our services from this sector to 20 customers.

### apoAsset

apoBank holds a 70 percent stake in its subsidiary Apo Asset Management GmbH (apoAsset). The company is specialised in the administration and management of special funds and public funds in accordance with German and Luxembourgian law. In the 2009 financial year, apoAsset achieved a satisfactory result. As a late consequence

of the financial market crisis, the volume of assets managed by the company again declined slightly compared to the 2008 average. Nevertheless, the result developed according to plan, which was partly on account of the tight control of the cost development. Products with defensive characteristics proved particularly popular. Moreover, the product ideas realised in the course of the year created additional growth potential. apoAsset will again pay a high dividend to its shareholders. The cost/income ratio is still at a very good level compared with the sector.

## aik

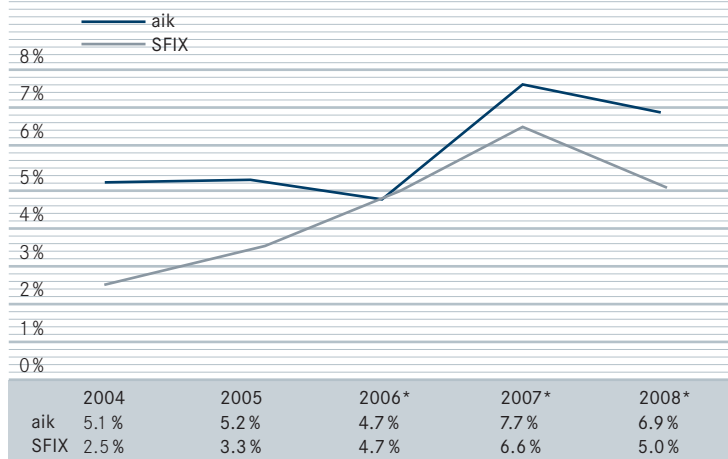
APO Immobilien-Kapitalanlagegesellschaft mbH (aik), a 67-percent holding company, managed a total of ten special real estate funds for 28 pension funds and for two insurance companies as at the end of 2009. The real estate assets amounted to around Euro 1.4 billion. Apart from Germany, the funds are also invested in the United Kingdom, France, Belgium, the Netherlands and Austria.

Within the framework of active rental management, 61 commercial lease agreements for around 61,000 m<sup>2</sup> of space with an annual rent volume of more than Euro 12 million were signed. In addition, 82 residential lease agreements with an annual rental volume of Euro 473,000 were concluded. Thus, the

company succeeded in maintaining the letting ratio at more than 96 percent despite the economic crisis.

On average for all funds, a total performance in cash flow of Euro 5.34 percent (BVI yield) was achieved in the past financial years, which allowed an average distribution to investors of 5.25 percent.

Performance of aik real estate funds



\* New calculation formula: Since 2006, interim dividends have been taken into account

## AC Capital

In close cooperation with investors, AC Capital Partners Ltd. (AC Capital), in which apoBank holds a 51 percent stake, was able to prolong existing fund mandates and to complete restructurings in the last year. The planned new business fell significantly short of expectations, because the situation in the markets, especially those for asset backed securities, improved only slowly. This is also reflected in the achievement of targets, with a total of approximately 90 percent of planned results being achieved in the 2009 financial year.

AC Capital acts solely as an asset manager that holds no own securities and structured financial products.

## Organisations and Large Customers

### Professional associations

As a bank in the health care sector, we traditionally cooperate closely with the professional associations of all medical professions. This partnership is based on mutual trust and is a fundamental element of our self-image. Thus, it contributes essentially to compliance with the task as laid down in the Articles of Association – i. e. the economic support and promotion of members of the medical professions and their organisations.

The assets held by the customer group of professional organisations represent an important part of the Bank's refinancing funds. Particularly short-term deposits as well as money invested for the medium to long term by professional pension funds and the professions' own billing companies have a great share in these assets. The deposit and lending business recorded in this customer segment as well as the securities business developed largely according to plan.

### Medical care structures and corporate clients

In the business area of medical care structures, the volume of business has been continuously further expanded to Euro 530 million (31 December 2008: Euro 280 m).

In particular, numerous new health centres, hospitals and care facilities were financed. The financing of projects focusing on the linkage between outpatient and inpatient medical care has increased as well. In this context, it is pleasing to see that an increasing number of doctors with own practices initiated such forms of cooperation.

The volume of business in the corporate clients business, which is mainly focused on business relationships with the pharmaceutical wholesale sector, private billing companies, the pharmaceutical as well as the medical and dental technology industry, increased by around Euro 125 million to Euro 1.3 billion. New customer relations were established, too. The business with corporate clients in the health care market provides a sensible supplement to the Bank's core business, because it mainly focuses on companies whose business models place them

close to the medical professional environment. The billing companies concentrate particularly on handling payment flows between care providers on the one hand and patients and accordingly insurance providers on the other hand.

The corresponding service capacities were adequately increased in the respective locations, and the range of products and services was expanded in accordance with demands.

Thus, the Bank is an established name in the fields of medical care structures and corporate clients with regard to sales capacities, the range of products and services as well as the special expertise in the health care sector.

### medisign

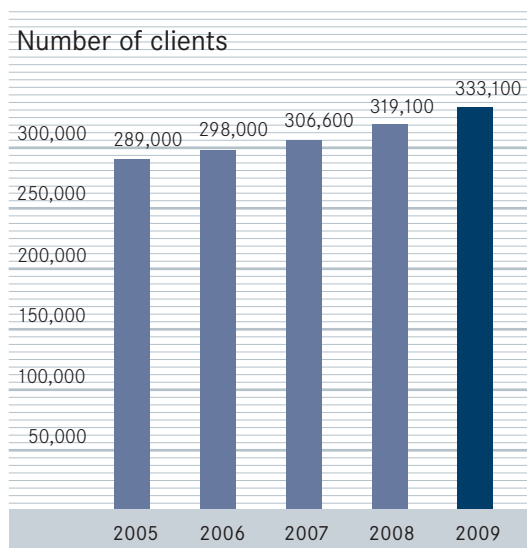
As a certification service provider accredited by the Federal Network Agency, medisign GmbH (medisign), our 50-percent subsidiary, offers signature cards in the health care sector. The joint venture, which was established together with the medical billing service (Privatärztliche Verrechnungsstellen), provides everything medical professionals need for identification in electronic business processes. The signature cards offered, like the electronic health professional card (HPC), are designed for qualified signatures, so that

they also facilitate legally binding electronic signatures according to the German Signature Act (Signaturgesetz). Moreover, medisign has established itself as a communication platform for electronic applications in the health care sector that are secured by signature cards. The company exceeded its target performance goals in 2009. Last year, medisign products were already used by 10,000 customers.

## Earnings, Asset and Financial Position

The financial year 2009 was one of the most challenging years for apoBank and was characterised by opposite trends. apoBank's operating business developed positively throughout the past financial year, as it is reflected in the operating profit before risk provisioning. Despite the fierce competition, apoBank was able to continue the positive development of the previous years and to further strengthen its market position as the "the bank in the health care sector". Apart from the further growth in business volumes in the area of lending and deposits, the Bank's strengthened market position is also reflected in the renewed increase in the number of customers by around 14,000 to now around 333,100 customers (31 December 2008: 319,000). On the other hand, the Bank's results were significantly affected by the consequences of the financial market crisis. This is reflected in a substantial increase in risk provisions, particularly for the Bank's structured financial products. As a result, the Bank recorded a net loss of Euro 283.1 million for the 2009 financial year (31 December 2008: annual profit of Euro 59.6 m), despite the successful development in the core business. Subject to the decision of the Annual General Meeting, the net loss is completely

offset by a partial reversal of balance sheet reserves made in the past. This allows for the payments for the hybrid Tier I preferred securities (silent partnership) and for the participation certificates (Genussscheine).





### Net interest income remains stable major source of earnings

Also in the financial year 2009, there was again a strong demand for the job and market-specific expertise in the Bank's various business divisions, above all in the lending business. Overall, the Bank recorded a stable earnings development in the financial year 2009, which significantly exceeded expectations at the end of the year. Net interest income again proved to be the Bank's stable major source of earnings. Driven by the successful lending business, new advances increased to more than four billion Euro for the first time, net interest income was significantly up on the previous year by 8.4 percent to Euro 618.2 million (31 December 2008: Euro 570.5 m). The measures in strategic interest rate risk management already taken in the past could more than offset the reduced margins in the area of deposits and the overall increase in the Bank's refinancing costs. In addition, in the operating business, the one-off income in strategic interest rate risk management of around Euro 70 million generated in the previous year was also over-compensated. The interest margin, i. e. net interest income in relation to the average balance sheet total, amounted to 1.50 percent in the year under review and is thus slightly above the previous year's level (31 December 2008: 1.46 percent).

### Net commission income lower than in the previous year

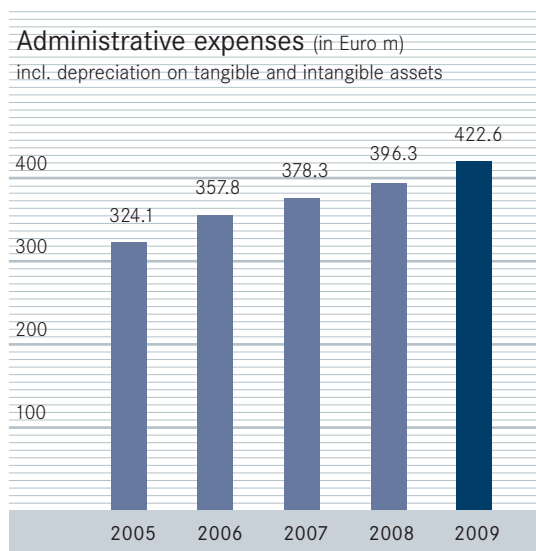
In the past financial year, net commission income was characterised by opposite developments. As part of the consistent implementation of the risk hedging strategy, net commission income was negatively affected by measures to hedge individual positions in the Financial Instruments Portfolio. Moreover, the continuing investor restraint had an impact on earnings in the securities business with private customers, despite positive upward trends in the second half of the year. On the other hand, the alternative investment possibilities offered met with high demand. Thus, earnings were further increased both in the investment properties business and in the insurance business. The continuing sales successes also had a positive impact on new lendings. In particular, the Bank benefited from the higher share of Zinscap-Darlehen, which were increasingly in demand because of the low interest rates. Overall, net commission income decreased by 18.1 percent to Euro 111.6 million (31 December 2008: Euro 136.2 m).

### Sustainable optimisation of the cost structure

Administrative expenses including depreciation on tangible and intangible assets increased moderately by 6.6 percent over the previous year to Euro 422.6 million (31 December 2008: Euro 396.3 m). This increasingly reflects the effects of our project “apoFit”, which started already in 2008. This project for sustainable optimisation of the cost structure was consistently continued in the 2009 financial year with the aim of creating more scope for strategic investments to implement the adopted growth strategy. For example, apoBank initiated a sales offensive in order to significantly expand its successful core business, both regionally and in view of the individual customer.

As a result of the stringent cost management implemented within the framework of “apoFit”, the Bank succeeded in reducing operating expenditure (including depreciation) for the first time since years, to an amount of Euro 205.0 million (13 December 2008: Euro 213.3 m).

In contrast, personnel expenses rose considerably to Euro 217.6 million (31 December 2008: Euro 183.1 m). On the one hand, this reflects the one-off expenses arising from the project “apoFit”. On the other hand, the increase in personnel expenses is also attributable to the addition of more than 90 new sales employees on account of the significant expansion of business. Thus, the number of employees rose to 2,350 (31 December 2008: 2,263).



### Operating result above the prior-year level

It was mainly because of the good development of net interest income that operating profit before risk provisioning, and thus the result of operating activities, exceeded the high prior-year level at Euro 317.8 million (31 December 2008: Euro 315.9 m). The positive development in the Bank’s net interest income overcompensated the decline in net commission income and the higher personnel expenses. The development of the earnings components must be regarded as

very gratifying under the given market and competitive conditions.

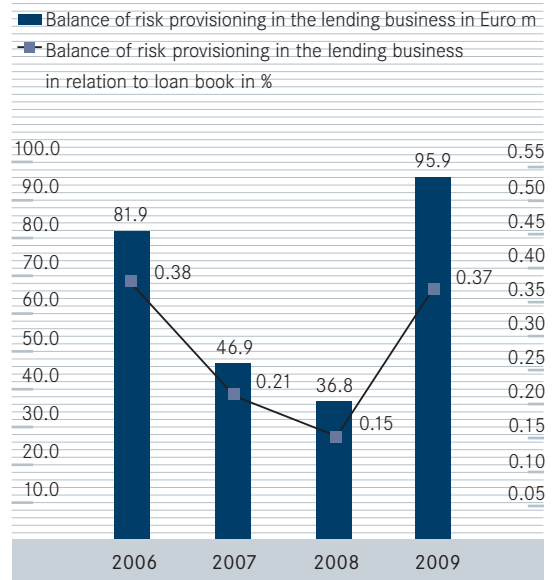
In view of the personnel expenses and the overall stable earnings development, the slight increase in the cost/income ratio to 57.9 percent (31 December 2008: 56.4 percent) is in line with expectations and still much more favourable than the current sector average for all German banks (2008 cost/income ratio: 73.4 percent).

### Significant increase in risk provisioning

The net risk result in 2009 totalled Euro 588.4 million, which was well up on the previous year's level (31 December 2008: Euro 244.0 m). Thus, apoBank took account of all discernible risks in an appropriate manner. The lower net result of the previous year also resulted from the fact that risk provisioning was reduced by Euro 135.0 million through the reversal of provisioning reserves in the 2008 financial year. There was no reversal of provisioning reserves in the year under review.

The high stability in the Bank's lending business was once again proved in the 2009 financial year. At Euro 95.9 million, the balance of risk provisioning in the lending business without global value adjustments exceeded the very low prior-year level

### Balance of risk provisioning in the lending business

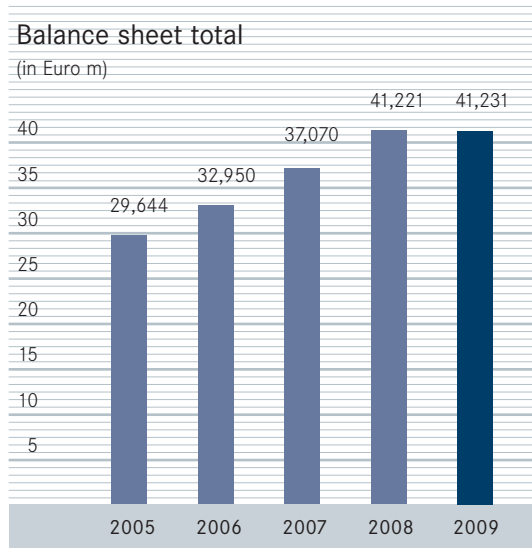


(31 December 2008: Euro 36.8 m) and was thus slightly above the planned standard risk costs. The increase reflects the overall growth in the credit volume with largely unchanged high quality as well as value adjustments on individual business structures in the health care sector, resulting among other things from longer start-up times. The continued low risk provisioning in the lending business with private customers shows the health care sector's independence from the economic situation and the Bank's many years of financing expertise.

The balance of risk provisioning for financial instruments and investments had to be significantly increased once again for the 2009 financial year to Euro 485.1 million (31 December 2008: Euro 330.8 m). On the one hand, the deteriorated situation in the US real estate market had a negative impact on the securitisations held by the Bank. On the other hand, the Bank's CDO structures were adversely affected by the economic development in the global banking and corporate sector. The resulting future losses have already been accounted for in the risk provisioning. The Structured Financial Products portfolio is gradually being reduced in order to minimise the risk of losses and to achieve a reduction in required equity. Additional to value adjustments on the structured financial products, the risk provisioning is attributable to the risk hedging of financial products. In return, this also includes price gains and write-ups also due to scheduled maturities of securities, which had been revalued in the past. Furthermore, the balance of risk provisioning for financial instruments and investments was adversely affected by value adjustments of two investments as a result of reduced earnings expectations.

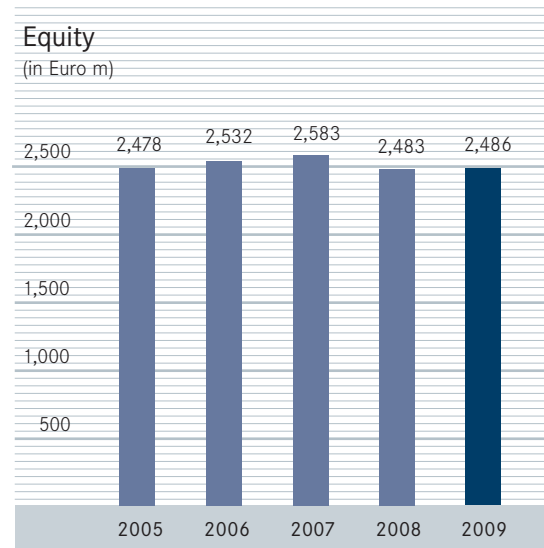
In its annual results for 2009, the Bank recorded a net loss of Euro 283.1 million (31 December 2008: net profit of Euro 59.6 m), which is offset by a partial reversal of reserves. The balanced net result allows for

the payments for the hybrid Tier I preferred securities (silent partnership) and for the participation certificates (Genussscheine). Subject to the decision of the Annual General Meeting in June 2010, no dividend will be paid for the financial year 2009.



#### Balance sheet total at the prior-year level

At the end of the financial year 2009, the balance sheet total amounted to Euro 41.2 billion and thus remained at the previous year's level. This development is determined by two movements in opposite directions. On the one hand, it is characterised by growth in the lending business. On the other hand, the positive effects from the reduction of financial instruments in the wake of our adopted consolidation strategy are already discernible.



#### apoBank's equity capitalisation above prior-year level

As at 31 December 2009, apoBank's regulatory equity capital amounted to Euro 2,486 million and thus slightly over the level at the end of the previous year (31 December 2008: Euro 2,483 m).

Apart from the expansion of the capital shares of about Euro 40 million, this increase was also due to the placement of subordinated capital of approximately Euro 310 million with our clients. This more than offset the planned expiration of participating certificate capital and subordinated capital in the supplementary capital.

The net loss recorded in the financial year 2009 had a negative impact on the equity position. As a result, the Bank's core capital declined to Euro 1,512 million as at 31 December 2009 (31 December 2008: Euro 1,683 m).

### **Increase in required equity for structured financial products**

As far as credit risks are concerned, the capital adequacy requirements for banks according to Basel II contain a strong rating orientation for the calculation of the equity backing of risk positions.

The massive downgrades of ratings by rating agencies in the course of 2009, particularly with regard to the securitisations of US residential mortgages, led to a substantial increase in the regulatory capital backing requirements on banks. The downgrades concerned securities in a three-digit billion range worldwide. The regulatory requirements demand full equity backing even for securities without non-performance and for which a repayment rate of 65 to 95 percent is expected.

The structured financial products held by apoBank were also affected by the downgrades, so that the risk positions in the financial instruments portfolio requiring capital backing rose significantly. The increase in

risk positions requiring capital backing to a total of Euro 24.4 billion (31 December 2008: Euro 19.3 bn) led to a substantial increase in required equity. Due to the consistently good quality of the retail loan portfolio, the risk positions requiring equity in the retail business remained at a gratifyingly low level despite the considerable growth.

### **Measures implemented to ease the burden on equity**

Apart from own measures to strengthen equity, apoBank also agreed on measures with the Federal Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, BVR) to temporarily ease the burden on equity in order to offset the increase in required equity.

A guarantee in the amount of Euro 120 million provided in August expired in the 2009 financial year with the full repayment of the two guaranteed securities and the guarantee not being invoked. In December 2009, another guarantee with an easing effect on equity of at first around Euro 200 million was decided in order to hedge securities with a volume of around Euro 300. apoBank's first loss piece amounts to around Euro 100 million. The guarantee is part of the six-point programme initiated by the Board of Directors and the Supervisory Board in November in order to start the

turnaround. The support of the BVR is aimed at sustainable and long-term hedging of the equity ratios expected in the capital market.

### Capital ratios below the prior-year level

Taking account of the developments described above, the Bank's solvency ratio and core capital ratio as of 31 December 2009 amounted to 10.2 percent (31 December 2008: 12.8 percent) and 6.2 percent (31 December 2008: 8.7 percent), respectively, well down from the previous year's level. The regulatory requirements for the solvency ratio were met at any time in the past financial year.

At the moment, all options for further reduction in required equity and possibilities to further increase the Bank's capitalisation are gradually being examined as to their feasibility for implementation. This also includes the reduction of the Structured Financial Products portfolio while preserving its value in order to ease the burden on equity. The resulting free resources are to be used to focus on the growth potential in the customer business.

### Growth in the number of members and members' capital contributions

By the end of the financial year 2009, the Bank gained a total of 2,796 new members. In the past financial year, the number of new members exceeded the number of members who cancelled their capital shares. Taking account of the members who retired, the number of members increased to a total of 101,176 as at 31 December 2009. The Bank disposed of members' capital contributions of Euro 833 million as at 31 December 2009, which represents a marked increase on the previous year's volume (31 December 2008: Euro 795 m).

### Capital market-oriented refinancing activities

For the refinancing of the lending business at matching maturities, apoBank placed medium to long-term issues and promissory note loans with a total volume of Euro 2.7 billion in the capital market in the financial year 2009. This includes mortgage Pfandbriefe of Euro 1.1 billion. Also in the future, apoBank will regularly operate in the capital market as an issuer of mortgage Pfandbriefe. In addition, subordinated capital in the amount of Euro 230 million was placed with institutional clients in the financial year 2009.

For short-term funding requirements, the Bank used the existing “Commercial Paper Program” as well as money market lines of other banks. In addition, the Bank used repo facilities with the European Central Bank (ECB), which were available to a sufficient extent. At the end of the year, the outstanding refinancing volume in the capital market, including apoBank’s institutional clients, totalled approximately Euro 14.5 billion. This volume mainly consists of bearer bonds of Euro 6.3 billion, registered bonds of Euro 1.1 billion and promissory note loans of Euro 5.5 billion.

### Growing customer funds

Refinancing is rounded off by the issue and placement of obligations with retail clients (apoObligationen). The bonds have maturities between 15 months and five years and are offered to our retail clients through our own sales network. The portfolio of apoObligationen was kept almost constant at Euro 2.7 billion. In addition, we raised approximately Euro 80 million by placing our “apoBank Vermögensbrief mit Nachrangabrede” (subordinated capital) with our retail clients. The Bank’s customer deposits, which increased again in the past financial year, provide a stable financing base. At the end of the year, total customer funds amounted to almost Euro 15.0 billion, around Euro 600 million above the previous year’s level.

### Solid liquidity position

Also at the end of the year, apoBank had a solid liquidity position. The Bank’s refinancing was mainly based on a broadly diversified investor base and the stable base of less volatile demand deposits of apoBank’s clients. As an established market participant with a good rating, the Bank was at all times able to place secured and unsecured bonds with its institutional customers in the capital market. Moreover, the Bank has a large portfolio of ECB-eligible securities.

### Ongoing credit analysis

apoBank’s creditworthiness, i. e. the ability and willingness to meet all financial obligations fully and in a timely manner, has been assessed by rating agencies Moody’s and Standard & Poor’s since 1998 and 1999, respectively. Apart from that, Bank’s creditworthiness has also indirectly received Verbundratings (ratings for the whole cooperative financial services network) from Standard & Poor’s and the third internationally recognised rating agency, Fitch Ratings. The Verbundrating applies at the same time to all individual institutes which are associated with the cooperative financial services network (Finanzverbund) and which are members of the protection scheme of the Federal Association of German Cooperative



Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, BVR), thus also to apoBank.

### Long-term credit assessment of apoBank at a good level

Also in 2009, the difficult market environment and the impact of the financial market crisis still being felt placed downward pressure on the ratings of German Banks. In this rating environment, the long-term ratings of apoBank showed a stable development in the 2009 financial year.

On 1 July 2009, rating agency Moody's confirmed apoBank's "A2" long-term rating with a stable outlook. At the same time, Moody's announced that it would review the Bank's "C" financial strengths rating ("review for possible downgrade"). On 27 October 2009, Moody's downgraded the financial strength rating from "C" to "D". The "A2" long-term rating and the "P-1" short-term rating were maintained and the outlook of the ratings was downgraded to "negative". As part of a change in the rating methodology for hybrid financial instruments, Moody's had started an extensive rating review in November 2009. As expected, this also concerned apoBank's silent partnership, which was downgraded to "Ba1", but is still at a comparatively good level.

Subsequent to the management meeting with Standard & Poor's in June 2009, the rating analysis for apoBank was updated on 5 August 2009. Within the framework of this update, Standard & Poor's maintained its "A+/A-1" ratings with a stable outlook. The rating of the silent partnership remains at "BBB-".

apoBank's credit ratings by Standard & Poor's and Moody's mainly reflect the Bank's good market position and its stable core business. This is supported by our distinctive market expertise and the business model's future viability. The downgrade of the financial strength rating by Moody's mainly reflects the pressure on the capital ratios, possible charges from the Financial Instruments portfolio and the fact that apoBank made use of the temporary support offered by the BVR. In the Bank's long-term ratings, which are decisive for its credit assessment, the agencies have rewarded the profitable core business and apoBank's integration in the security systems of the cooperative financial services network.

The Verbundratings by Standard & Poor's and Fitch, which indirectly apply to apoBank, also remained stable in the 2009 financial year. In April 2009, Fitch Ratings maintained its good "A+" Verbundrating for the cooperative financial services network. At the same time, the short-term rating was raised by one

notch to “F-1+”. Standard & Poor’s assigned an “A+” rating with a stable outlook to the financial services network. The short-term rating is “A-1”.

### **Top “AAA” rating for apoPfandbriefe remains unchanged**

Apart from apoBank itself, Standard & Poor’s has also assigned a rating to apoBank’s cover pool for the issue of mortgage Pfandbriefe. Since the assignation of the preliminary Pfandbrief rating in April 2008, Standard & Poor’s has awarded a top “AAA” rating to the high-granular cover pool.

### **Summary of the earnings, asset and financial position**

apoBank’s annual results for the financial year 2009 were largely affected by the impact of the financial market crisis. In particular, the Structured Financial Products portfolio weighed on overall results as well as on the Bank’s equity ratios. All discernible risks were properly taken into account in the risk provisioning. apoBank has taken appropriate measures to return to the good profitability level of the previous years. Besides that, the Bank has implemented measures to strengthen its equity and to ease the burden

on equity. The Bank’s liquidity position remains solid and is based on various sources.

Apart from the extraordinary charges from the Structured Financial Products portfolio, apoBank’s operating business performed well. Here, the Bank succeeded in maintaining the good results of the previous years and in further strengthening its market position. This development is evidence of the solidity and profitability of the Bank’s business model.

## Supplementary Report

The Bank consistently pursues the goal of reducing the volume of the Structured Financial Products portfolio. For instance, within the framework of this consolidation strategy, the Bank sold four CDO transactions, which required full equity backing, already in the first quarter of 2010. The Bank will continue to look into possibilities of reducing the Structured Financial Products portfolio through a sale while preserving its value. Besides that, repayments and maturities contribute to reducing the risk volume.

# Risk Report

## Principles of risk management and risk controlling

Selective and controlled risk taking is one of the substantial elements of the banking business. apoBank is continuously working on improving and further developing its risk processes and methods in order to be able to control its business activities in a risk and yield-oriented way also in the future.

The business and risk strategies, in which the risk guidelines for all types of risks are defined, provide the framework for risk control. Compliance with these guidelines is monitored within the framework of the overall bank control and communicated to the responsible decision makers through continuous reporting.

apoBank defines the types of risks as follows:

- **Credit risk**

Credit risk is understood as the potential loss that may arise as a result of the complete or partial default of a borrower or contractual partner. We distinguish between the classic credit risk of the customer loan business, the counterparty risk

and issuer's risk of the trade or treasury business as well as the shareholder risk arising from investments. The country risk is a subcategory in this context. Against the background of the domestically oriented business structure of the customer loan business, country risks primarily arise in the Financial Instruments Portfolio.

- **Market price risk**

We understand market price risks as the potential loss that can arise as a result of changes in market prices (e. g. share prices, interest rates, credit spreads and foreign exchange rates) and market parameters (e. g. market price volatilities) on the markets for the Bank's items.

- **Liquidity risk**

Liquidity risk is subdivided into "insolvency risk" and "refinancing risk". Insolvency risks are understood as the risk that current or future payment obligations cannot be met at all or not to the full extent. Refinancing risks are understood as the risk of rising refinancing costs due to a negative change in the Bank's creditworthiness and the resulting increase in credit

spreads, and/or a changed liquidity position in the money and capital markets.

- **Sales risk/Strategic risk**  
Sales risk is understood as the deviation of a margin or commission income actually achieved at a certain date from the target performance. This also includes the Bank's strategic risk in the sense of a negative deviation from plan due to market changes that were not taken into account in the planning or due to changes in the business conditions to the Bank's disadvantage.
- **Operational risk**  
Operational risks are risks of losses that occur as a result of the failure or inappropriateness of internal processes, humans and systems or through external events.

### Organisation of risk management and risk controlling

The functional and organisational separation of the front office/distribution functions from the back office/risk management and risk controlling functions has been implemented up to the Board level in order to avoid conflicts of interests and to maintain objectivity.

The individual responsibilities are distributed as follows:

The entire Board of Directors is responsible for the business and risk strategies, the concept of risk-taking capability, the proper organisation and implementation of risk management as well as for the monitoring of all risks and of risk control.

The Sales Private Customers division as well as the Professional Associations, Medical Care Structures and Corporate Clients divisions are responsible for the market function in the customer business.

The Central Credit Control divisions are responsible for monitoring all credit risks. This includes, apart from the individual credit assessment of customers, counterparties and issuers, both the ongoing portfolio monitoring and the responsibility for the credit methodology and the organisation of the lending business. The department of Corporate

Planning/Treasury is responsible for the operative control of market price and liquidity risks on the basis of the framework conditions passed by the Board of Directors.

The specialist division Risk Controlling within the Controlling department has responsibility for the methods and models used for the identification, measurement and limitation of risks. It is also responsible for complying with the legal framework conditions and for the risk reporting with respect to all types of risks.

The Audit division is an essential part of the independent monitoring system and subjects the organisational units involved in the risk management process and the agreed processes, systems and individual risks to a regular independent examination.

As a supervisory body, the Supervisory Board and the Audit, Credit and Risk Committee are kept regularly informed about the current risk situation as well as measures for risk control and limitation. Apart from that, the Economic and Financial Committee provides advice on participations, essential investments as well as the purchase and sale of properties.

## Control and monitoring of the individual types of risks

### Credit risks

In all portfolios, the credit risk is limited and monitored at the portfolio level and at an individual borrower level. This takes account of both the individual risk and substantial risks from group exposures and the risk category. Sophisticated rating approaches are used for the different sub-portfolios.

The apoMasterskala (apo master scale) makes the results of the customer-group specific internal rating procedures and the rating results of external rating agencies comparable, so that the same rating categories always have the same default probability, irrespective of the rating procedure used.

The annual validation has confirmed the proper application of the rating procedures.

The ratings are a substantial part of the rules of competence and of the procedures for the classification of borrowers into service categories. They are also used for external pricing as well as for the internal business calculation and the regulatory solvency calculation.

## Retail Customers/Branch Business portfolio

The branch customers' credit risks are controlled via five regional credit control units assigned to the Central Credit Control – Retail Customers Business in collaboration with the branches. Those loan applications which have been made by the branches and given a market vote are given the vote of the back office in the regional credit control units after initiating a rating for the borrower. On the basis of cash flow calculations prepared for each individual customer, a check is made under consideration of all private and professional revenue and expenditure streams as to whether the customer's loan request appears financially feasible. This check also takes account of the previously available or forecast income figures and the indebtedness of the customer. Many years of experience in dealing with the medical professions are an indispensable requirement to reach at a balanced credit assessment during this examination. The subsequent decision is made, dependent on rating and volume, in a joint approval by the market and credit units. For the Retail Customers/Branch Business portfolio, we have defined a sub-portfolio as a low-risk business, where loan decisions can be made in individual competence. On the one hand, this includes loan approvals, which occur in a large number but only with small volume

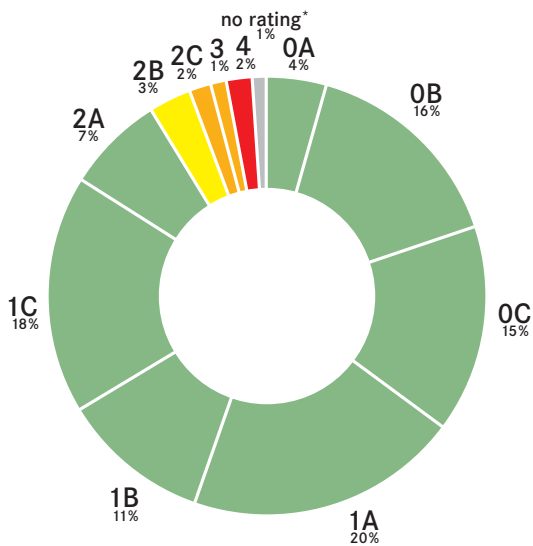
of credit. On the other hand, loans from development schemes are also processed, as long as the strict programme conditions are observed.

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

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

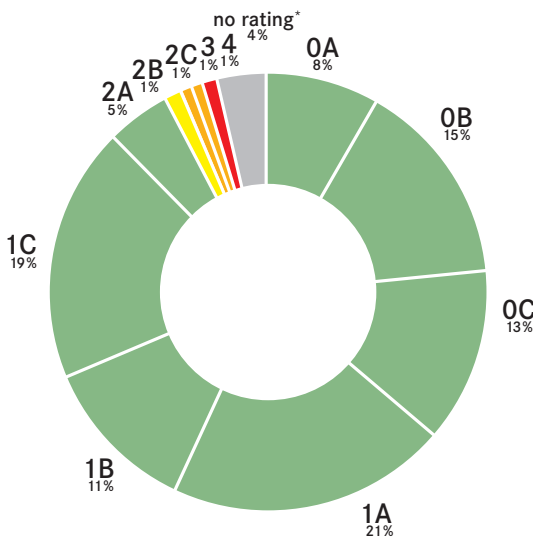
Rating class distribution in the Retail Customers/Branch Business portfolio

Volume distribution (in € m)  
on the basis of drawdowns  
total 23,194



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

Distribution of borrowers  
Number of borrowers with drawdowns  
total 149,472



Central Credit Control Private Customers, supports the regional credit control units in the enforcement of the Bank's claims on defaulters.

The portfolio structure shows a rating distribution with a focus on the good and middle rating classes, which is typical of this customer group. On balance, the rating distribution has slightly improved in the year under review. The portfolio coverage is largely complete.

Volumes = drawdowns (balance sheet date) in € m

\* including permanently unrated exposures < € 100 as well as exposures to employees



With approximately 150,000 borrowers who have drawn down loans, the portfolio shows a broad spread. In this sub-portfolio, the largest individual risk amounts to approximately 0.1 percent of the total volume of drawdowns.

Risk provisioning in the lending business with private customers is still at a low level and thus proves again the health care sector's economic independence as well as the Bank's long years of financing expertise. Great emphasis was placed on a fair, conservative valuation when calculating risk provisioning.

#### Organisations and Large Customers portfolio

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

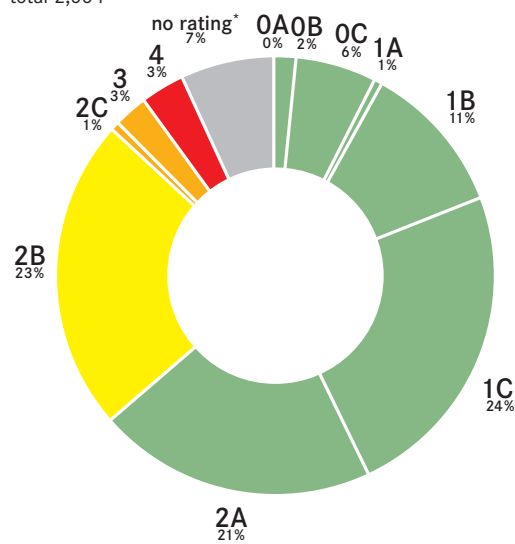
In the corporate customers business, the rating system of RMS Risk Management Solutions GmbH, which emerged from a pool solution of the Bundesverband Deutscher Banken (Federal Association of German Banks), is used to assess corporate risks. Since the end of 2007, the Bank has held a stake of approximately 12.9 percent in the operating company of the procedure.

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

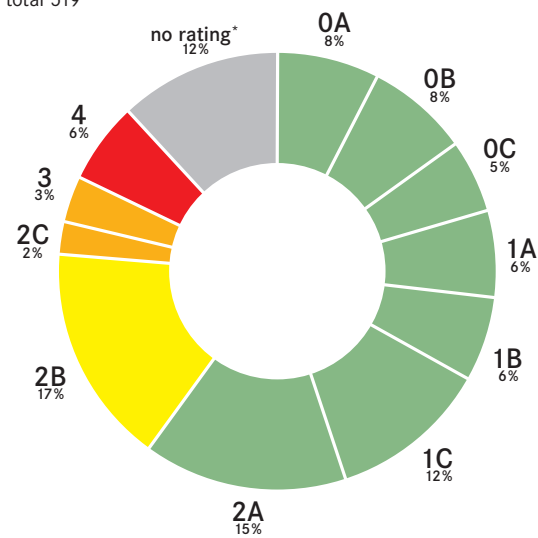
Another sub-portfolio includes legal entities of public law and mainly comprises the professional associations of the medical professions. According to the Solvency Regulation, this low-risk portfolio belongs to the Institutions portfolio and is assessed by a rating procedure developed by the Bank itself. Apart from the inclusion of some qualitative criteria, the procedure is particularly directed towards the operator of the respective entity because of the special character of these counterparties.

Rating class distribution in the Organisation and Large Customers portfolio

Volume distribution (in € m)  
on the basis of drawdowns  
total 2,554



Distribution of borrowers  
on the basis of drawdowns  
total 519



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

Overall, the rating distribution in the portfolio is well balanced in terms of borrowers. In terms of volumes, the portfolio share of legal entities of public law is somewhat smaller in the rating classes 0A to 1A. As already in the previous years, the rating coverage is high.

It has become apparent that the start-up times of various medical care centres are much longer than originally expected. The Bank monitors these commitments closely

Volumes = drawdowns (balance sheet date) in € m  
\* excluding permanently unrated exposures with drawdowns < € 100

and, if necessary, takes measures to minimise risks. A corresponding risk provision has been created for default risks.

### Financial Instruments portfolio

The Financial Instruments portfolio comprises the money and capital market investments as well as derivative transactions. The liquidity and profit-oriented investment of free funds serves the Bank's liquidity and balance sheet structure management. Within the framework of the customer business, additional risks are taken to a limited extent from foreign exchange and securities trading as well as within the framework of start-up financings or co-investments in fund products. Apart from traditional securities, apoBank in the past also invested in CDO and ABS transactions in the Financial Instruments portfolio, which are combined in the Structured Financial Products portfolio.

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

In order to reduce the counterparty credit risk from derivative commercial transactions, we enter into multi-product master netting agreements (netting of opposite positions).

Moreover, the Bank uses collateral management (collateralisation of open positions) for the derivatives business in order to prevent risk expansion in view of the increased business volume.

The extent of the country risks, which primarily concern the Financial Instruments Portfolio, is permanently monitored, among other things, in the form of regular assessments within the framework of the quarterly risk report. In view of the consolidation and reduction strategy in the Financial Instruments portfolio, no separate country risk limits have been set for this period.

The existing country risks mainly concern countries of the European Union as well as the United States.

Indirect country risks from the banking sector exist, amongst others, in Italy, Spain, Portugal, and Ireland. In addition, the Bank is exposed to direct country risk in Italy, Hungary and Greece. With Greece being a member of the European Union, the Bank assumes that also this country will ultimately receive financial support – if necessary – to prevent a default.

The total exposure of the Financial Instruments portfolio of Euro 15.1 billion declined by a total of around Euro 4.5 billion in the 2009 financial year. Apart from a reduction

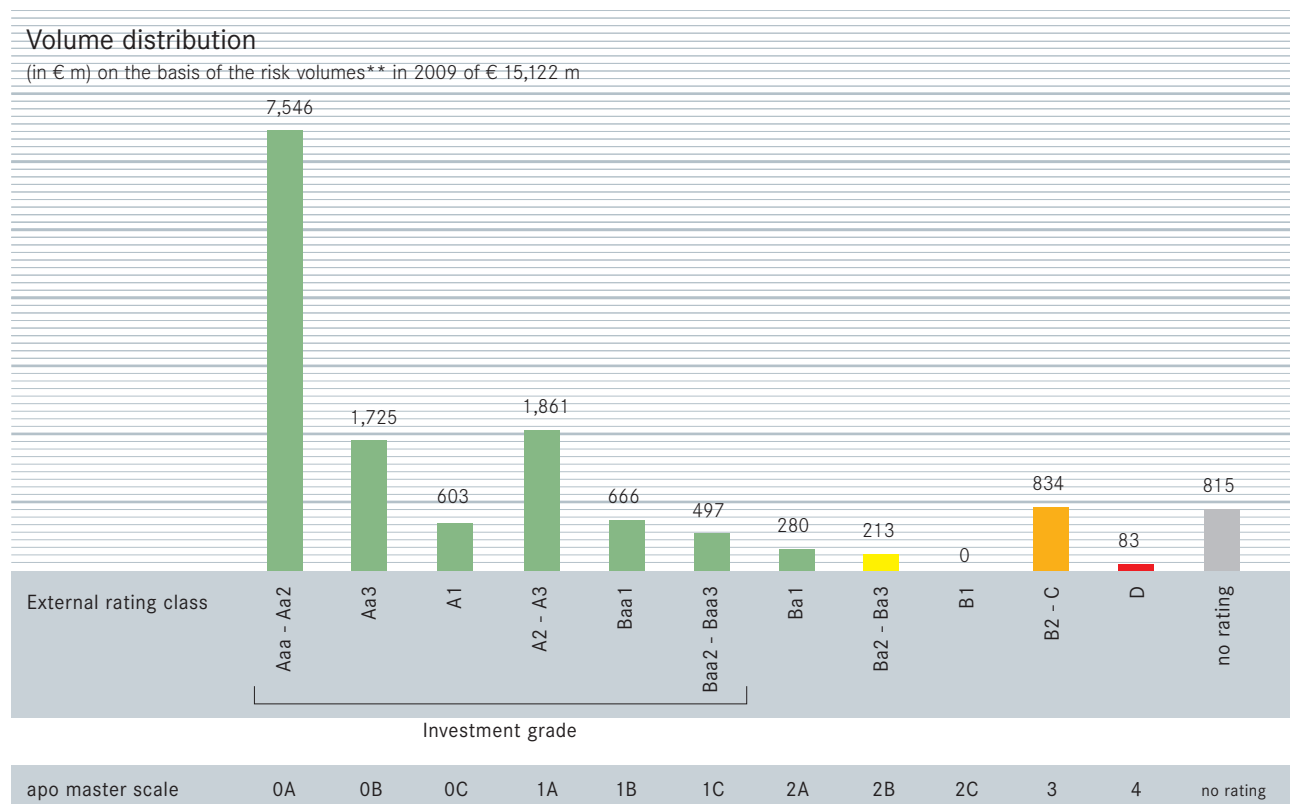
in exposures to banks, the volume of the Structured Financial Products portfolio was reduced by approximately Euro 1.1 billion to now Euro approximately 4.5 billion. Repayments, maturities, and selling opportunities used, in particular in the second half of 2009, contributed to this development. In addition, a capital-guaranteed fund platform was divested in 2009. The Bank continues to consistently pursue its strategy of reducing this portfolio.

The CDO structures in the portfolio are CDO transactions based on corporate and bank risks. While in the previous year these transactions were particularly affected by bank collapses, the financial year 2009 was primarily characterised by defaults of insurance companies and corporates. This resulted in no capital consumption yet because of the available subordination. In order to strengthen subordination, three CDO tranches were restructured. In this connection, an "AAA" rated super senior CDO of corporates was acquired. In addition, another transaction was restructured in order to increase its robustness. The corresponding expenses were taken account of in the risk provisions. All tailor-made CDO structures with rating downgrades were written down to market value. The guarantee in the amount of Euro 120 million provided by the BVR (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken) in August 2009 expired on 20

December 2009 as the guaranteed securities fell due without being invoked. The securities were repaid in full. Overall, this led to a reduction in the total exposure of the CDO portfolio in conformity with the strategy.

The Bank holds ABS structures in its direct portfolio as well as in three leveraged special funds (LAAM funds). The total exposure of the three leveraged special funds amounted to Euro 0.7 billion at the end of the year. Around 70 percent of the underlying ABS structures with a nominal volume of just under Euro 2.0 billion are rated in the investment grade area. Most of the securities are US mortgages as well as private and commercial mortgages in the United Kingdom. As a result of regular repayments, the volume has continuously diminished both in the funds and in the Bank's direct portfolio. The Bank expects that the portfolio volume will continue to diminish steadily, even though the premature repayment rate has been reduced, particularly in the US ALT-A RMBS portfolio. At the beginning of 2009, a fourth LAAM fund was dissolved and the underlying assets (Landesbank bonds with public guarantee) in the amount of Euro 2.0 billion were recognised in the Bank's own books.

Rating class distribution on the basis of risk volumes in the Financial Instruments portfolio\*



The unrated exposures are mainly composed of interbank balances and the LAAM funds. About 70 % of the assets in the LAAM funds are rated investment grade.

\* Includes moneydealings, liquid investments and derivatives

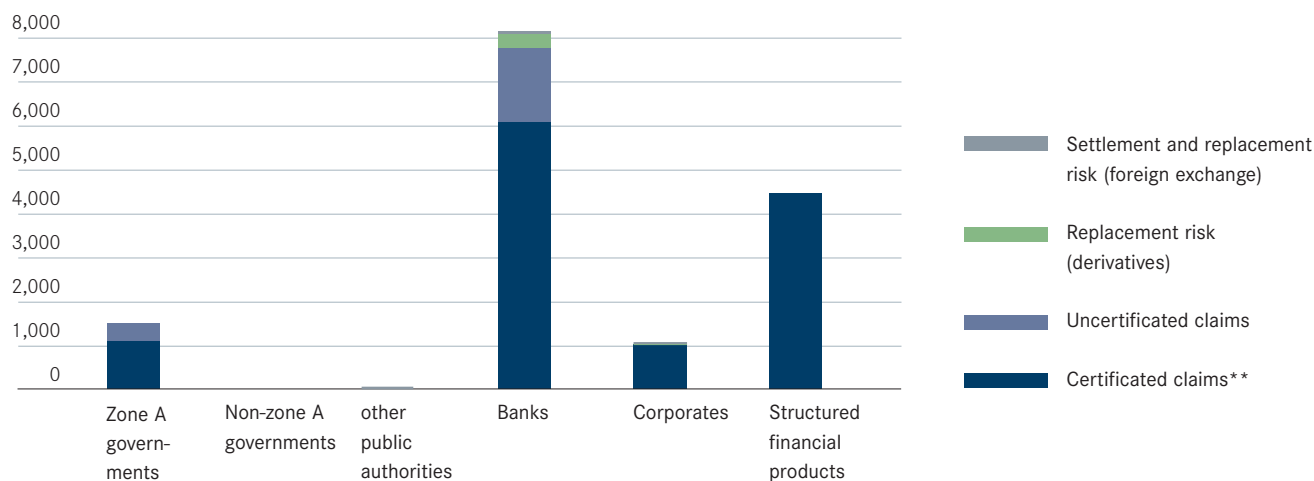
\*\* Risk volume: This generally means the book value (drawdowns or loan equivalent exposures) under consideration of provisions for contingent losses. Exceptions are, for example, CDS and total return swaps on ABS positions as well as individual positions in the INKA funds, which have no book value and are therefore recognised at their nominal value. Foreign currency items are continuously translated at the current applicable rate of exchange.

The quantitative stress test procedure for ABS structures was further developed in the fourth quarter of 2009 and was subjected to a benchmarking exercise by external experts in order to account for the current market developments. Those ABS structures (mainly CMBS) that cannot be subjected to system-

oriented, quantitative stress tests because of their heterogeneity are regularly subjected to a systematic credit analysis. For structures where the Bank does not regard the sustainable intrinsic value as sufficiently safe on the basis of stress tests or individual analyses, a corresponding risk provision has been made.

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

(in € m)



(in € m)

Sector	Certificated claims**		Uncertificated claims		Derivatives		Foreign exchange		Total	
	Total exposure* 31.12.2009	Drawdowns 31.12.2008	Total exposure* 31.12.2009	Drawdowns 31.12.2008	Total exposure* 31.12.2009	Drawdowns 31.12.2008	Total exposure* 31.12.2009	Drawdowns 31.12.2008	Total exposure* 31.12.2009	Drawdowns 31.12.2008
Zone A governments	1,082	1,003	400	300	0	44	0	0	1,482	1,346
Non-zone A governments	0	0	0	0	0	0	0	0	0	0
Other public authorities	0	0	0	0	0	0	5	13	5	13
Banks	6,097	7,450	1,693	3,164	299	778	43	134	8,132	11,525
Corporates	1,007	1,215	10	0	0	5	22	17	1,038	1,238
Structured financial products	4,466	5,549	0	0	0	0	0	0	4,466	5,549
<b>Total</b>	<b>12,651</b>	<b>15,216</b>	<b>2,103</b>	<b>3,464</b>	<b>299</b>	<b>827</b>	<b>70</b>	<b>163</b>	<b>15,122</b>	<b>19,671</b>

\* Total exposure: This generally means the book value (drawdowns or loan equivalent exposures) under consideration of provisions for contingent losses. Exceptions are, for example, CDS and total return swaps on ABS positions as well as individual positions in the INKA funds, which have no book value and are therefore recognised at their nominal value. Foreign currency items are continuously translated at the current applicable rate of exchange.

\*\* including ABS, CDO, CDS, MBS, TRS and special funds

Totals may deviate due to rounding

## Structured Financial Products (on-balance sheet and off-balance sheet) by rating classes, countries and residual terms

	Total (in € m)		Total exposure**** (previous year: drawdowns) by rating classes											
	APO master scale		0A		0B		0C-2A		2B		2C-3		no rating	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>MBS</b>	2,574	3,110	1,536	2,818	75	130	287	162	19	0	657	0	0	0
<b>CDO</b>	358	588	158	300	0	30	28	100	6	50	166	108	0	0
<b>ABS (in the narrow sense)</b>	844	1,175	702	1,095	17	21	55	59	69	0	0	0	0	0
<b>LAAM funds (invested capital)</b>	690	676	0	0	0	0	0	0	0	0	0	11	690	666
<b>Total</b>	<b>4,466</b>	<b>5,549</b>	<b>2,396</b>	<b>4,213</b>	<b>92</b>	<b>181</b>	<b>370</b>	<b>321</b>	<b>94</b>	<b>50</b>	<b>823</b>	<b>118</b>	<b>690</b>	<b>666</b>

	Total (in € m)		Total exposure**** (previous year: drawdowns) by countries						Total exposure**** (previous year: drawdowns) by residual terms*					
	APO master scale		USA		Europe		others**		0 until 1		> 1 until 5		> 5	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>MBS</b>	2,574	3,110	***787	***1,004	1,749	2,046	38	59	89	227	801	1,415	1,685	1,467
<b>CDO</b>	358	588	305	533	53	55	0	0	17	184	116	146	225	258
<b>ABS (in the narrow sense)</b>	844	1,175	296	326	547	848	0	0	57	91	450	471	337	612
<b>LAAM funds (invested capital)</b>	690	676	0	11	174	156	516	510	114	96	231	184	345	396
<b>Total</b>	<b>4,466</b>	<b>5,549</b>	<b>1,388</b>	<b>1,874</b>	<b>2,524</b>	<b>3,106</b>	<b>554</b>	<b>569</b>	<b>276</b>	<b>599</b>	<b>1,598</b>	<b>2,217</b>	<b>2,591</b>	<b>2,734</b>

\* Residual term in years = expected maturity

\*\* Securitisation structures from other countries as well as special funds with securitisation. Special funds, which comprise positions of different countries are reported as others.

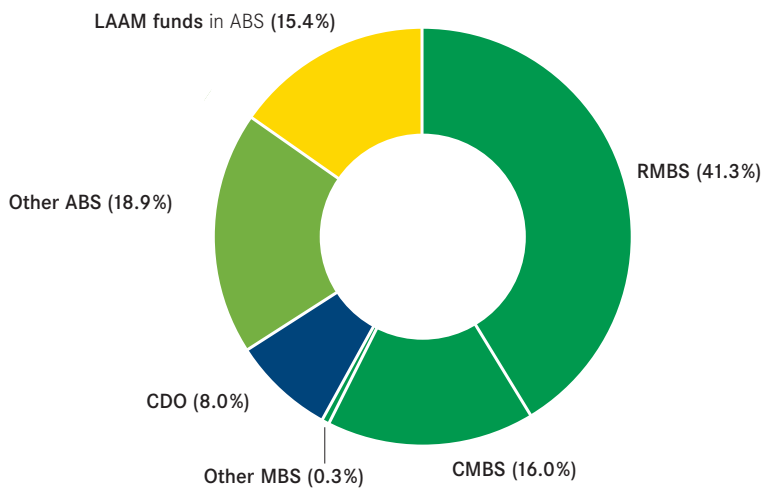
\*\*\* mainly includes Alt-A RMBS

\*\*\*\* Total exposure: This generally means the book value (drawdowns or loan equivalent exposures) under consideration of provisions for contingent losses. Exceptions are, for example, CDS and total return swaps on ABS positions as well as individual positions of the INKA funds, which have no book value and are therefore recognised at their nominal value. Foreign currency items are continuously translated at the current applicable rate of exchange.

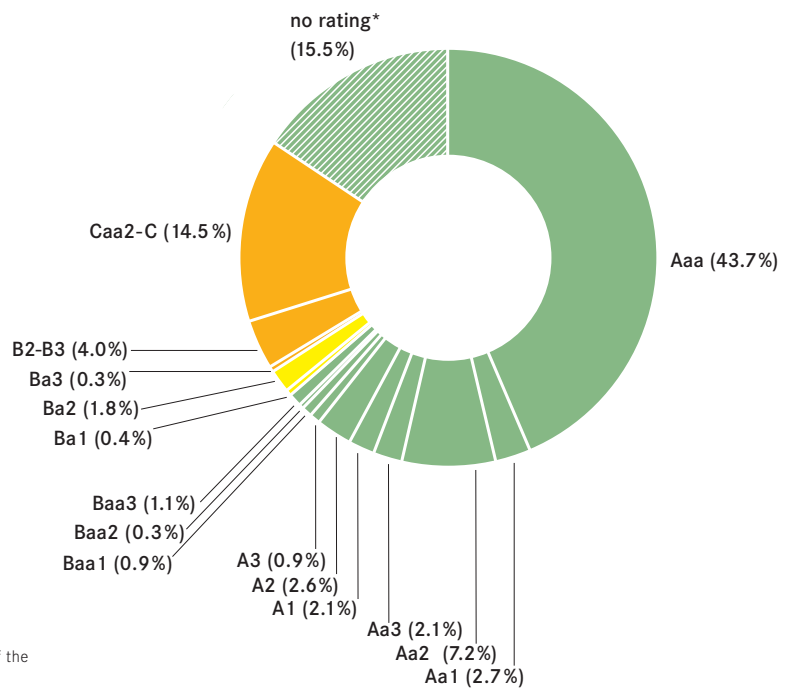
Totals may deviate due to rounding

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

Volume distribution € 4,466 m



Volume distribution € 4.466 m



\* Unrated LAAM funds with current risk position of € 690 m (about 70 % of the underlying assets are rated investment grade)



Even after extensive rating downgrades, a major part, 85 percent, of the volume of the total Financial Instruments portfolio is still in the investment grade area. In the Structured Financial Products portfolio, 61 percent of the volume has been awarded an “A” rating or higher. The rating distribution also reflects this year’s rating downgrades, which resulted in a significant increase in required equity in this sub-portfolio.

Within the framework of intensive risk monitoring, particularly the spread development observed in the financial markets is used as an indicator. In this context, the Bank has implemented a process to identify conspicuous developments and, if necessary, to actively hedge exposures. In comparison with the previous years, the allocation of limits in the Money Market and Liquidity Reserve portfolios is significantly more restrictive.

### Investments portfolio

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

At Euro 5.1 million, AC Capital’s investment result fell short of the previous year’s (Euro 8.4 m). In view of the financial markets crisis, significantly lower income is to be expected in the following years. Against this background, a value adjustment in the amount of Euro 31.7 million was made on the investment. The current book value is Euro 20 million.

The investment in DGN Deutsches Gesundheitsnetz GmbH (DGN) was written off to the amount of the company’s equity. With DGN’s equity amounting to Euro 1.1 million, the amount written off was Euro 13.6 million.

In the 2009 financial year, the Bank further increased its investment in DZ Bank AG in order to strengthen its involvement in the cooperative network.

### Market price risks

#### Market price risk management

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

Apart from credit-spread risks in the field of own investments, the Bank's market price risks consist primarily of the interest rate risk. Currency risk and share price risks are of minor importance for the further development of the portfolio.

Within the framework of the bank-wide control of interest rate risks, the market price risk management pursues both present-value and periodic approaches. The results are included in the risk control and in the planning calculations. In market price risk management, a distinction is made between the management of interest rate risks from an overall bank perspective (strategic interest rate risk management) and the market price risks in the Financial Instruments portfolio.

### Strategic interest rate risk management

Management of the consolidated interest rate risks of the Bank's investment book is one of the tasks of the Corporate Planning department, and it aims at realising a moderate interest rate profile at the overall bank and portfolio level. Insofar, the strategic management of interest rate risks is understood as an integral part of profit and loss management with a focus on risk hedging and sustainability of the results over time.

The interest rate risks of apoBank are substantially determined by the core business

with its customers in the area of lending and deposits. On the basis of the special characteristics in its business and refinancing structure, the Bank's interest rate positions are managed according to a multi-period, profit and loss oriented elasticity approach, under which the consolidated interest rate risks are recorded, simulated and controlled at the overall bank and portfolio level. Taking the planned new business into account, the Bank, on principle, enters into open positions only to a limited extent.

On the basis of regular simulations, the Bank takes global hedging measures that contribute to its moderate interest rate risk profile and sustainability of results. Apart from the above-mentioned multi-period profit and loss management, the Bank carries out a present-value analysis under various interest rate scenarios at the overall bank and portfolio level.

With a maximum capacity utilisation of 10 percent in the 2009 financial year, the result of the supervisory stress calculations (Basel II interest rate shock) was at all times clearly below the set limitation (20 percent of the liable equity capital) and at a moderate level.

The activities within the scope of strategic interest rate risk management contributed to the result improvement in the year under review. In order to secure future interest income, the Bank again adopted global measures on the basis of simulation calculations.

## Market price risk management in the Financial Instruments portfolio

The Treasury/Liquidity Management department is responsible for the operative control of market price risks in the Financial Instruments portfolio.

On the one hand, investments in securities are carried out in the Liquidity Reserve sub-portfolio. This portfolio includes positions which the Bank mainly enters into in connection with liquidity management. Investments are only made in lower-risk bonds, promissory note loans, funds and money market products. The amount of the investment volume in this portfolio is mainly dependent on the development of the asset and liability volumes of the customer business, on the requirements of the liquidity management as well as on the compliance with the regulatory liquidity ratio.

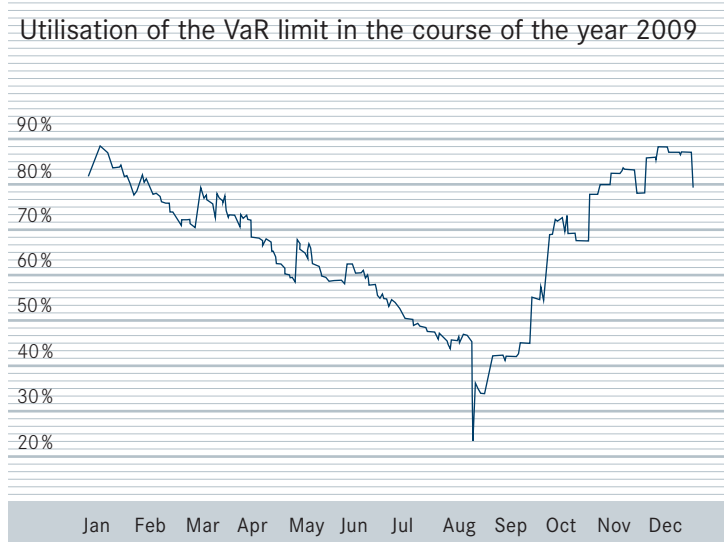
On the other hand, the Bank holds an Own Investment portfolio with higher credit spreads. The portfolio is mainly composed of bonds, promissory note loans, funds, structured financial products and risk assumptions by means of credit derivatives. apoBank pursues a consistent reduction strategy for this portfolio. The Bank continues to refrain from making any new investments in the Own Investment portfolio with higher credit spreads not associated with restructuring.

Taking trading risks is not part of the market price risk strategy.

## Risk monitoring

The essential market price risks of the Bank as a whole are integrated and limited in the overall risk control framework. The basis is a differentiated risk measurement and control system in which the risk is controlled and monitored up to the portfolio level. Apart from a value-at-risk (VaR) approach, scenario analyses and additional stress tests are used. Among other things, the effects of currency fluctuations on the required equity were analysed. For the daily management, the value-at-risk approach is calculated with a confidence level of 99 percent and a holding period of ten days. Daily backtesting is carried out in order to check the model quality, with the forecast VaR being compared every day with the actual net present value. The scenario and stress analyses are based on standardised scenarios, which are supplemented by individual situation-related considerations.

The limitation of market risks in the Financial Instruments portfolio, which is derived from the risk-taking capability, was fully observed at any time in the financial year 2009.



Apart from a few exceptions, the utilisation of VaR limitation has continuously decreased in the first eight months of 2009; this development reflects the lower intensity of market fluctuations during this period. The subsequent increase is less attributable to new market disruptions than to higher market values.

Overall, the market price risk will continue to be strictly limited within the framework of our buy-and-hold strategy. Against the background of the ongoing financial market crisis, the risk is still high, but it has stabilised compared to 2008. The specific market environment is particularly considered in the business and risk strategy for 2010.

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

### Liquidity risks

The Treasury/Liquidity Management department is responsible for the operative and strategic liquidity management as well as the Bank's refinancing through certificated liabilities. The Risk Controlling division carries out the monitoring of the Bank's liquidity position independently of trading.

In order to secure liquidity, apoBank holds securities with a good credit rating in its Liquidity Reserve portfolio, which, as a rule, are marketable and/or eligible for refinancing with central banks and which can be sold at any time or are eligible as collateral. In the course of the year, the Bank steadily reduced its position as a provider of liquidity in the money market, while at the same time further increasing its portfolio of ECB-eligible securities to Euro 5.1 billion. Moreover, a conservative lower limit was set for the extensive portfolio of ECB-eligible securities, which must be observed at all times.

Apart from a reliable and diversified investor base, the stable customer deposits provide an essential basis for the Bank's refinancing. The refinancing activities in the capital market planned for 2009 were fully implemented at an early stage, so that the Bank was already able to secure funds required for refinancing in 2010 by continuing its refinancing activities. The planned increase in customer funds was also realised in 2009 and remains an important strategic target for 2010.

One essential element of refinancing activities in the 2009 financial year was the placement of "AAA" rated apoPfandbriefe in the amount of Euro 1.1 billion. Apart from that, the Bank's extensive loan portfolio offers additional potential to increase the cover pool, which can be used for further issues.

The Bank's liquidity was always assured in 2009. The regulatory requirements (liquidity ratio, minimum reserve) were met at any time.

Within the framework of a project, the Bank implemented – also against the background of the new minimum requirements for risk management (MaRisk) – an extended and more differentiated liquidity risk management (control and independent monitoring) in 2009. On this basis, liquidity risk limitation and reporting were significantly expanded as from 2010. The focus was on further developing the funding matrix and on refining the modelling of cashflows. In addition, the scenario and stress calculations were expanded. The limit system with defined escalation mechanisms ensures that the Bank takes liquidity management and refinancing measures in a consistent and timely manner. Liquidity management is supported by limited stress analyses and an emergency plan, which ensures an adequate reaction in the case of a potential threat to the Bank's liquidity.

Liquidity management is based on the permanent analysis and comparison of payment inflows and outflows, which are summarised in a funding matrix and limited in different gradations.

The Bank's liquidity management includes operational discretionary, structural and strategic liquidity management.

Operational discretionary liquidity management comprises the short and medium-term management of the Bank's liquidity. A necessary side condition is compliance with the regulatory liquidity ratio (Liquiditätsverordnung), which is also defensively limited for the internal control, as well as with the requirements for the maintenance of minimum reserves.

Structural liquidity management aims at guaranteeing an appropriate maturity structure and a sufficient diversification, particularly of the Bank's refinancing sources.

Strategic liquidity management serves the long-term management of liquidity and helps to secure permanent financing of the Bank's business model. The corresponding refinancing plans are linked with the business planning process. Both insolvency risk and refinancing risk are included in the Bank's risk-taking capability analyses. The insolvency risk is analysed from the perspective of securing long-term liquidity. The refinancing risk is subject to utilisation calculations in terms of economic capital and is thereby limited and monitored.

### **Sales risks/strategic risks**

Sales risks/strategic risks are taken in the business areas "Retail Customers/Branch Business" and "Organisations and Large Customers". Within the framework of an annual planning calculation, earnings from interest conditions and net commission incomes, among other things, are planned and fixed as the planned sales performance for the coming financial year. On the basis of past-related target-performance deviations in the customer business, a value-at-risk (VaR) is calculated, which is included in the risk-bearing capability calculation.

### **Pfandbrief controlling**

With regard to the mortgage Pfandbrief business, some of the statutory requirements changed when the amendment to the German Pfandbrief Act came into force on 26 March 2009. For instance, the focus has increasingly shifted to liquidity risk. We have responded to the changed requirements by revising our reporting on the basis of updated software. Risks are conservatively limited and the limitation goes beyond the statutory requirements. Defensive selection is made of the loans of the cover pool. All limits were complied with throughout the year.

## Operational risks

On the basis of the implemented processes and components of the system for controlling and managing the operational risks, apoBank is able to early detect operational risks and take the corresponding measures of risk control. In this process, decentralised risk managers identify operational risks emerging within their areas of responsibility and, if necessary, take measures to control these risks. In contrast, the Bank-wide compilation and analysis of the results of the decentralised self-assessments as well as the monitoring of corresponding control measures are carried out centrally in the Risk Controlling division. The central OpRisk manager in the Risk Controlling division draws up comprehensive and detailed quarterly reports about the Bank's operational risks. Apart from further internal regulations, the risk management and controlling system for operational risks complies with the requirements of the regulatory standard approach, which apoBank has been using since 1 January 2007 for the assessment of the equity required for operational risks.

On the basis of the self-assessments carried out and the losses incurred in the past financial years, the Bank does not expect any substantial risks. The volume of losses for the full year 2009 has slightly increased compared to the previous years, but is still far below the

set limit. Significant individual losses have not occurred. Control measures have been implemented for all identified substantial risks. Appropriate insurance cover has been taken where considered necessary.

Legal risks from standard operations are reduced by the use of standardised contracts. Any deviations from these as well as individual transactions are authorised by the Legal department. At the moment, there are no important pending lawsuits in which the Bank is involved. The Legal department is responsible for the analysis, assessment and derivation of the effects of legal changes on the Bank.

The Bank's personnel management is the responsibility of the Personnel department. Regular personnel planning combined with appropriate replacement arrangements ensures adequate staffing. In addition, targeted further education management and support programmes provide the Bank with up-to-date expertise and interesting development prospects.

## Security of operations and IT risks

The security and stability of IT operations is ensured by a variety of technical and organisational measures. apoBank's core systems reached a high availability of more than 99 percent throughout the whole year.

A major part of the operational IT risk management is the early identification of IT security risks and their reduction to an acceptable level through appropriate measures. This is achieved through IT security processes which are oriented to common standards and centrally controlled by the IT security management.

Thus, the IT security aspects are already taken into account during the planning phase of a project. Moreover, the existing IT security procedures are continuously further developed and updated in order to maintain the security of operations. For example, the procedures for data backup and virus protection were updated. Another focus was on measures to raise the awareness of IT employees.

### Business Continuity Management

In order to guarantee a high security level and effective provisions for operational risks, measures to cope with emergencies are further developed in all business areas, adjusted to changes in the Bank's environment and recorded in a comprehensive business continuity concept. This is linked to aspects of occupational and operational safety, which are managed according to corresponding requirements and coordinated with other responsible control functions, such as compliance and IT security.

### Risk-taking capability as an instrument of overall bank control

The basis of apoBank's risk management is the ongoing identification, measurement and monitoring of all risks arising from the business operations of the Bank. These result in the risk-taking capability calculation, which examines the Bank's sufficient capitalisation in terms of an economic capital requirements calculation. In this process, all identified risks are compared with risk cover funds, which are available to cover the potential unexpected losses in the case of risk. The risk cover funds are defined in such a way that the Bank's continued existence is not threatened in the case of risk. The risk cover funds are distributed among the individual risk areas; for this purpose, limits are allocated. The identified risks are measured and applied against the limits. Within the framework of a conceptual further development of the management system, the risk-taking capability measurement was refined at the beginning of 2009. During the year, the risk cover funds were raised as a result of the successful increase in equity (subordinated capital, capital shares).

Within the framework of the quarterly risk reporting, the Audit, Credit and Risk Committee as well as the Supervisory Board are informed about the current assessment of the situation. This information includes a



reporting of the above-mentioned risks, and thus also the complete presentation of all types of risks defined in the minimum requirements for risk management (MaRisk).

The significant deterioration in the risk situation and risk assessment in the course of 2009, particularly with regard to US mortgage loans (Alt-A residential mortgage backed securities – RMBS), was reflected in downgrades by the rating agencies, and thus also in the regulatory capital requirements, as well as in the internal risk calculation. The resulting increase in risks and the extensive value adjustments carried out had a significantly negative impact on the Bank's economic risk-taking capability at the end of the year.

The Bank's regulatory risk-taking capability (pursuant to the Solvency Regulation) was fully maintained as of 31 December 2009. This also applies to stress situations, taking account of possible further support measures already pledged by the BVR.

The risk-taking capability is not only regularly determined, but the corresponding methods are also continuously further developed. The concept for 2010 takes appropriate account of the new requirements of the revised MaRisk as well as the comments from the internal and external examinations. The analyses are now carried out in an integrated manner

according to the individual aspects of regulatory capital, economic capital, profitability and liquidity. Moreover, stress calculations are made for the individual aspects of all types of risks.

### Essential project activities

#### Basel II/IRBA approval

The implementation of the procedure based on internal ratings (IRBA) for the determination of the required equity continues to be driven forward. The Bank obtained regulatory IRBA approval of apoRate, the rating system in the business with private customers and small companies, already on 1 January 2007, the date when the application of the new German Solvency Regulation (Solvabilitätsverordnung, SolvV) started. On 1 January 2008, the Bank also obtained regulatory approval of the IRB approach for the Institutions portfolio, which comprises the rating procedure for banks and the rating procedure for legal entities of public law. The Bank aims at obtaining Basel II capability of the last sub-portfolio of companies that has not yet been approved for the IRB approach in 2010.

## Control and management of accounting

apoBank has an accounting-related internal control system (ICS), which includes the principles, procedures and measures to secure the effectiveness and efficiency of accounting operations, to ensure the correctness of accounting as well as to ensure compliance with the relevant legal requirements.

The key features of apoBank's internal control system with regard to the accounting process can be described as follows:

apoBank has a clear management and corporate structure. The Bank's structural and procedural organisation is shown in the organisation handbook.

According to apoBank's structural organisation, the Finance department is responsible for accounting. The areas of responsibility are clearly allocated. Apart from this, the structural organisation of the Finance department is oriented to the accounts preparation process as well as to apoBank's business activities.

The Trading Transactions, Central Credit Control and Controlling departments provide essential data for the preparation of the accounts. The IT and Organisation department is responsible for accounting-related IT.

The preparation of apoBank's accounts is organised centrally. The Bank prepares its accounts according to the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the Accounting Ordinance for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV) in accordance with the generally accepted accounting principles.

The Audit, Credit and Risk Committee deals with issues of accounting, the annual financial statements and the internal audit.

Within the operational structural, there are process-related controls aiming at ensuring the proper processing of business transactions including proper data collection, entry and documentation.

In order to ensure completion of the accounts in due time, apoBank uses an IT-supported schedule, which includes the key dates for completion and concluding discussion.

In the accounts preparation process, reported data are first analysed and checked for plausibility or examined, before they are systematically recorded in the general ledger. Apart from the analysis of individual matters, the examinations also include period comparisons. Coordination is carried out both at the balance sheet item level and at the account level.

In the area of IT systems, bank-specific standard software is used as far as possible. The IT systems used for accounting are protected against unauthorised access by corresponding safety installations. The divisions and departments involved in the accounting process are appropriately equipped in terms of quantity and quality.

The numerous controls and reconciliations in the accounting process are aimed at minimising risks. As a matter of principle, the four-eye principle is used in all accounting-relevant processes. If accounting entries are made manually, this is guaranteed through corresponding authorisation concepts. Received and transferred accounting data are subject to permanent system-inherent checks for completeness and correctness. The software used performs automated checks for plausibility, e.g. regarding the underlying accounts by means of checksums and check digits or within the framework of payment runs. Uniform accounting procedures are ensured above all by the cooperative accounting principles, which are constantly being updated.

apoBank's Internal Audit department has a process-independent control function. Notwithstanding the management's overall responsibility for the establishment and functionality of the Internal Audit department, it reports, on the basis of the schedule of re-

sponsibilities, to the Spokesman of the Board of Directors. Apart from the correctness and functional safety of the processes and systems, the Internal Audit primarily assesses the effectiveness and appropriateness of the internal control system. The activities of the Internal Audit department are based on the general conditions decided by the Board of Directors. apoBank has embedded a complete and unlimited right to information for the Internal Audit in the general conditions. Within the framework of the preparation of the annual financial statements, the Internal Audit department examines selected balance sheet items.

The accounting-related ICS ensures that entrepreneurial issues are always properly recorded, processed and recognised in the balance sheet and correctly included in the accounting system. The appropriate equipment, the use of adequate software as well as clear statutory and internal requirements provide the basis for a proper, uniform and continuous accounting process. The clear distinction between the areas of responsibility as well as various control and review mechanisms (in particular plausibility controls and the four-eye principle) ensure a correct and responsible accounting procedure. Thus, business transactions are recorded, processed and documented in accordance with the statutory provisions, the Articles of Association as well as the internal guidelines in a

timely manner and correctly from an accounting perspective. At the same time, it is ensured that the assets and liabilities are correctly recognised, reported and assessed in the annual financial statements and that reliable and relevant information is provided in a complete and timely manner.

### Summary of the risk situation

Due to the Bank's focus on the customer business as well as the generally pursued buy-and-hold strategy for capital market products, credit risk is the most important risk for the Bank. Apart from credit-spread risks in the field of own investments, the Bank's market price risks consist primarily of the interest rate risk. The Bank's strategic interest rate risk management regularly contributes to the stabilisation of annual earnings. Even under unfavourable conditions, which are simulated with a time horizon of up to one year in stress tests, the Bank's liquidity is appropriately secured. Fundamental prerequisites are the stability of the investor base even in times of crisis, as well as customer funds. In addition, the Bank has an extensive, for the most part ECB-eligible liquidity reserve of high quality and with good credit rating.

The Bank's customer loan business proved to be stable again in 2009. Despite the changes in the health care sector that have already

taken place or are expected to take place in the future, the Bank believes that the risk potential of the customer portfolio will not deteriorate. The risk measurement systems, which have been approved by the regulator and which are subject to permanent further development, secure early information about changes in the Bank's risk situation and facilitate proactive measures for risk limitation.

The total exposure of the Financial Instruments portfolio decreased by a total of approximately Euro 4.5 billion in 2009. The volume of the Structured Financial Products portfolio in particular was reduced by around Euro 1.1 billion to approximately Euro 4.5 billion. The Bank continues to consistently pursue its strategy of reducing this portfolio.

Even after extensive rating downgrades, a major part, 85 percent, of the volume of the total Financial Instruments portfolio is still in the investment grade area. In the Structured Financial Products portfolio, 61 percent of the volume has been awarded an "A" rating or higher.

The balance of risk provisioning in 2009 totalled Euro 588.4 million, well above the previous year's level (31 December 2008: Euro 244.0 m). This increase was mainly due to the Financial Instruments portfolio. Thus, apoBank has taken adequate account of all discernible risks.

The above-described economic environment, which is reflected in the extensive risk provisioning, has a negative impact on the Bank's risk-taking capability. In addition, the further rating downgrades and the associated additional increase in the regulatory capital backing requirement have led to a further reduction in the solvency ratio.

Against this background, the Bank has introduced and partly implemented extensive measures to strengthen its risk-taking capability and to improve the solvency ratio. In December 2009, the BVR decided to grant another guarantee of initially around Euro 200 million to hedge securities. The support of the BVR is aimed at sustainable and long-term hedging of the equity ratios expected in the capital market.

## Outlook

### Economic upswing will be bumpy

While the economy, measured in terms of national gross domestic products, has slowed down to around the level of 2006, an increase is expected for the next few years. We expect the economy to return to the level of mid-2006 by the end of 2010. From today's point of view, the record levels of the third quarter of 2008 will not be reached before the beginning of 2013 at the earliest.

We see calendar year 2010 as a year of transition. On the one hand, the starting point for growth is very low, and on the other hand, the economy continues to benefit from the government's economic stimulus packages and the central banks' interest rate policy. The real strength of the economy will be seen when these support measures are gradually withdrawn. However, a final assessment will not be possible until 2011 at the earliest. Nevertheless, we expect a much better worldwide economic environment in 2010. This applies particularly to the first half of the year, when the global economic stimulus packages should have their maximum effect. After that, things will become more difficult. Growth will be limited by problems of the banks, the indebtedness of US consumers

and high government debt. For the time being, it remains uncertain whether a self-sustaining upswing will be achieved again next year. There is the danger that once the monetary and fiscal policy effects subside in 2010, consumption and investments will still be too weak to drive growth without new economic stimulus packages and a massive tailwind from monetary policy. Although the economic data will continue to improve in the near future, a new, longer-lasting economic recovery with a high trend growth is not necessarily to be expected.

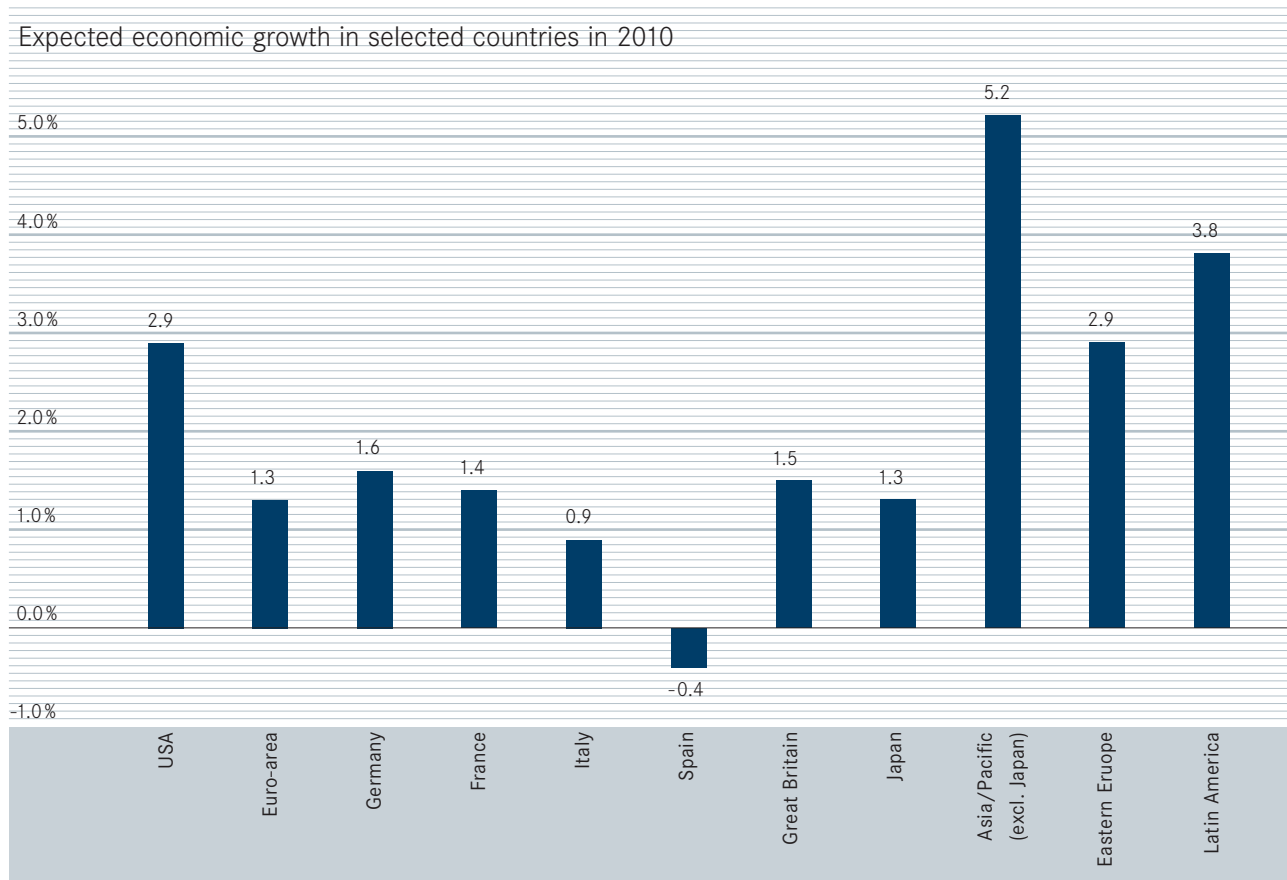
### Euroland: Unemployment rate will increase further

Growth of 1.3 percent is expected for Euro-land in 2010. Without a doubt, the upswing will be kick-started by the already launched economic stimulus programmes. On the one hand, they will have an impact on direct government consumption, which should grow by around 2 percent in the euro zone once again in 2010. On the other hand, these programmes are one reason for stable consumption, which should make at least a small contribution to growth once again.

The development of the unemployment rate is more critical, as it could rise to more than 10 percent in 2010. However, this would still be less than what was feared in mid-2009. Consumption is stimulated by the extremely low interest rates. These also have a positive impact on the construction sector and on companies' investments.

### Germany: Positive effect of export orientation

While former export world champion Germany suffered particularly from the sharp decline in world trade in 2009, the forecasts for economic growth in 2010 look better. We believe a growth rate of 1.5 percent is realistic. This estimate could even be slightly exceeded, which is suggested by Germany's strength



Source: Consensus Economics

in capital goods and exports as well as by the remarkably stable consumption.

### The national health care sector – Challenges for the future

The German health care sector constantly faces the great challenge of making the financial viability and maintenance of health care sustainable and future-proof while meeting the high expectations of the people. The requirements on the system have increased dramatically. The reasons for this include demographic change, the significant rise in old-age dependency ratios<sup>1</sup> as well as the increase in multimorbidity, chronic diseases and need for care. The permanent progress in diagnostics and therapy as well as the developments in pharmacology and medical technology are also leading to an increase in health care costs. At the same time, sufficient protection of the revenue base of the publicly financed part of the health market is being called into question by the global economic crisis, as it has led to slower economic growth, job losses and an erosion of the funding base (contributions are calculated on the basis of income from employment).

In parallel, comprehensive medical care close to home is already threatened in parts of our country. This applies in particular to medical care provided by general practitioners. But

also in hospitals, there is already a shortage of some 4,000 physicians today. These developments can be observed especially in rural regions.

In contrast, however, the health sector presents itself as a growth market – a sunrise industry, employing around 4.4 million people at the end of 2007, which can follow the growth path only with sufficient investments.

In this environment, the frequency and intensity of regulatory political interventions have already increased dramatically in the past few years. All previous efforts to curb costs while promising “full coverage” have failed to ease the funding pressure in the health care sector.

In the coalition agreement of 26 October 2009, CDU/CSU and FDP agreed on a reorientation of the German health care system. In the field of health and care, the coalition agreement provides for more than a dozen test orders, though some of them seem to have contradictory goals. Moreover, all health plans of the new federal government are still subject to funding approval and thus to the veto of the Finance Minister. Furthermore, the plans are subject to implementation feasibility in social law. Central elements of the coalition agreement are the sustainable strengthening of the freedom of choice for the parties involved – such as

<sup>1</sup> The old-age dependency ratio is the proportion of the population in the retirement age to the population in the working age.



patients, health professionals and hospitals – and the establishment of a competitive structure for a future health care system. Strengthening self-employment and maintaining the structure of outpatient care – including the free choice of doctors, physicians' freedom of therapy as well as comprehensive medical care close to home – are other focal points of the coalition paper. Overall, the introduction of a fairer and more transparent financing system is planned. In addition, another focus of activities in the coalition agreement is on the redefinition of the need for care, the planned expansion of the funding base in the care sector (capital cover), and on the explicit strengthening of fringe areas of medicine (prevention, rehabilitation, as well as hospice and palliative medicine).

Based on the awareness of the limited service capacity of statutory health insurance (Gesetzliche Krankenversicherung, GKV), the expansion of the second health care market (self-pay services, private supplementary insurance) is to be promoted. In the coalition paper, the health care market as a whole has been identified as a future growth market.

Among other things, the following regulations from the coalition agreement are of importance from the Bank's point of view:

- Continued ban on third-party and multiple ownership and prohibition of so-called pick-up points in the pharmacy sector
- Existing regulations of the General Practitioner Contract (Hausarztvertrag) will continue to be valid until 2012
- Ban on third-party ownership of medical care centres (only physicians as majority shareholders)
- Reform of the outdated remuneration systems for doctors and dentists of the statutory and private health insurance (GKV and PKV) with simultaneous strengthening of the business model of the private health insurance
- Confirmation of the benefits of a modern telematics infrastructure (electronic health card) with simultaneous review of the current structures

Overall, the measures intended by the new government will stabilise and improve the economic base of our customers. They will strengthen the basis for further growth in the health care market. In the process, structural changes will lead to new opportunities for setting up practices or branches or establishing cooperations, to increased recruitment of health professionals in the outpatient sector and to the dissolution of

the strict boundaries between outpatient, inpatient, rehabilitation and care services.

In the context of the demographic development and the medical and technological progress, economic changes will lead to a decline in the service capacity of the statutory health insurance (GKV). This will result in significant growth of the so-called second, privately financed health care market (e. g. supplementary insurance and self-pay services). Increasing health awareness and the opportunities required by the new coalition to offer health and care services also outside the publicly funded system underline the development of the entire health care market as a future growth market.

In the pharmacy sector, the number of pharmacies is expected to remain constant, while franchising is expected to grow. As a consequence, the number of independent pharmacists tends to decline, and, at the same time, the number of employed pharmacists rises.

In outpatient medicine, the number of self-employed physicians is forecast to decline significantly. The same general conditions have a much smaller impact on self-employed dentists (whose number is decreasing). At the same time, the number of employed health professionals is increasing in both professional groups.

No substantial change is expected in the number of self-employed veterinarians.

In the hospital sector, a market adjustment will lead to more hospitals being closed, while at the same time we will see a shift from public sector ownership to private ownership.

Looking ahead, the number of outpatient and inpatient care facilities will grow.

#### **The bank in the health care sector – More opportunities than risks**

As a focused specialist whose business policy is oriented to the special requirements of the medical professions and the health care market, apoBank has a strong market position in the German health care market. Due to the orientation of its business policy, the Bank's economic success requires long-term satisfaction of its clients. An indispensable prerequisite for this is the early recognition of changes in the health care market, especially those which concern the interests of the economically self-employed and increasingly also the employed health professionals. The Bank has timely adjusted its organisation and distribution to the ongoing, above-described structural changes in the German health care sector. Thanks to its special expertise, the changes in the health care

market generally provide good opportunities for apoBank to further expand its market position as “the bank in the health care sector” also in the 2010 financial year.

### Numerous challenges also in the financial year 2010

In the 2009 financial year, apoBank strongly felt the far-reaching consequences of the financial market crisis. Despite continued success in its operating core business, apoBank, for the first time in its history, reported a net loss, which – subject to the decision of the Annual General Meeting – was offset by a partial reversal of balance sheet reserves. Also at the beginning of the third year of the financial market crisis, its end is not yet in sight. Thus, the 2010 financial year will also be characterised by challenging conditions. These also include the persistently high competitive pressure in the retail banking business. But irrespective of this, the Bank plans to build on its success of the previous years in its core business. In addition, the Bank will continue to push ahead with the migration of apoBank’s IT to the cooperative data processing centre GAD. This will lead to much closer integration with the joint management philosophy of the cooperative financial services network. The investments connected with the migration are investments in the Bank’s future and will also be of benefit to its clients.

### Consistent continuation of growth strategy in the core business

The Bank continues to pursue its aim of making consistent use of the market opportunities and business potentials of the thriving health care market. The focus here will remain on the Bank’s core business. The sustained good core business is to be significantly expanded, both regionally and in view of the individual customer. For this purpose, apoBank plans to open further locations and to further strengthen its sales resources also in the 2010 financial year. On the basis of the consistent implementation of its sales strategy, the Bank plans to continue its usual quality-oriented growth in the lending and deposit business – also in cooperation with the financial services network.

Also in 2010, net interest income will be the Bank’s major source of earnings. Overall, net interest income is expected to be slightly down on the very high previous year’s figure. This decline is attributable to the lower revenues from strategic interest rate risk management and the acceptance of higher refinancing costs, which are due to the financial market crisis and the continuing competitive pressure. The expected growth in the lending business will counteract this development. As for net commission income, the significant upward trend of the second half of 2009 should continue in the 2010 financial

year, especially in the securities business with apoBank's private customers. However, also in the 2010 financial year, net commission income will continue to be affected by the Bank's consistently pursued risk hedging strategy. Overall, the Bank expects net commission income to remain at about the same level as last year.

On the expenditure side, the Bank's strategic projects initiated in the last two financial years are having the largest impact. The implementation of the IT migration will affect the Bank's administrative expenses during the implementation phase until 2011. As from 2012, any resulting relief will be reflected in administrative expenses. The stringent cost management introduced in the 2009 financial year will be consistently continued. The resulting leeway will be used to partially offset the extraordinary expenses caused by the IT migration. Overall, the Bank expects administrative expenses above the level of the previous year. This also reflects the deployment of further sales resources, which needs to be continued as part of the concentration on the core business.

Against the background of the outlined assumptions, the Bank believes that the operating result in the following two years will remain below the high level of the previous year. The expected success in the core business will help maintaining the result at a good level.

As regards the development of operational risk provisions in the customer lending business, the Bank expects the result to be in line with the previous year's level. Since a return to normality in the financial markets is not yet in sight in 2010, the Bank's risk provisions for financial instruments are difficult to predict. Subject to the imponderables in the financial markets, and taking account of the extensive risk provision measures already implemented in the 2009 financial year, the Bank anticipates a decline in risk provisioning for financial instruments and investments in the coming financial year. The Bank will consistently continue to shrink its Structured Financial Products portfolio in the financial year 2010. The aim is to reduce the portfolio to around Euro 2.5 billion by 2014.

#### **Improvement in the risk profile and stabilisation of the equity situation**

The Bank has taken various measures to improve its risk profile. This improvement is supported by the high granularity of the customer loan portfolio with low default rates and by the conservative handling of interest rate risks. Within the framework of a task force established at the end of 2009, options to further ease the burden on equity as well as to strengthen equity are executed on a regular basis. This also includes reviewing the issue of equity instruments as well as

the sale of items in the Structured Financial Products portfolio. Higher capital requirements resulting from possible further rating downgrades in this portfolio as well as from currency effects can thus be counteracted. At the same time, a guarantee framework agreed with the BVR contributes to the stabilisation of the Bank's capital ratios at the level expected in the capital market.

The Bank's liquidity position is solid and it is based on various sources. In order to become even more independent of the money and capital markets, the Bank will continue to focus on increasing customer deposits and the placement of promissory note loans, registered securities and apoObligationen with apoBank's customers. In addition, particularly after the planned expansion of the cover pool, the mortgage Pfandbriefe will ensure adequate refinancing of the planned business growth, largely independent of unsecured capital market transactions.

### **Dividend payment planned for the 2010 financial year**

In the above described environment, there are still too many uncertainties to make an exact earnings and dividend forecast for the 2010 financial year. Based on its current planning, the Bank expects a net profit sufficient to pay a dividend again both in 2010 and in the following year 2011.



# Report of the Supervisory Board

The year under review was characterised by the consequences of the global financial and economic crisis, which, with a delay, reached our Bank too. In the year under review, the Supervisory Board performed the duties incumbent upon it by law, the Articles of Association and the rules of procedure. It ensured that it was regularly and in a timely manner kept informed of all significant events at its regular meetings, meetings of the Audit, Credit and Risk Committee, the Economic and Financial Committee, the Personnel Committee and the Presiding Committee.

Fundamental matters of business policy in the investment and lending sector and in the other services areas were discussed, as well as the earnings development and important individual events such as, for example, risk provisioning and the development of the equity ratio. Special consideration was given to the effects on the Bank of changes in the underlying economic conditions in the medical sector as well as the effects of the international financial market crisis. The transactions presented for approval on the basis of provisions in the statutes and in the Articles were discussed in depth.

Moreover, the general economic situation and the valuation of the portfolio of structured securities as well as the recommendations of the auditing companies were subject-matter of detailed discussions. The results were discussed in depth by the Supervisory Board.

The firm of auditors, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, performed the audit of the Annual Financial Statements and of the Management Report for the 2009 financial year on behalf of the Rheinisch-Westfälischer Genossenschaftsverband e.V. According to the unqualified auditor's opinion, they conform to the law and the Articles. The Supervisory Board has acknowledged the results of the audit with approval.



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

Towards the end of the year under review, in connection with the new legal regulation, the Supervisory Board dealt with the remuneration of the Bank's Directors. In November 2009, after extensive discussions and with the support of an external consulting company, the Supervisory Board, in mutual agreement with the Board of Directors, approved a new remuneration structure for the Board of Directors.

As in duty bound, the Supervisory Board engaged a renowned law firm to investigate, in cooperation with the firm of auditors, PricewaterhouseCoopers AG, any possible misconduct by Directors when entering into positions in structured securities. The law firm also examines whether there are claims for damages against the former Chief Risk Officer and, as the case may be, against any other persons.

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

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

Prof. Dr. med. Jörg Dietrich Hoppe  
Hermann Stefan Keller, pharmacist  
Dr. med. dent. Helmut Pfeffer

Re-election is possible.

Having reached the retirement age, Günter Preuß and Gerhard K. Girner left the Bank's Board of Directors as of 30 June and 31 August 2009, respectively. As already announced in the previous year's report of the Supervisory Board, Herbert Pfennig succeeded Günter Preuß as Spokesman of the Board of Directors as of 1 July 2009.

In the context of the measures to sustainably expand the stable and efficient operating business while at the same time gradually reducing the "Structured Financial Products" portfolio, which were discussed at the joint meeting of the Supervisory Board and the Board of Directors on 27 November 2009, the Supervisory Board reached an agreement with Günther Herion about the annulment of his contract as of 30 November 2009. Herion had been Chief Financial and Risk Officer of apoBank for almost seven years.

The Supervisory Board would like to thank the members of the Board of Directors and the Bank's employees for their work and their great personal commitment in the year under review, which was one of the most difficult years for apoBank.

Düsseldorf, March 2010

The Supervisory Board

Hermann S. Keller, Chairman

# Corporate Governance Report

Immediately after the adoption of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK) in February 2002, the Supervisory Board and the Board of Directors of Deutsche Apotheker- und Ärztebank informed themselves about its targets and recognised its importance as a guideline for good corporate governance. Although the Code was developed for listed companies, Deutsche Apotheker- und Ärztebank has voluntarily adopted the regulations of the Code. In the implementation of the Code, however, attention is paid to the particularities that are associated with the Bank's legal form of a cooperative and the legal position and interests of its members.

Since the independent government commission set up by the federal government presented the German Corporate Governance Code for the first time in February 2002, Deutsche Apotheker- und Ärztebank has published its Corporate Governance Code together with the Declaration of Conformity on the internet. The content is annually adjusted according to the suggestions and recommendations of the government commission. In the Declaration of Conformity, Deutsche Apotheker- und Ärztebank explains to what extent it has deviated from the recommendations of the government commission and states the essential reasons for this.

The Bank's current Code as well as the Declaration of Conformity are based on the version from 18 June 2009. They are available on the internet site of Deutsche Apotheker- und Ärztebank. There is also an archive where the publications of the past three years can be called up.

The year 2009, and with it the question of the right corporate governance, was characterised by the financial market crisis. This led to legislative measures whose provisions had already been recognised as part of good corporate

governance by the government commission in earlier years and had been included in the DCGK as recommendations or suggestions.

All amendments to the DCGK decided by the government commission for the year 2009 are closely related to the financial market crisis and can be subdivided into the topics of internal company issues and sustainability, incentives for sustainable corporate governance and remuneration of the Board of Directors, as well as the professionalisation of the Supervisory Board Members.

As a cooperative bank, Deutsche Apotheker- und Ärztebank is significantly different from a listed company. For this reason, the Bank complies with its primary legal and statutory duty to be able to fulfil the development mandate for its members. The Bank fulfils this legal obligation within the framework of its entrepreneurial activity while taking account of the standards of good and responsible corporate governance.

As regards the remuneration of the Board of Directors, the Bank has implemented the legislative requirements. The remuneration principles stipulated by the Supervisory Board comply with the requirements according to which the remuneration components must be appropriately balanced, do not encourage inappropriate risk-taking and must also safeguard the company's interest.

Irrespective of whether the Supervisory Board Members meet the legal quality requirements, the Supervisory Board of Deutsche Apotheker- und Ärztebank considers it a primary task to carry out its control function as good as possible, particularly against the background of the Bank's embedding in the health care sector.



We pay our respects to our departed members

**Dr. med. dent. Kurt Mahlenbrey**  
**Gerhard Reichert, Pharmacist**

For many years the deceased strongly supported the development of our Bank with their meritorious work on the Supervisory Board. After that, they remained associated with our Bank as members of the Council of Elders.

**Dr. med. dent. Friedrich Albers**  
**Dr. med. Hans-Joachim Ballstaedt**  
**Albert Becker, Dentist**  
**Dr. rer. pol. Josef Inghoven**  
**Lothar Kropius**  
**Herbert Loos**  
**Klaus-Dieter Meyer**  
**Dr. med. vet. Christian Partzsch**

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

We shall continue to honour them in our thoughts.





# Financial Statements 2009

Balance Sheet

Profit and Loss Account

Notes

Assets	(Notes)	in € thousand 31.12.2009	in € thousand 31.12.2008
<b>1. Cash reserves</b>		<b>496,581</b>	<b>317,109</b>
a) Cash on hand		34,084	32,548
b) Cash in central banks		462,497	284,561
Including: with Deutsche Bundesbank		(462,497)	(284,561)
c) Cash in post office giro accounts		0	0
<b>2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks</b>		<b>0</b>	<b>0</b>
<b>3. Loans and advances to banks</b>	(12, 13)	<b>2,830,911</b>	<b>4,116,048</b>
a) Due on demand		2,104,048	2,084,436
b) Others		726,863	2,031,612
<b>4. Loans and advances to customers</b>	(24)	<b>25,600,471</b>	<b>24,554,164</b>
Including: to financial services institutions		(147,091)	(134,949)
Including: secured by mortgage		(5,582,375)	(5,185,615)
Including: municipal loans		(56,207)	(53,356)
<b>5. Debt securities and other fixed-interest securities</b>	(14, 15, 16, 18, 21, 24)	<b>8,888,359</b>	<b>8,562,740</b>
a) Money market papers		247,969	1,162,493
aa) of public issuers		0	0
Including: eligible as collateral with Deutsch Bundesbank		(0)	(0)
ab) of other issuers		247,969	1,162,493
Including: eligible as collateral with Deutsch Bundesbank		(247,969)	(176,141)
b) Bonds and debt securities		8,450,108	7,113,535
ba) of public issuers		213,882	139,525
Including: eligible as collateral with Deutsch Bundesbank		(213,882)	(139,511)
bb) of other issuers		8,236,226	6,974,010
Including: eligible as collateral with Deutsch Bundesbank		(4,641,555)	(5,130,131)
c) Own debt securities		190,282	286,712
Nominal amount		(186,468)	(283,921)
<b>6. Shares and other non-fixed-interest securities</b>	(15, 16, 17, 18, 21, 24)	<b>1,783,641</b>	<b>1,893,362</b>
<b>7. Participating interests and capital shares in cooperatives</b>	(15, 19, 21)	<b>130,368</b>	<b>111,482</b>
a) Participating interests		129,543	110,823
Including: in banks		(97,697)	(92,754)
Including: in financial services institutions		(14,755)	(16,763)
b) Capital shares in cooperatives		825	659
Including: in cooperative banks		(0)	(0)
Including: in financial services institutions		(0)	(0)
<b>8. Shares in affiliated companies</b>	(15, 19, 21)	<b>65,531</b>	<b>131,818</b>
Including: in banks		(0)	(0)
Including: in financial services institutions		(21,292)	(53,016)
<b>9. Trust assets</b>	(20)	<b>2,748</b>	<b>2,753</b>
Including: loans for third-party accounts		(10)	(15)
<b>10. Compensation claims against the public sector, including debt securities from their exchange</b>		<b>0</b>	<b>0</b>
<b>11. Intangible assets</b>	(21)	<b>19,924</b>	<b>25,304</b>
<b>12. Tangible assets</b>	(21)	<b>225,400</b>	<b>223,074</b>
<b>13. Other assets</b>	(22)	<b>1,059,502</b>	<b>1,139,655</b>
<b>14. Prepayments and accrued income</b>	(23)	<b>127,232</b>	<b>143,101</b>
<b>Total assets</b>		<b>41,230,668</b>	<b>41,220,610</b>

Liabilities	(Notes)	in € thousand	in € thousand
		31.12.2009	31.12.2008
<b>1. Liabilities to banks</b>	<b>(27, 32)</b>	<b>11,190,309</b>	<b>11,535,271</b>
a) Due on demand		1,898,620	1,200,883
b) With agreed term or period of notice		9,291,689	10,334,388
<b>2. Liabilities to customers</b>		<b>16,983,527</b>	<b>15,800,645</b>
a) Savings deposits		91,812	80,662
aa) With agreed period of notice of three months		58,889	64,113
ab) With agreed period of notice of more than three months		32,923	16,549
b) Other liabilities		16,891,715	15,719,983
ba) Due on demand		8,844,298	7,438,399
Including: to financial services institutions		(6)	(33)
bb) With agreed term or period of notice		8,047,417	8,281,584
<b>3. Certificated liabilities</b>	<b>(27, 32)</b>	<b>9,937,914</b>	<b>10,960,301</b>
a) Debt securities issued		9,937,914	10,960,301
b) Other certificated liabilities		0	0
Including: money market papers		(0)	(0)
own acceptances and promissory notes outstanding		(0)	(0)
<b>4. Trust liabilities</b>	<b>(28)</b>	<b>2,748</b>	<b>2,753</b>
Including: loans for third-party accounts		(10)	(15)
<b>5. Other liabilities</b>	<b>(29)</b>	<b>371,399</b>	<b>392,400</b>
<b>6. Accruals and deferred income</b>	<b>(30)</b>	<b>51,868</b>	<b>60,702</b>
<b>7. Provisions</b>		<b>381,198</b>	<b>157,530</b>
a) Provisions for pensions and similar obligations		128,911	121,321
b) Tax provisions		5,190	5,946
c) Other provisions		247,097	30,263
<b>8. Special items with a reserve element</b>		<b>0</b>	<b>0</b>
<b>9. Subordinated liabilities</b>	<b>(31)</b>	<b>520,237</b>	<b>201,551</b>
<b>10. Participating certificate capital</b>		<b>235,000</b>	<b>260,565</b>
Including: due within two years		(45,000)	(50,565)
<b>11. Fund for general banking risks</b>		<b>126,000</b>	<b>126,000</b>
<b>12. Equity capital</b>	<b>(33)</b>	<b>1,430,468</b>	<b>1,722,892</b>
a) Subscribed capital		991,070	952,748
b) Capital reserves		0	0
c) Revenue reserves		439,390	710,500
ca) Legal reserves		361,250	355,250
cb) Other revenue reserves		78,140	355,250
d) Net earnings		8	59,644
<b>Total liabilities</b>		<b>41,230,668</b>	<b>41,220,610</b>
<b>1. Contingent liabilities</b>	<b>(34)</b>	<b>2,495,671</b>	<b>2,720,132</b>
a) Contingent liabilities from rediscounted, settled bills		0	0
b) Liabilities from guarantee and indemnity agreements		2,495,671	2,720,132
c) Collateral furnished for third-party liabilities		0	0
<b>2. Other obligations</b>		<b>3,059,064</b>	<b>2,725,648</b>
a) Obligations under optional repurchasing agreements		0	0
b) Placement and underwriting obligations		0	0
c) Irrevocable loan commitments		3,059,064	2,725,648

## Profit and Loss Account

	(Notes)	in € thousand	in € thousand
for the period 01.01. to 31.12.2009			01.01.-31.12.2008
<b>1. Interest income from</b>		<b>1,754,920</b>	<b>2,106,829</b>
a) Lending and money market transactions		1,515,652	1,715,261
b) Fixed-interest securities and debt register claims		239,268	391,568
<b>2. Interest expenses</b>		<b>-1,171,339</b>	<b>-1,645,703</b>
<b>3. Current income from</b>		<b>34,575</b>	<b>109,383</b>
a) Shares and other non-fixed-interest securities		22,603	92,589
b) Participating interests and capital share in cooperatives		2,363	5,108
c) Shares in affiliated companies		9,609	11,686
<b>4. Income from profit pooling, profit transfer agreements or partial profit transfer agreements</b>		<b>271</b>	<b>0</b>
<b>5. Commission income</b>	(39)	<b>192,420</b>	<b>205,688</b>
<b>6. Commission expenses</b>		<b>-80,865</b>	<b>-69,506</b>
<b>7. Net income from financial transactions</b>		<b>8,220</b>	<b>6,514</b>
<b>8. Other operating income</b>	(40)	<b>16,473</b>	<b>12,357</b>
<b>9. General administrative costs</b>		<b>-398,610</b>	<b>-371,557</b>
a) Personnel expenses		-217,586	-183,055
aa) Wages and salaries		-187,085	-156,705
ab) Social security contributions and expenses for pensions and benefits		-30,501	-26,350
Including: for pensions		(-7,327)	(-4,455)
b) Other administrative costs		-181,024	-188,502
<b>10. Depreciation and value adjustments in respect of intangible and tangible assets</b>		<b>-24,011</b>	<b>-24,782</b>
<b>11. Other operating expenses</b>	(40)	<b>-14,296</b>	<b>-12,704</b>
<b>12. Write-offs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks</b>		<b>-114,153</b>	<b>-124,836</b>
<b>13. Write-offs and value adjustments in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets</b>		<b>-474,254</b>	<b>-139,137</b>
<b>14. Expenses from the absorption of losses</b>		<b>0</b>	<b>-590</b>
<b>15. Profit on ordinary activities</b>		<b>-270,649</b>	<b>51,956</b>
<b>16. Taxes on income</b>	(41)	<b>-13,783</b>	<b>-8,732</b>
<b>17. Other taxes not indicated in item 11</b>		<b>1,310</b>	<b>-3,613</b>
<b>18. Withdrawals from the fund of general banking risks</b>		<b>0</b>	<b>20,000</b>
<b>19. Net profit/net loss</b>		<b>-283,122</b>	<b>59,611</b>
<b>20. Profit carried forward from the previous year</b>		<b>20</b>	<b>33</b>
<b>21. Withdrawals from revenue reserves</b>			
a) from legal reserves		0	0
b) from other revenue reserves	(42)	283,110	0
<b>22. Accounting profit</b>	(42)	<b>8</b>	<b>59,644</b>

## A. General Information

### 1. Framework for the preparation of the financial statements

The financial statements of Deutsche Apotheker- und Ärztebank eG (apoBank), Düsseldorf, as at 31 December 2009 were prepared according to the regulations of the German Commercial Code (Handelsgesetzbuch, HGB) and the Accounting Ordinance for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute, RechKredV) as well as the German Securities Trading Act (Gesetz über den Wertpapierhandel, WpHG). At the same time, the financial statements meet the requirements of the Cooperative Societies Act (Genossenschaftsgesetz, GenG) and of the articles of association of apoBank.

In accordance with § 244 of the German Commercial Code, the financial statements are drawn up in the German language and in euro. Advantage has been taken of the option to provide information through the notes rather than the balance sheet.

## B. Accounting, Valuation and Translation Methods

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

### 2. Loans and advances and risk provisioning

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

### 3. Securities

Current asset securities were valued according to the strict lower of cost or market principle, while fixed asset securities were, as a general rule, valued according to the diluted lower of cost or market principle. The following securities which are allocated to fixed assets were valued according to the strict lower of cost or market principle for the first time: Tailor-made CDO structures with rating downgrades and the product with a capital guarantee.

As regards the securities of the liquidity reserve, unlike in the previous years, we did not take advantage of the option according to § 253 (5) of the German Commercial Code (old version) and made a write-up.

Securities of the liquidity reserve, which are combined with interest rate swaps into valuation units, are subjected to compensatory valuation at the individual transaction level. Book value adjustments to bonds are made to reflect deteriorations in the creditworthiness of issuers; they were not necessary at the balance sheet date. Fixed asset securities, which were combined into one valuation unit through asset swaps, were also subjected to compensatory valuation.

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

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

The product with a capital guarantee, which is allocated to fixed assets and which is reported in the balance sheet as one product at the time of the publication of the IDW RS HFA 22, was not split. There is a contractually agreed absolute capital guarantee by the issuer, which guarantees the capital employed at the maturity date. The attributable value of the capital-guaranteed product corresponds to the indicative quotations of the issuer at the balance sheet date.

For reasons of materiality, two ABS positions allocated to fixed assets were not split.

The attributable values of the shares in the LAAM funds (Leveraged Accrual Asset Management Funds) are based on the attributable values of the reference securities determined by the discounted cash flow method (DCF).

#### 4. Participating interests and shares in affiliated companies

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

#### 5. Fixed assets/tangible assets

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

Depreciation for buildings was made on a straight-line basis throughout the useful life or using declining-balance rates; movable assets were depreciated on a straight-line basis throughout the useful life. Economic goods for the purpose of § 6 (2) Income Tax Act (EstG) were completely written off. Economic goods for the purpose of § 6 (2a) Income Tax Act (EstG) were written off over a period of 5 years.

#### 6. Fixed assets/intangible assets

Intangible assets are valued at cost of acquisition and depreciated on a straight-line basis according to plan. The underlying useful life is between 3 and 5 years.

#### 7. Liabilities

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

#### 8. Provisions

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

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

Adequate provisions were also made for other uncertain liabilities.

## 9. Derivative financial instruments

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

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

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

## 10. Currency translation

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

Fixed assets were valued at historical costs.

Foreign currency receivables and liabilities and cash transactions not completed by the balance sheet date were translated at the spot rate in accordance with § 340h (1) of the German Commercial Code (HGB).

Foreign currency liabilities secured by cross-currency swaps were combined into one valuation unit and valued at the historical hedge rate.

## 11. Indemnity bond

Apart from own measures to strengthen equity, apoBank also agreed on measures with the Federal Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, BVR) to temporarily ease the burden on equity in order to offset the increase in required equity.

A guarantee in the amount of Euro 120 million provided in August 2009 expired in the 2009 financial year with the full repayment of the two guaranteed securities and the guarantee not being invoked. In December 2009, another guarantee with an easing effect on equity of at first around Euro 200 million was decided in order to hedge securities with a volume of around Euro 300 million. apoBank's first loss piece amounts to around Euro 100 million. The guarantee is part of the six-point programme initiated by the Board of Directors and the Supervisory Board in November in order to start the turnaround. The support of the BVR is aimed at sustainable and long-term hedging of the equity ratios expected in the capital market.

## C. Notes to the Balance Sheet

## Notes to Assets

**12. Breakdown of loans and advances by residual terms**

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

(previous year's figures in brackets)

	Accrued interest	up to three months	more than three months to one year	more than one year to five years	more than five years
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Other loans and advances to banks (A 3 b)	569,363 (550,433)	75,000 (368,089)	0 (750,000)	2,500 (38,089)	80,000 (325,000)
Loans and advances to customers (A 4)	23,351 (27,619)	634,584 (1,009,910)	1,297,222 (1,030,977)	6,962,613 (6,092,556)	14,573,030 (14,235,404)

Loans and advances to banks include € 102,620 thousand of receivables from the relevant cooperative banks (WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank).

The loans and advances to customers (A4) include € 2,109,671 thousand (previous year: € 2,157,698 thousand) of loans and advances with unspecified maturities.

**13. Notes to affiliated undertakings and associated companies**

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

	Receivables from affiliated undertakings		Receivables from associated companies	
	Financial year € thousand	Previous year € thousand	Financial year € thousand	Previous year € thousand
Loans and advances to banks (A 3)	0	0	177,704	437,019
Loans and advances to customers (A 4)	20,785	25,788	234,075	225,700
Debt securities and other fixed-interest securities (A 5)	0	0	50,018	50,027



**14. Debt securities and other fixed-interest securities**

Of the debt securities and other fixed-interest securities (A5) stated in the balance sheet, € 951,774 thousand (previous year: € 1,590,508 thousand) will mature during the financial year following the balance sheet date.

**15. Notes to negotiable, quoted and unquoted securities as well as to negotiable securities not valued at the lower of cost or market**

The following items include:

(previous year's figures in brackets)

	non- negotiable	negotiable	quoted	un- quoted	negotiable securities not valued at the lower of cost or market
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Debt securities and other fixed-interest securities (A 5)	89,015 (0)	8,799,344 (8,562,740)	7,548,696 (7,003,739)	1,250,648 (1,559,001)	5,678,021 (4,660,929)
Shares and other non-fixed-interest securities (A 6)	1,746,928 (583,076)	36,713 (1,310,286)	6,937 (6,338)	29,776 (1,303,948)	745 (745)
Participating interests and shares in cooperatives (A 7)	130,253 (111,367)	115 (115)	2 (2)	113 (113)	
Shares in affiliated undertakings (A 8)	65,531 (131,818)	0 (0)	0 (0)	0 (0)	

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

**16. Securities portfolio by purpose**

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

	31.12.2009	31.12.2008
	€ thousand	€ thousand
Debt securities and other fixed-interest securities		
- Fixed assets	6,186,278	4,697,367
- Trading portfolio	221,277	286,712
- Liquidity reserve	2,480,804	3,578,661
<b>Total</b>	<b>8,888,359</b>	<b>8,562,740</b>

	31.12.2009	31.12.2008
	€ thousand	€ thousand
Shares and other non-fixed-interest securities		
- Fixed assets	451,825	476,152
- Trading portfolio	0	617
- Liquidity reserve	1,331,816	1,416,593
<b>Total</b>	<b>1,783,641</b>	<b>1,893,362</b>

In addition, fixed asset securities of € 0 thousand (previous year: € 245,000 thousand) are included in loans and advances to banks and of € 344,038 thousand (previous year: € 342,952 thousand) in loans and advances to customers.

### 17. Notes to shares in special investment funds

Currently, apoBank holds investments in three Leveraged Accrual Asset Management funds ("LAAM-Fonds"). The LAAM funds are designed as legally separate sub-trusts (funds) of an independent mastertrust platform. The sub-trusts, which are supported by AC Capital Partners Ltd., Dublin, as the investment manager, invest in ABS bonds. The size of the portfolios is limited by the investment guidelines of the investor. The fund valuations are on principle carried out by an independent administrator.

Including the loans granted to the funds, the investment amounts to:

Special funds	Mastertrust platform	Investment manager	underlying asset class	Invested amount on 31.12.2009
LAAM III	Panacea Trust	AC Capital Partners Ltd.	ABS/MBS	€ 251 m
LAAM VIII	Panacea Trust	AC Capital Partners Ltd.	ABS/MBS	€ 245 m
LAAM XXI	Panacea Trust	AC Capital Partners Ltd.	ABS/MBS	€ 326 m
<b>Total investment</b>				<b>€ 822 m</b>

The special fund LAAM XII was dissolved on 06.02.2009, and the underlying securities were transferred to the Bank's own portfolio. These securities were Landesbank papers with public guarantee.

In order to avoid market value losses, the Bank can provide fresh funds in the form of loans to the LAAM funds, dependent on the performance of the investments included in the respective fund.

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

### 18. Notes to fixed asset securities

Fixed-asset securities*	Book value as of 31.12.2009	Attributable value as of 31.12.2009	Omitted depreciation
ABS	€ 2,641.3 m	€ 2,168.8 m	€ 472.5 m
Tailor-made CDOs	€ 200.0 m	€ 186.7 m	€ 13.3 m
LAAM funds **	€ 405.3 m	€ 114.3 m	€ 291.0 m
Other securities in fixed assets	€ 2,193.4 m	€ 2,163.5 m	€ 29.9 m
<b>Total</b>	<b>€ 5,440.0 m</b>	<b>€ 4,633.3 m</b>	<b>€ 806.7 m</b>

\* Includes fixed asset securities which show unrealised losses at the balance sheet date.

\*\* The Bank has granted loans of € 284.6 million to the LAAM funds III and VIII. These loans account for further unrealised losses of € 71 million.

The Bank determines the attributable value of its ABS positions on the basis of a differentiated method, taking account of the liquidity of the respective in-dividual securities. The liquidity of the individual securities is analysed dependent on the number of quotations available and their quality. While liquid securities are valued on the basis of the available indications and quotations, the value of illiquid securities is determined using a DCF procedure. In the DCF procedure to determine the attributable values, the cash flows obtained from market information systems are discounted with a valuation interest curve, which is composed of a risk-free interest rate, a spread for expected losses as well as a spread for the tradability of the securities ("liquidity spread"). The determination of the spread for expected losses is based on the maximum of spreads arising from currently available analyses by the rating agencies, on the one hand, and from the Bank's own analysis of the individual securities, on the other. In order to determine the "liquidity spread", the market situation in the respective segment is identified on the basis of a bid/offer spread analysis at the segment level (classification on the basis of the underlying loan category). The "liquidity spread" is determined in dependence of the market situation identified in this way. Changes in the number of available indicative quotations are taken into account in the process. In addition, the thus determined model prices are compared with the available indicative quotations for the securities, and larger deviations are analysed in detail in order to avoid incorrect valuations because of abstractions that are sometimes necessary in the model.

In the impairment analysis of ABS structures, the expected loss of the tranches held by the Bank is, as a matter of principle, calculated with the help of the software solution Intex on the basis of the parameters default rate, delays in payment, loss ratio and voluntary repayment rate. The parameters are determined on the basis of market forecasts or on the basis of the individual performance data of the individual ABS transactions. An impairment exists if losses are posted using the above-mentioned parameters. As for ABS structures that cannot be modelled in Intex as well as for CMBS, we identified individual securities on the basis of fixed applicability criteria (e.g. significant rating deteriorations) and estimated the durability of the impairment and the size of the expected loss on the basis of a credit assessment. If the discounted expected loss of ABS papers of the direct portfolio exceeded the delta between nominal amount and book value as at 31.12.2009, the amount exceeding the delta was written off. As for the ABS of the LAAM reference portfolios, account was also taken of hidden reserves or securities possibly existing in the fund.

We do not believe that the impairments exceeding the thus determined loss have a permanent character if they are attributable to higher market interest rates and worse market liquidity.

As for the other fixed asset securities, no depreciation was made on the attributable value, because this impairment is not regarded as being permanent due to the future loss expectation.

## 19. List of holdings

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

Company	Share in company capital %	Company's equity capital		Result of the past financial year	
		year	€ thousand	year	€ thousand
AC Capital Partners Limited, Dublin (Ireland)	51	2009	6,323	2009	5,215
Apo Asset Management GmbH, Düsseldorf	70	2009	3,735	2009	1,787
APO Beteiligungs-Holding GmbH, Düsseldorf	100	2009	39,264	2009	0 (271**)
APO Consult GmbH, Düsseldorf*	76	2009	51	2009	0 (0**)
APO Data-Service GmbH, Düsseldorf*	49	2009	2,863	2009	227
APO Leasing GmbH, Düsseldorf*	100	2009	94	2009	0 (0**)
APO Reiseservice GmbH, Düsseldorf*	100	2009	0	2009	0 (0**)

Company	Share in company capital %	Company's equity capital year	€ thousand	Result of the past financial year year	€ thousand
APO Vermietungsgesellschaft mbH, Düsseldorf*	100	2009	51	2009	4
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf*	5	2009	50	2009	-1,375
apokom GmbH, Düsseldorf*	100	2009	75	2009	0 (-159**)
Kock & Voeste Existenzsicherung für die Heilberufe GmbH, Berlin*	26	2009	221	2009	56
medisign GmbH, Düsseldorf*	50	2009	171	2009	-135
APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	67	2009	7,919	2009	1,624
aik Management GmbH, Düsseldorf*	100	2009	35	2009	10
APO Vermietungsgesellschaft mbH & Co. Objekt Berlin KG, Düsseldorf	95	2009	50	2009	-1,375
ARZ Rechenzentrum nordrhein-westfälischer Apotheken AG, Haan	20	2008	18,178	2008	2,180
CP Capital Partners AG, Zurich	24	2009	161	2009	8
Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne	25	2008	8,066	2008	5,196
Deutsche Apotheker- u. Ärztebank (Ireland) Investment Company, Dublin (Ireland)	100	2009	162	2009	-695
DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	100	2009	1,148	2009	-1,668
Finanz-Service GmbH der APO-Bank, Düsseldorf	50	2009	1,239	2009	-24
IWP Institut für Wirtschaft und Praxis Bicanski GmbH, Münster	26	2009	28	2009	-108
Prof. Bicanski und Coll. IWP Beratungsgesellschaft mbH, Münster	26	2009	107	2009	-66
Profi Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	24	2009	1,152	2009	707
Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	26	2008	19,496	2008	-2,411
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf	50	2009	3,175	2009	1,120

\* indirect participations

\*\* before profit transfer or loss absorption

Participating interests in major stock corporations with more than 5% of voting rights existed as follows:

Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft  
Treuhand Hannover GmbH, Steuerberatungsgesellschaft

## 20. Trust transactions

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

Trust assets are subdivided by the following balance sheet items:

	31.12.2009	31.12.2008
	€ thousand	€ thousand
Loans and advances to banks	10	15
Participating interests	2,738	2,738
<b>Total</b>	<b>2,748</b>	<b>2,753</b>

The Bank holds its limited partner's shares as trustee for the shareholders of various Medico funds.

## 21. Statement of fixed assets

Asset item 12 (tangible assets) includes:

	31.12.2009	31.12.2008
	€ thousand	€ thousand
- Land and buildings in the course of own business	174,845	181,852
- Office furniture and equipment	45,668	36,204

### Statement of fixed assets

	Acquisition/ production costs € thousand	Additions € thousand	Write-ups of the Financial Year € thousand	Transfers (+ / -) € thousand	a) Disposals b) Subsidies € thousand	€ thousand
Intangible assets	53,019	2,519	0	0	a) -97 b) 0	55,441
Tangible assets:						
a) Land and buildings	282,596	501	0	0	a) 0 b) 0	283,097
b) Office furniture and equipment	101,597	18,191	0	0	a) -2,773 b) 0	117,015
	<b>437,212</b>	<b>21,211</b>	<b>0</b>	<b>0</b>	<b>-2,870</b>	<b>455,553</b>

	carried forward € thousand	Depreciation (cumulative) € thousand	Book value on balance sheet date € thousand	Depreciations out € thousand	Depreciation in financial year € thousand
Intangible assets	55,441	-35,517	19,924	32	-7,834
Fixed assets:					
a) Land and buildings	283,097	-103,365	179,732	0	-7,640
b) Office furniture and equipment	117,015	-71,347	45,668	2,584	-8,537
<b>a.</b>	<b>455,553</b>	<b>-210,229</b>	<b>245,324</b>	<b>2,616</b>	<b>-24,011</b>
	Book values at the beginning of the financial year € thousand	Changes (netted) € thousand	Book values on balance sheet date € thousand		
Long-term securities	5,761,471	1,220,670	6,982,141		
Participating interests and capital shares in cooperatives	111,482	18,886	130,368		
Shares in affiliated companies	131,818	-66,287	65,531		
<b>b.</b>	<b>6,004,771</b>	<b>1,173,269</b>	<b>7,178,040</b>		
<b>Total of a and b</b>					<b>7,423,364</b>

## 22. Other assets

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

	31.12.2009 € thousand	31.12.2008 € thousand
Capitalised premiums from options	876,199	819,286
Tax receivables	137,744	208,836
Including: corporation tax credit pursuant to § 37 (5) Corporation Tax Act (Körperschaftsteuergesetz, KStG)	56,566	63,401
Currency translation item from FX hedging measure	0	46,910

## 23. Prepayments and accrued income

Prepayments and accrued income include discount amounts from assumed liabilities of € 31,734 thousand (previous year: € 49,228 thousand) as well as premiums for swaptions exercised of € 90,736 thousand (previous year: € 90,161 thousand).

**24. Subordinated assets**

Subordinated assets are included in the items “Loans and advances to customers” with € 27,110 thousand (previous year: € 10,532 thousand), “Debt securities and other fixed-interest securities” with € 50,018 thousand (previous year: € 54,917 thousand) as well as “Shares and other non-fixed-interest securities” with € 0 thousand (previous year: € 560 thousand) with a total of € 77,128 thousand (previous year: € 66,009 thousand).

**25. Repurchase agreements**

Real repurchase agreements did not exist at the balance sheet date.

**26. Foreign currency items**

Assets include foreign currency items with a value of € 895,003 thousand.

## Notes to Liabilities

**27. Breakdown of liabilities by residual terms**

The liabilities shown in the balance sheet have the following maturities:  
(previous year's figures in brackets)

	Deferred interest	up to three months	more than three months to one year	more than one year to five years	more than five years
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
Liabilities due to banks with agreed term or period of notice (L 1b)	181,933 (345,793)	397,601 (3,459,023)	2,496,752 (987,456)	2,366,780 (2,135,446)	3,848,623 (3,406,670)
Savings deposits with agreed period of notice of more than three months (L 2ab)	0 (0)	9,491 (1,741)	10,891 (2,293)	12,179 (12,050)	362 (466)
Other liabilities to customers with agreed term or period of notice (L 2bb)	127,413 (114,937)	2,226,900 (3,531,009)	654,828 (499,983)	1,148,039 (790,701)	3,890,237 (3,344,954)
Other certificated liabilities (L 3b)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Liabilities to banks include € 90,483 thousand of liabilities to the relevant central cooperative bank (WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank).

The following liabilities are secured by transfer of assets:

	€ thousand
Liabilities due to banks	6,987,210

These liabilities are mainly publicly funded loans. Irrespective of an assigned liability, we deposited cash collaterals of € 18.8 million within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of € 304.5 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 (L 3a), € 4,145,298 thousand (previous year: € 4,313,308 thousand) will mature in the financial year following the balance sheet date.

## 28. Trust liabilities

Trust liabilities are subdivided by the following balance sheet items:

	31.12.2009	31.12.2008
	€ thousand	€ thousand
Liabilities to banks	10	15
Liabilities to customers	2,738	2,738
<b>Total</b>	<b>2,748</b>	<b>2,753</b>

The Bank holds its limited partner's shares as trustee for the shareholders of various Medico funds.

## 29. Other liabilities

Among other things, the "Other liabilities" item includes the following larger amounts:

	31.12.2009	31.12.2008
	€ thousand	€ thousand
Premiums from options and caps carried as liabilities	267,271	275,123
Currency translation item from FX hedging measure	27,555	0

## 30. Accruals and deferred income

"Accruals and deferred income" include discounts deducted on the payment of receivables totalling € 36,703 thousand (previous year: € 47,172 thousand).

## 31. Subordinated liabilities

Details of liability item 9 (subordinated liabilities):

Expenses of € 19,107 thousand were incurred in the financial year.

There is no obligation to make premature repayment.

Subordination has been arranged as follows:

In the event of the insolvency or liquidation of the Bank, the liabilities are repayable only after all higher-ranking creditors have been satisfied. These liabilities have maturities of 5, 10 and 25 years.



Subordinated liabilities carry the following rates of interest:

- Subordinated bearer bonds with a variable rate of six-month Euribor plus 1 % as well as fixed interest rates of 5.0% to 6.35%.
- Subordinated note loans with fixed interest rates of 4.80% to 7.47%.

At the balance sheet date, there existed no subordinated liability that exceeded 10% of the balance sheet item.

### 32. Liabilities due from affiliated undertakings or associated companies

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

	Liabilities to			
	affiliated companies		associated companies	
	Financial year	Previous year	Financial year	Previous year
	€ thousand	€ thousand	€ thousand	€ thousand
Liabilities to banks (L 1)	0	0	821,490	588,308
Liabilities to customers (L 2)	28,817	28,719	41,333	36,449
Certificated liabilities (L 3)	0	0	624	659
Subordinated liabilities (L 9)	0	0	0	0

### 33. Equity

The members' capital contributions shown under "Subscribed capital" of liability item 12a are subdivided as follows:

	31.12.2009	31.12.2008
	€ thousand	€ thousand
Contributions of silent partners	150,000	150,000
Members' capital contributions		
a) of remaining members	832,763	795,025
b) of departing members	7,309	7,188
c) of terminated capital shares	998	535
Compulsory contributions due on shares in arrears	16	26

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

	Legal reserves	Other revenue reserves
	€ thousand	€ thousand
Status as of 1 January 2009	355,250	355,250
Transfers		
- from the accounting profit of the previous year	6,000	6,000
- from the distributable profit of the financial year	0	0
Withdrawals	0	-283,110
Status as of 31 December 2009	361,250	78,140

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

#### 34. Letter of comfort

Deutsche Apotheker- und Ärztebank eG, Düsseldorf, has issued the following letter of comfort to Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin: Deutsche Apotheker- und Ärztebank eG undertakes without any restriction and irrevocably to ensure that Deutsche Apotheker- und Ärztebank (Ireland) Investment Company is managed and financially supported in such a manner that it is at all times in a position to timely perform all of its obligations entered into in connection with the investment of Deutsche Apotheker- und Ärztebank eG in Deutsche Apotheker- und Ärztebank (Ireland) Investment Company. The extent to which collateral is provided depends on the percentage of shares owned by Deutsche Apotheker- und Ärztebank eG at the time when the obligations were entered into.

With effect from 9 June 2009, it was decided to close Deutsche Apotheker- und Ärztebank (Ireland) Investment Company.

#### 35. Foreign currency items

Foreign currency items with an equivalent value of € 440,494 thousand are included in liabilities and with an equivalent value of € 688,281 thousand in off-balance sheet contingent liabilities and other obligations.

### Derivative Financial Instruments

#### 36. Notes to forward transactions

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market price risk arising from open items, and in the event of counterparty default, also from closed items, amounted to € 57,517 million (previous year: € 58,718 million) as of 31 December 2009. Included therein are the following types of transactions:

- Interest rate swaps
- Interest rate/currency swaps
- Currency swaps
- Total return swaps
- Caps/floors
- Swap options
- CDS
- Forward exchange transactions
- Forward securities transactions
- Index transactions
- Interest rate futures

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

#### 37. Risk structure (nominal volume)

Existing derivatives contracts are broken down below according to their risk structure.

In accordance with standard international practice, the nominal values are stated; however, these figures are not the same as the default risk value.

in € million	Nominal value		Market value/Attributable value		Credit equivalent	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
<b>Interest rate-related transactions</b>						
Time to maturity						
- up to 1 year	6,726	9,236 *)	276	149	314	178
- over 1 year up to 5 years	30,185	27,427	1,097	857	1,291	1,062
- over 5 years	14,257	15,853	449	405	826	770
	<b>51,168</b>	<b>52,516</b>	<b>1,822</b>	<b>1,411</b>	<b>2,431</b>	<b>2,010</b>
<b>Currency-related transactions***)</b>						
Time to maturity						
- up to 1 year	2,440	1,916	-28	85	34	125
- over 1 year up to 5 years	233	81	0	0	20	7
- over 5 years	166	236	0	1	16	29
	<b>2,839</b>	<b>2,233</b>	<b>-28</b>	<b>86</b>	<b>70</b>	<b>161</b>
<b>Stock-related transactions</b>						
Time to maturity						
- up to 1 year	685	862	0	0	48	59
- over 1 year up to 5 years	28	16	0	0	3	3
- over 5 years	0	0	0	0	0	0
	<b>713</b>	<b>878</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>62</b>
<b>Credit derivatives</b>						
Time to maturity						
- up to 1 year	2	40	0	-1	0	0
- over 1 year up to 5 years	690	701	-29	-127	0	0
- over 5 years	1,841	2,056	-66	-352	0	15
	<b>2,533**)</b>	<b>2,797</b>	<b>-95</b>	<b>-480</b>	<b>0</b>	<b>15</b>
<b>Other transactions***)</b>						
Time to maturity						
- up to 1 year	134	28	10	-1	16	1
- over 1 year up to 5 years	130	266	-6	9	12	36
- over 5 years	0	0	0	0	0	0
	<b>264</b>	<b>294</b>	<b>4</b>	<b>8</b>	<b>28</b>	<b>37</b>
<b>Total: in aggregate</b>	<b>57,517</b>	<b>58,718</b>	<b>1,703</b>	<b>1,025</b>	<b>2,580</b>	<b>2,285</b>

\*) Including Pfandbrief forward sale (value date in 2009) of € 10 million

\*\*\*) Reserves of € 159 million were created as risk provisioning for embedded credit derivatives.

\*\*\*) The previous year's figures have been adjusted to the current system

The nominal amount of the derivatives assigned to the trading portfolio was € 240 million as of 31 December 2009, with a negative market value of € 16 thousand and a credit equivalent of € 3 million.

The market values presented were calculated using valuation methods. For credit derivatives (total return swaps), the Bank used a DCF method in case of the identification of illiquid markets.

On the basis of the analyses carried out, it is assumed that no claims were made in the area of credit derivatives.

When assessing the risk of claims of separated credit derivatives, the rating-based future expected defaults in the reference portfolios are compared with the respective existing credit enhancement. Here, we assume that the credit enhancement covers the losses thus determined.

## D. Notes to the Profit and Loss Account

### 38. Breakdown of income by geographic markets

The income of the Bank is primarily generated in Germany.

### 39. Commission income

Commission income primarily includes insurance brokerage services rendered to third parties.

### 40. Other operating expenses and income

The other operating income in the amount of € 16,473 thousand (previous year: € 12,357 thousand) includes, among other things, interest income from tax refunds in the amount of € 6,395 thousand (previous year: € 0 thousand), rental income in the amount of € 3,825 thousand (previous year: € 3,545 thousand) as well as income from the writing back of provisions in the amount of € 2,942 (previous year: € 2,655 thousand) thousand.

The other operating expenses in the amount of € 14,296 thousand (previous year: € 12,704 thousand) mainly result from provisions for litigation costs of € 6,171 thousand (previous year: € 2,691 thousand), interest on additional tax payments of € 2,064 thousand (previous year: € 1,809 thousand) and expenses for the joint business of € 913 thousand (previous year: € 1,117 thousand).

### 41. Taxes on income

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

### 42. Proposal for coverage of the net loss

In 2009, apoBank recorded a net loss of € 283,122 thousand; the profit carried forward from the previous year amounted to € 20 thousand.

Supervisory Board and Board of Directors will propose to the Annual General Meeting to withdraw the following amounts from the revenue reserves and offset them against the net loss and the profit carried forward:

	in € thousand
Net loss	-283,122
Profit carried forward from the previous year	20
Withdrawals from	
legal reserves	0
other revenue reserves	283,110
<b>Accounting profit</b>	<b>8</b>

## E. Other Notes

## 43. Other financial liabilities

Financial liabilities of € 99,700 thousand have not been shown in the balance sheet or referred to in the notes but are of significance for the assessment of the financial status. They result from the guarantee obligation given to the protection scheme of the BVR cooperative banking sector organisation.

## 44. Notes according to § 28 of the German Pfandbrief Act (Pfandbriefgesetz)

The following information (in € m) is provided with respect to the Pfandbriefe included in the items "Liabilities to banks", "Liabilities to customers" as well as "Certificated liabilities" in accordance with § 28 of the German Pfandbrief Act (Pfandbriefgesetz, PfandBG):

## • Total amount and maturity structure

	Nominal value		Net present value		Risk-adjusted net present value*) (upward shift)		Risk-adjusted net present value*) (downward shift)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Total amount of outstanding Pfandbriefe	1,775.90	725.80 ***)	1,929.97	796.04	1,833.65	756.57	2,034.72	838.88
Total amount of cover pools	2,498.55	1,823.63	2,594.06	1,897.24	2,482.57	1,821.23	2,714.98	1,971.41
Surplus cover in in %	40.69	151.26	34.41	138.33	35.39	140.72	33.43	135.01
	x ≤ 1 year		1 year < x ≤ 2 years**)		2 years < x ≤ 3 years**)		3 years < x ≤ 4 years**)	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Maturity structure of outstanding Pfandbriefe	75.00	0.00	62.00	-	30.00	-	790.00	-
Maturity structure of cover pools	319.07	229.57	350.31	-	302.37	-	331.70	-
	4 years < x ≤ 5 years **)		1 year < x ≤ 5 years **)		5 years < x ≤ 10 years		10 years < x	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Maturity structure of outstanding Pfandbriefe	107.00	-	-	632.00	711.90	78.80	0.00	15.00
Maturity structure of cover pools	271.14	-	-	863.68	702.23	593.92	221.73	136.47

\*) The risk-adjusted net present value is calculated on the basis of the dynamic procedure

\*\*) Changes in the maturity structure due to the Act on the Further Development of the German Pfandbrief Act (Gesetz zur Fortentwicklung des Pfandbriefrechts, PfandBFEG), which came into force on 26 March 2009

\*\*\*) of which € 10 million forward sales with a value date in 2009

The cover pool does not contain any derivatives.

- Composition of the cover pool

Total amount of claims used as cover

	31.12.2009	31.12.2008
by size class		
x < 300 € thousand	2,261.75	1,734.05
300 € thousand < x < € 5 m	56.80	8.58
x > € 5 m	0.00	0.00
by type of use (I) in Germany		
residential	2,291.48	1,742.63
commercial	27.07	0,00

			Share in the total amount of cover pool	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
by type of use (II) in Germany				
Flats	516.04	298.83	20.65%	16.39%
Single-family homes	1,303.78	1,073.48	52.18%	58.87%
Multi-family homes	471.65	370.32	18.88%	20.31%
Office buildings	0.00	0.00	0.00%	0.00%
Commercial buildings	0.00	0.00	0.00%	0.00%
Industrial buildings	0.00	0.00	0.00%	0.00%
Other buildings used for commercial purposes	27.07	0.00	1.08%	0.00%
Unfinished new buildings not yet capable of producing a yield as well as building sites	0.00	0.00	0.00%	0.00%
of which: building sites	0.00	0.00	0.00%	0.00%

There is no property collateral outside Germany.

- Summary of overdue claims

	31.12.2009	31.12.2008
Total amount of claims being > 90 days in arrears	0.00	0.00

- Other notes

	residential		commercial	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Number of pending forced auctions and forced administrations	0.00	0.00	0.00	0.00
Number of forced auctions carried out in the financial year	0.00	0.00	0.00	0.00
Number of real estate taken over in the financial year to prevent losses	0.00	0.00	0.00	0.00
Total amount of overdue interest payments	0.00	0.00	0.00	0.00

- Cover statement mortgage Pfandbriefe

	31.12.2009	31.12.2008
Claims on customers		
mortgage loans	2,318,545	1,742,630
Tangible fixed assets (land charges on the Bank's own property)	0	0
Debt securities and other fixed-interest securities	180,000	81,000
(book value year under review: € 199,884 thousand; book value previous year: € 89,505 thousand)		
Total cover assets	2,498,545	1,823,630
Total of public mortgage Pfandbriefe requiring cover	1,775,900	725,800
Surplus cover	722,645	1,097,830

#### 45. Average number of employees

The average number of employees in 2009 was:

	Full-time	Part-time
Clerical staff	2,120	205

70 trainees on average were also employed.

#### 46. Changes in membership

	Number of members	Number of shares	Liabe amounts € thousand
Beginning of 2009	100,378	530,082	795,123
Additions in 2009	2,796	41,558	62,337
Reductions in 2009	1,998	16,427	24,640
End of 2009	101,176	555,213	832,820

#### 47. Capital shares and uncalled liabilities of members

	€ thousand
The capital shares of the remaining members increased during the financial year by	37,739
The uncalled liabilities increased during the financial year by	37,697
Amount of capital share € 1,500.-; amount of the uncalled liability € 1,500.-	

#### 48. Auditor's remuneration

The expenses for the audit of the Annual Financial Statements, other certification services, tax advice and other services of the auditor, PricewaterhouseCoopers AG WpG, were € 1,876 thousand in the year under review (previous year: € 1,859 thousand). The expenses are to be divided up as follows:

	Financial year € thousand	Previous year € thousand
Audit of the Annual Financial Statements	1,356	1,162
Other certification services	337	153
Tax advice	0	0
Other services	183	544

**49. Notes to the emoluments of board members**

According to § 285 sentence 1 No. 9a of the German Commercial Code (HGB), the total remuneration of the Board of Directors amounted to € 4,254 thousand; the performance-related share of this total remuneration was 64%.

According to the remuneration structure agreed upon by the Board of Directors and the Presiding Committee for the 2009 financial year, a bonus is paid to board members on top of the basic salary. This bonus is oriented to the achievement of agreed goals and amounts to 55% of the aggregate salary if all goals are achieved. If the agreed goals are exceeded, the bonus can amount to a maximum of 71% of the aggregate salary. If the results fall clearly below the goals, no bonus will be paid.

The total remuneration is to be divided up as follows:

	Financial year € thousand	Previous year € thousand
Contractual salaries including possible variable emoluments paid	3,818	3,263
Anniversary bonuses/Special bonuses	150	200
Fringe benefits (non-cash benefits)	286	125

The Supervisory Board and the Board of Directors have agreed upon an upper limit of € 200 thousand on the variable emoluments to be paid in 2010 for the 2009 financial year; additional claims by full-year members of the Board of Directors in a total amount of € 415 thousand will be transferred to a bonus/malus bank. A remuneration structure that is oriented to the requirements of the German Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) regarding the remuneration systems of banks has been agreed upon for the 2010 financial year.

For the 2009 financial year, Board members who have reached the retirement age are entitled to a variable remuneration of € 395 thousand.

Retirement pensions amounting to € 1,272 thousand and fringe benefits (non-cash benefits) in the amount of € 24 thousand were paid to former members of the Board of Directors and their surviving dependants.

The total remuneration for former members of the Board of Directors and their surviving dependants amounted to € 1,296 thousand.

Pension provisions for former members of the Board of Directors and their surviving dependants as of 31 December 2009 amounted to € 17,860 thousand.

The total remuneration for members of the Supervisory Board was € 437 thousand, which was divided up as follows: Annual remuneration € 282 thousand; loss of income allowance € 95 thousand; attendance fees € 48 thousand; daily allowances € 12 thousand.

**50. Notes to the amounts due from bodies**

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

	31.12.2009 € thousand	31.12.2008 € thousand
Members of the Board of Directors	1,119	145
Members of the Supervisory Board	2,260	2,527



**51. Board of Directors****Members of the Board of Directors (first name and surname)**

Herbert Pfennig, Bank Director (from 01.04.2009), Spokesman (from 01.07.2009)  
 Günter Preuß, Bank Director, Spokesman (until 30.06.2009)  
 Gerhard K. Girner, Bank Director (until 31.08.2009)  
 Günther Herion, Bank Director (until 30.11.2009)  
 Stefan Mühr, Bank Director  
 Werner Albert Schuster, Bank Director  
 Claus Verfürth, Bank Director

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

Hermann Stefan Keller, Chairman (from 19.06.2009), Pharmacist  
 Dr. med. dent. Wilhelm Osing, Chairman (until 19.06.2009), Dentist  
 Wolfgang Häck\*, Deputy Chairman, Bank employee  
 Karin Bahr\*, Bank employee  
 Ralf Baumann\*, Bank employee  
 Hans-Jochen Becker\*\*, Bank employee  
 Dr. med. dent. Peter Engel (from 19.06.2009), Dentist  
 Dr. med. dent. Wolfgang Eßer, Dentist  
 Sven Franke\*, Bank employee  
 Eberhard Gramsch, Physician  
 Norbert Hinke\*, Bank employee  
 Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, Physician  
 Uschi Jaeckel\*, Trade union secretary  
 Dr. med. Andreas Köhler, Physician  
 Ulrice Krüger\* (from 19.06.2009), Bank employee  
 Dr. med. Ulrich Oesingmann, Physician  
 Dr. med. dent. Helmut Pfeffer, Dentist  
 Gerhard Reichert (until 19.06.2009), Pharmacist  
 Christian Scherer\*, Bank employee  
 Friedemann Schmidt, Pharmacist  
 Roland Wark\* (until 19.06.2009), Bank employee  
 Loni Wellert\*, Bank employee  
 Heinz-Günter Wolf (from 19.06.2009), Pharmacist

\* employee representatives \*\* representatives of management executives

### 53. Seats held by members of the Board of Directors and employees of the Bank on Supervisory Boards

In 2009, members of the Board of Directors and employees of the Bank held seats on the Supervisory Boards of the following joint-stock companies or comparable organisations pursuant to § 267 (3) German Commercial Code (HGB):

Name	Company	Function
Herbert Pfennig	AC Capital Partners Limited, Dublin	Member of the Board of Directors (from 27.08.2009)
	Apo Asset Management GmbH, Düsseldorf	Chairman of the Supervisory Board (from 22.04.2009)
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Chairman of the Supervisory Board (from 01.05.2009)
	Internationale Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board (from 22.06.2009)
Stefan Mühr	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Member of the Supervisory Board
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board (from 01.01.2009)
	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board (from 12.11.2009)
Werner Albert Schuster	APO Data-Service GmbH, Düsseldorf	Chairman of the Supervisory Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Chairman of the Supervisory Board
Claus Verfürth	Apo Asset Management GmbH, Düsseldorf	Member of the Supervisory Board
	Finanz-Service GmbH der APO-Bank, Düsseldorf	Deputy Chairman of the Supervisory Board (from 17.06.2009)
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Member of the Supervisory Board (from 15.06.2009)
Dr. Thomas Siekmann	RMS RISK MANAGEMENT SOLUTIONS GmbH, Cologne	Member of the Supervisory Board (from 22.12.2009)
Günter Preuß	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Chairman of the Administrative Board
	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Member of the Supervisory Board (until 30.06.2009)
	Treuhand Hannover GmbH Steuerberatungsgesellschaft, Hanover	Member of the Supervisory Board
Gerhard K. Girner	Apo Asset Management GmbH, Düsseldorf	Member of the Supervisory Board (until 31.08.2009)
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board (until 22.06.2009)
	Apothekerversorgung Mecklenburg-Vorpommern, Schwerin	Member of the Administrative Board
	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne	Member of the Supervisory Board (until 15.06.2009)
	Deutsche Ärzteversicherung AG, Cologne	Member of the Supervisory Board (until 12.11.2009)

Name	Company	Function
Gerhard K. Girner	Deutsche Ärzte-Versicherung Allgemeine Versicherungs-AG, Cologne	Member of the Supervisory Board (until 26.08.2009)
	Finanz-Service GmbH der APO-Bank, Düsseldorf	Deputy Chairman of the Supervisory Board (until 17.06.2009)
	MAINTRUST Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the Supervisory Board (until 16.07.2009)
Günther Herion	AC Capital Partners Limited, Dublin	Member of the Board of Directors (until 09.12.2009)
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board
	Rheinisch-Westfälischer Genossenschaftsverband e. V., Münster/Cologne	Member of the Administrative Board (until 30.11.2009)
	RMS RISK MANAGEMENT SOLUTIONS GmbH, Cologne	Member of the Supervisory Board (until 22.12.2009)
Hans-Jochen Becker	ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf, Aktiengesellschaft, Düsseldorf	Member of the Supervisory Board (until 30.11.2009)
	CP Capital Partners AG, Zurich	Chairman of the Administrative Board
Rainald Brune	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin	Member of the Board of Directors
Regina Dörr	Deutsche Apotheker- und Ärztebank (Ireland) Investment Company, Dublin	Member of the Board of Directors
Hans Fells	Finanz-Service GmbH der APO-Bank, Düsseldorf	Member of the Supervisory Board
Stefan Kunac	APO Data-Service GmbH, Düsseldorf	Member of the Supervisory Board (until 13.10.2009)
Uwe Meyer-Vogelgesang	DGN Deutsches Gesundheitsnetz Service GmbH, Düsseldorf	Member of the Supervisory Board
Ulrich Sommer	Apo Asset Management GmbH, Düsseldorf	Member of the Supervisory Board
	APO Immobilien-Kapitalanlagegesellschaft mbH, Düsseldorf	Member of the Supervisory Board (from 22.06.2009)
Uwe Zeidler	Apo Asset Management GmbH, Düsseldorf	Member of the Supervisory Board (from 01.09.2009)

**54. Name and address of the auditing association**

**Name and address of the responsible auditing association:**

RWGV

Rheinisch-Westfälischer

Genossenschaftsverband e. V.

Mecklenbecker Str. 235-239

48163 Münster

Düsseldorf, 25 March 2010  
Deutsche Apotheker- und Ärztebank eG  
The Board of Directors

## Report of the Auditors

We have audited the Annual Financial Statements – consisting of balance sheet, profit and loss account as well as notes – including the accounts and the Management Report of Deutsche Apotheker- und Ärztebank eG, Düsseldorf, for the financial year 1 January 2009 to 31 December 2009. Under German commercial law regulations and the supplementary rules of the Articles of Association, responsibility for the accounts and for the preparation of the Annual Financial Statements and Management Report lies with the Board of Directors of the cooperative bank. It is our duty to give an opinion on the Annual Financial Statements – including the accounts and Management Report – on the basis of our audit.

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

Our audit gave rise to no objections.

According to our judgement on the basis of the knowledge gained from the audit, the Annual Financial Statements are in compliance with the statutory requirements and the supplementary rules of the Articles of Association and present a true and fair view of the net worth, financial and earnings position of the cooperative bank in accordance with the generally accepted accounting principles. The Management Report is in accordance with the Annual Financial Statements, provides an appropriate presentation of the state of affairs of the cooperative bank and appropriately shows the chances and risks of future development.

Düsseldorf, 26 March 2010  
PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft



## Confirmation by the Legal Representatives

## Declaration by the Board of Directors

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

Düsseldorf, 25 March 2010

The Board of Directors

Deutsche Apotheker- und Ärztebank eG



Herbert Pfennig

Stefan Mühr

Werner Albert Schuster

Claus Verfürth



# About the Bank

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[Sales and Branch Managers](#)

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

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Unit Heads at Head Office	<b>Hans-Jochen Becker</b> <b>Holger Brettschneider</b> <b>Rainald Brune</b> <b>Heinz Deterding</b> <b>Regina Dörr</b>	Finance Controlling Treasury/Liquidity Management Facility Management Central Credit Control Corporate Clients/ Medical Care Structures/Financial Instruments Sales Private Customers Corporate Planning Sales Management Auditing Medical Care Structures and Sales Corporate Clients Sales Coordination Medical Care Structures Legal Department Committees Service Health Markets and Policy Personnel Bank Controlling Central Credit Control Private Customers E-Health-Market IT and Organisation, Providermanagement Professional Associations Trading Transactions Office of the Board of Directors Service and Transaction Bank Securities Institutional Clients/Investors Sales and Product Management Corporate Planning/Treasury Asset Management Private Customers
	<b>Heiko Drews</b> <b>Dr. Andree Engelmann</b> <b>Hans Fells</b> <b>Wolfgang Freudenmann</b> <b>Thilo Gewaltig</b>	
	<b>Michael Goltz</b> <b>Wolfgang Hammel</b> <b>Manfred Hermes</b> <b>Georg Heßbrügge</b> <b>Gisela Kemmesies</b> <b>Dr. Andreas Lettmann</b> <b>Eckhard Lüdering</b> <b>Uwe Meyer-Vogelgesang</b> <b>Martin Pietsch</b> <b>Peter Schlögell</b> <b>Axel Schneider</b> <b>Dr. Barbara Schwoerer</b> <b>Klaus Söhler</b> <b>Ulrich Sommer</b> <b>Frank Sparholz</b> <b>Jörg Voll</b> <b>Uwe Zeidler</b>	

Sales  
Managers

**Jürgen Grabensee**  
**Markus Herzig**

Branch  
Managers

Aachen	<b>Michael Arndt</b>	Münster	<b>Franz-Josef Gebker</b>
Augsburg	<b>Claudia Zottmann</b>	Nürnberg	<b>Uwe Natter</b>
Bayreuth	<b>Erwin Hacke</b>	Osnabrück	<b>Werner Goldkamp</b>
Berlin	<b>Martin Steinkühler</b>	Potsdam	<b>Jürgen Nitsche</b>
Braunschweig	<b>Eberhard Groß</b>	Regensburg	<b>René Braun</b>
Bremen	<b>Reinhard Pretzsch</b>	Rostock	<b>Andreas Henning</b>
Chemnitz	<b>Wilhelm Spitz</b>	Saarbrücken	<b>Dietmar Schmidt</b>
Darmstadt	<b>Karsten Uppendahl</b>	Schwerin	<b>Falk Schröder</b>
Dortmund	<b>Michael Kutscher</b>	Stuttgart	<b>Hartmut Paland</b>
Dresden	<b>Raimund Pecherz</b>	Thüringen	<b>Bernhard Koelmer</b>
Düsseldorf	<b>Carsten Ferch</b>	Wuppertal	<b>Andreas Kalle</b>
Duisburg	<b>Martin Münnig</b>	Würzburg	<b>Bernd Posdich</b>
Essen	<b>Ute Szameitat</b>		
Frankfurt	<b>Carsten Padrok</b>		
Freiburg	<b>Jörg Jahnz</b>		
Göttingen	<b>Peter Herbst</b>		
Hamburg	<b>Ronald Hensel</b>		
Hannover	<b>Johannes Henkel</b>		
Karlsruhe	<b>Thiemo Wimmer</b>		
Kassel	<b>Franz-Josef Nolte</b>		
Kiel	<b>Peter Geiß</b>		
Koblenz	<b>Hartmut Thimm</b>		
Köln	<b>Werner Höhl</b>		
Leipzig	<b>Helmut Picker</b>		
Lübeck	<b>Dietmar Godt</b>		
Magdeburg	<b>Ingo König</b>		
Mainz	<b>Petra Knödler</b>		
Mannheim	<b>Werner Gebauer</b>		
München	<b>Bruno Höfter</b>		

Heads of Regional  
Credit Control Units

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

Managers of Subsidiaries

AC Capital Partners Ltd.	<b>Jana Becher</b> <b>Thomas Rost</b> until 28.02.2010 <b>Niko Petris</b> from 01.01.2010
apoAsset Management GmbH (apoAsset)	<b>Ulrich Nötges</b> <b>Ralf Heußen</b>
apoData Service GmbH (apoData)	<b>Klaus Söhler</b> <b>Ludger Korth</b> <b>Alfons Schulte-Kellinghaus</b>
APO Immobilien-Kapitalanlage- gesellschaft mbH (aik)	<b>Dr. Stephan Hinsche</b> <b>Bernd Heyder</b>
DGN Service GmbH (dgnservice)	<b>Ansgar Geist</b>
Finanz-Service der apoBank (apoFinanz)	<b>Thomas Aigner</b>
Kooperations- und Organisations-Management GmbH (apoKom)	<b>Georg Heßbrügge</b> until 31.12.2009 <b>Dr. Gerhard Schlicht</b>
medisign GmbH	<b>Uwe Meyer-Vogelgesang</b> <b>Peter Gabriel</b>

Version: March 2010

Head Office

**40547 Düsseldorf**  
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**S.W.I.F.T. DAAE DE DD**  
**<http://www.apobank.de>**  
**E-Mail: [info@apobank.de](mailto:info@apobank.de)**

Locations

Branch <b>Aachen</b>	Habsburgerallee 13 52064 Aachen	Telephone +49 241 7505-0 Fax +49 241 7505-47
Branch <b>Augsburg</b>	Eserwallstraße 3 86150 Augsburg	Telephone +49 821 50269-0 Fax +49 821 517860
Branch <b>Bayreuth</b>	Spinnereistraße 5a 95445 Bayreuth	Telephone +49 921 78923-0 Fax +49 921 78923-34
Branch <b>Berlin</b>	Kantstraße 129 10625 Berlin	Telephone +49 30 31512-0 Fax +49 30 31512-170
Agency <b>Bielefeld</b>	Am Bach 18 33602 Bielefeld	Telephone +49 521 98643-0 Fax +49 521 98643-11
Agency <b>Bonn</b>	Walter-Flex-Straße 2 53113 Bonn	Telephone +49 228 85466-0 Fax +49 228 85466-11
Advisory bureau <b>Brandenburg-Havel</b>	Kirchhofstr. 17 14776 Brandenburg-Havel appointments and enquiries via Branch Potsdam	Telephone +49 331 27521-0
Branch <b>Braunschweig</b>	Kaiserstraße 7 38100 Braunschweig	Telephone +49 531 24487-0 Fax +49 531 24487-14

Branch <b>Bremen</b>	Schwachhauser Heerstraße 41 28211 Bremen	Telephone +49 421 3482-0 Fax +49 421 3482-190
Advisory bureau <b>Bremerhaven</b>	Barkhausenstraße 2 27568 Bremen appointments and enquiries via Branch Bremen	Telephone +49 421 3482-0
Advisory Centre <b>Büdingen</b>	Gymnasiumstr. 18-20 63654 Büdingen	Telephone +49 6042 95897-24 Fax +49 6042 95897-11
Branch <b>Chemnitz</b>	Carl-Hamel-Straße 3b 09116 Chemnitz	Telephone +49 371 28152-0 Fax +49 371 28152-34
Advisory bureau <b>Cottbus</b>	Dreifert-Straße 12 03044 Cottbus appointments and enquiries via Branch Potsdam	Telephone +49 331 27521-0
Branch <b>Darmstadt</b>	Rheinstraße 29 64283 Darmstadt	Telephone +49 6151 9952-0 Fax +49 6151 294519
Branch <b>Dortmund</b>	Karl-Liebknecht-Straße 2 44141 Dortmund	Telephone +49 231 4345-0 Fax +49 231 4345-229
Branch <b>Dresden</b>	Schützenhöhe 16 01099 Dresden	Telephone +49 351 80001-0 Fax +49 351 80001-11
Branch <b>Duisburg</b>	Philosophenweg 21a 47051 Duisburg	Telephone +49 203 99216-0 Fax +49 203 299155
Branch <b>Düsseldorf</b>	Heinrich-Heine-Allee 6 40213 Düsseldorf	Telephone +49 211 5998-0 Fax +49 211 322501
Branch <b>Essen</b>	Paul-Klinger-Straße 12 45127 Essen	Telephone +49 201 81029-0 Fax +49 201 81029-68
Branch <b>Frankfurt</b>	Mainzer Landstraße 275 60326 Frankfurt	Telephone +49 69 795092-0 Fax +49 69 795092-639

Advisory bureau <b>Frankfurt/Oder</b>	Müllroser Chaussee 7 15236 Frankfurt/Oder appointments and enquiries via Branch Potsdam	Telephone +49 331 27521-0
Branch <b>Freiburg</b>	Sundgauallee 25 79114 Freiburg	Telephone +49 761 88591-0 Fax +49 761 86395
Agency <b>Friedrichshafen</b>	Werastraße 22 88045 Friedrichshafen	Telephone +49 7541 38414-0 Fax +49 7541 38414-11
Advisory bureau <b>Görlitz</b>	Konsulplatz 3 02826 Görlitz appointments and enquiries via Branch Dresden	Telephone +49 351 80001-0
Branch <b>Göttingen</b>	Bürgerstraße 20 37073 Göttingen	Telephone +49 551 50767-0 Fax +49 551 7703587
Branch <b>Hamburg</b>	Humboldtstraße 60 22083 Hamburg	Telephone +49 40 22804-0 Fax +49 40 22804-232
Branch <b>Hannover</b>	Königstraße 10 30175 Hannover	Telephone +49 511 3403-0 Fax +49 511 3403-271
Agency <b>Heilbronn</b>	Lohtorstraße 2 74072 Heilbronn	Telephone +49 7131 87397-0 Fax +49 7131 87397-11
Advisory Centre <b>Hildesheim</b>	Kaiserstraße 25 31134 Hildesheim	Telephone +49 5121 20669-3 Fax +49 5121 20669-41
Advisory bureau <b>Kaiserslautern</b>	Münchstraße 6 67655 Kaiserslautern appointments and enquiries via Branch Mannheim	Telephone +49 621 3306-0
Branch <b>Karlsruhe</b>	Zeppelinstraße 2 76185 Karlsruhe	Telephone +49 721 95559-0 Fax +49 721 555493
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Advisory bureau <b>Limburg</b>	Auf der Heide 2 65553 Limburg a. d. Lahn appointments and enquiries via Branch Mainz	Telephone +49 6131 96010-0
Advisory bureau <b>Lingen</b>	Wilhelmstraße 53 49808 Lingen	Telephone +49 591 610558-0 Fax +49 591 610558-7
Branch <b>Lübeck</b>	Fackenburger Allee 11 23554 Lübeck	Telephone +49 451 40852-0 Fax +49 451 40852-60
Branch <b>Magdeburg</b>	Doctor-Eisenbart-Ring 2 39120 Magdeburg	Telephone +49 391 62527-0 Fax +49 391 62527-88
Branch <b>Mainz</b>	Frauenlobplatz 2 55118 Mainz	Telephone +49 6131 96010-0 Fax +49 6131 677506
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Branch <b>München</b>	Barthstraße 4 80339 München	Telephone +49 89 55112-0 Fax +49 89 55112-288
Branch <b>Münster</b>	Gartenstraße 208 48147 Münster	Telephone +49 251 9286-0 Fax +49 251 9286-190
Advisory bureau <b>Neubrandenburg</b>	An der Marienkirche 2a 17033 Neubrandenburg	Telephone +49 395 5639273



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Agency <b>Oldenburg</b>	Huntestraße 14a 26135 Oldenburg	Telephone +49 441 92397-0 Fax +49 441 26685
Branch <b>Osnabrück</b>	An der Blankenburg 64 49078 Osnabrück	Telephone +49 541 94403-0 Fax +49 541 442682
Branch <b>Potsdam</b>	Hegelallee 12 14467 Potsdam	Telephone +49 331 27521-0 Fax +49 331 27521-90
Branch <b>Regensburg</b>	Yorckstraße 13 93049 Regensburg	Telephone +49 941 39603-0 Fax +49 941 37610
Agency <b>Rosenheim</b>	Salinplatz/Bahnhofstraße 15 83022 Rosenheim	Telephone +49 8031 40831-0 Fax +49 8031 40831-11
Branch <b>Rostock</b>	August-Bebel-Straße 11/12 18055 Rostock	Telephone +49 381 45223-0 Fax +49 381 45223-27
Branch <b>Saarbrücken</b>	Puccinistraße 2 66119 Saarbrücken	Telephone +49 681 58606-0 Fax +49 681 58606-67
Branch <b>Schwerin</b>	Wismarsche Straße 304 19055 Schwerin	Telephone +49 385 59122-0 Fax +49 385 59122-70
Advisory bureau <b>Straubing</b>	Lilienstraße 5-9 94315 Straubing appointments and enquiries via Branch Regensburg	Telephone +49 941 39603-0
Branch <b>Stuttgart</b>	Alexanderstraße 5 70184 Stuttgart	Telephone +49 711 7879-0 Fax +49 711 7879-122
Branch <b>Thüringen/Erfurt</b>	Theo-Neubauer-Straße 14 99085 Erfurt	Telephone +49 361 57654-0 Fax +49 361 57654-70

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Advisory bureau <b>Weimar</b>	Zum Hospitalgraben 8 99425 Weimar appointments and enquiries via Branch Thüringen/Erfurt	Telephone +49 361 57654-0
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Branch <b>Wuppertal</b>	Berliner Straße 45–47 42257 Wuppertal	Telephone +49 202 25052-0 Fax +49 202 508549
Branch <b>Würzburg</b>	Beethovenstraße 1 97080 Würzburg	Telephone +49 931 35535-0 Fax +49 931 52761



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

- 1958** Introduction of account services free of charge for creditor accounts.
- 1961** Constitution of the Annual General Meeting as a result of the rapid growth in membership which has reached 5,477.
- 1965** The tenth branch office is opened. One of the first banks in Germany to enter the real estate business.
- 1972** Membership at 22,809. There are now 16 branch offices. Number of employees up to 581. Balance sheet total exceeds DM 1 billion for the first time.
- 1979** First primary cooperative bank to issue its own bearer bonds.
- 1982** Balance sheet total exceeds DM 5 billion. Membership reaches 54,501. Now 40 branches. Number of employees at 1,135.
- 1985** First primary cooperative bank to issue participating certificates.
- 1990** Bank expands into the new federal states and sets up 10 new branches there.
- 2002** Successful developments in the anniversary year despite structural and income crisis in the banking sector.
- 2004** Move to the new Head Office in Düsseldorf, Richard-Oskar-Mattern-Straße 6.
- 2006** Operating profit before risk provisioning: Euro 292 million. Total membership reaches 100,982.
- 2009** Ongoing financial market crises weights on the result; positive earnings in the core business; partial operating result before risk provisioning Euro 318 million.

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