

Annual Financial Report

2024

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Overview of Business Development

Overview of Business Development

	31 Dec 2024	31 Dec 2023	Change ¹
Bank data			%
Members	111,472	110,436 ²	0.9
Customers	505,947	501,823	0.8
Employees	2,341	2,299	1.8
Locations	77	77	-

Balance sheet	€m	€m	%
Balance sheet total	51,812	50,727	2.1
Customer loans	34,743	35,309	-1.6
Customer deposits	30,279	29,422	2.9

Income statement	€m	€m	%
Net interest income ³	972.0	970.2	0.2
Net commission income	177.2	178.3	-0.6
General administrative expenses	-731.1	-738.8	-1.0
Operating profit before risk provisioning	408.2	433.9	-5.9
Risk provisioning from the operating business ⁴	-61.4	-64.1	-4.1
Risk provisioning with reserve character ⁵	-35.0	-131.9	-73.5
Operating result	311.7	237.9	31.0
Taxes	-215.7	-143.7	50.1
Net profit after tax	96.0	94.2	1.9

Key figures	%	%	ppts
Equity ratio (according to CRR)	18.3	18.0	0.3
Common equity tier1 capital ratio (according to CRR)	17.1	16.7	0.4
Cost-income ratio ⁶	66.5	63.7	2.8
Liquidity coverage ratio	262.6	212.2	50.4

Ratings	Standard & Poor's ⁷	Fitch Ratings (group rating)
Long-term rating	A+	AA-
Short-term rating	A-1	F 1+
Outlook	stable	stable
Covered bond rating	AAA	-

1) Deviations possible due to rounding differences.

2) Figure as at 31 December 2023 adjusted. See also note 38 in the notes to the annual financial statements.

3) Including current income from shares, fixed-interest securities, investments and shares in affiliated companies as well as income from profit transfer agreements.

4) This includes individual risk provisioning measures for the customer lending business as well as for financial instruments and investments.

5) This includes risk provisioning measures which do not concern individual risks, as well as releases from and allocations to the fund for general banking risks and provisioning reserves.

6) Ratio of operating expenses and operating income. Operating expenses include general administrative expenses as well as other operating expenses.

Operating income includes net interest income, net commission income and other operating income.

7) Issuer credit rating as at November 2024.

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To our Members and Clients

Letter of the Chair of the Board of Directors

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Report of the Supervisory Board

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Dusseldorf, 11 March 2025

Dear Members, Customers and Business Partners,

Since I wrote to you this time last year, neither the global political situation nor the environment we find ourselves in as a society has calmed. These are fast-moving and uncertain times, also for many medical practices and pharmacies, whose staff are already working to the point of exhaustion.

Especially under such challenging circumstances, health care professionals need a strong partner at their side. We have refined our offerings to fulfil this role even better. Thanks to Agenda 2025, our strategic programme to make apoBank fit for the future, we are now stronger, faster and have increased our visibility in the digital world, enabling us to focus even more on the needs of our members and customers.

Stronger

Our strategic programme is all about future-proofing the Bank and refocusing on our core competencies. I am pleased with our achievements so far, which are already tangible. For example, we further expanded our asset management, increasing the volume we manage by just under two billion euros in 2024. We are also growing in the area of start-up financing. In 2024, we financed and provided full-spectrum support to even more practices than in the previous year. Every three-and-a-half hours, we fulfil someone's dream of owning their own practice or pharmacy. We also offer advice on both financing and business management before and during the start-up process. This is crucial, since we are observing much greater uncertainty about all aspects of self-employment now than we did say 20 years ago. In addition, our advisory services generate significant added value in the vital first two to three years after starting out. Thanks to this business model, we have grown to be a market leader in the area of health care start-ups, and we aim to further expand this position. Start-up financing is usually in connection with the sale of a practice or pharmacy. Our position as a professional bank makes us a vital link between sellers and founders.

After many years, we have seen a turnaround in our member base. Our cooperative community has grown, with more than 3,400 new members joining in the past year alone. This number far outweighs departures. I am very pleased to see that we have succeeded in convincing an ever growing number of people of the advantages of being part of the apoBank community. To strengthen this community further, we are making membership in apoBank even more attractive – for example by offering special conditions on investments and advisory services for practices, as well as access to exclusive events. Last but not least, our shareholders can be proud of their bank and look forward to an attractive dividend, because 2024 was a good fiscal year: We boosted our financial viability and improved our operating income – and the good news doesn't stop there.

Faster

Optimised workflows have made us even faster. Our telephone service is now first-rate, with 80 percent of our customers talking to a real person within 20 seconds. We resolve three out of four queries during the first call. And we aim to further improve our performance in this respect, too, in future. For example, since the beginning of this year, customers have been able to make an appointment online. And thanks to our extended consulting hours – we are available until 8 p.m. from Monday to Friday – we can offer customers even more flexible support.

More online services

We always put our customers first. Our goal is to offer first-class banking in line with customers' expectations: easy, fast, and across all channels. That's why we also improved our online banking last year. And since the beginning of this year, our new apoBanking app has made it even easier for our customers to manage their finances. The app is more intuitive and thus easier to use than its predecessor. In the coming months, we will also expand our customer portal to include new functions, with a particular focus on making document sharing paperless and therefore more convenient and environmentally friendly.

More visible

apoBank became more visible last year. We held events for customers or members of apoBank almost every day, which more than 15,000 people signed up for. Interest in investment topics was particularly strong. This takes us a step closer towards achieving an important goal – to be the first choice for our customers when it comes to asset management.

We also considered it important to take a stance, particularly in light of the negative developments in the health care market, the key aspects here being fees, the shortage of skilled workers, and red tape. The wide-spread access to medical care we take for granted in Germany is under threat, and it is a topic that concerns us all. As the go-to bank for health care professionals, we want to do our part to make sure this is understood, and that the relevant measures are taken. We are serious about our mission to empower people in the health care professions to play their part in providing a good level of health care, and we take a clear position on this topic.

More women

One of our main goals is to promote women. It has long been known that they are not only increasingly turning to the academic health care professions, but that they adopt a different approach to men when it comes to founding start-ups and investment. We want to take these developments into account and provide tailored support to female business founders – also because they are urgently needed to continue the work of providing medical care close to where their patients live. We are adapting and developing services that factor in the additional challenge of combining work and family commitments. We also offer special events for women on the topic of investment.

Furthermore, apoBank itself is in the process of improving its gender balance, with women now occupying one in four managerial positions at the first level below the Board of Directors. We know that diversity is the key to progress – and this is true for apoBank as well. We also know that we can do more in this respect. That's why we aim to raise the proportion of women in the first management level to 30 percent, and in the second management level to 35 percent by 2030.

More sustainable

For us as a health care bank, health and sustainability are inseparably linked. Last year we stepped up our efforts to support the transformation of the health care sector towards greater sustainability. We continued to develop our sustainability strategy and set ourselves clear targets for 2030, such as reducing our carbon footprint both in our own operations and in our customer business. Besides providing additional, more sustainable solutions for our customers, we also addressed the question of how we can further promote the health and well-being of our employees. Details on our sustainability strategy and additional information can be found in our Sustainability Report, which we have prepared for the first time in accordance with the provisions of a new EU directive. It is available in German on our website.

Together

This year we are in the final stage of implementing our Agenda 2025. Since launching this strategic programme three years ago we have achieved a lot, both within the apoBank team and in collaboration with you, and intend to keep up the pace.

I would like to take this opportunity to express my heartfelt thanks to the employees of apoBank for their dedication during the past year, for their willingness to face new challenges, and for cultivating our customer relationships – in some cases over many years – which in itself is a sign of sustainability.

It is also thanks to our employees that most of the improvements we have made are felt directly by you, our customers. The new app, our expanded online banking services, and our improved availability are just some examples – but also the apoBank events they organised, where we brought together and connected so many people. So you can see that, as a cooperative, apoBank is a community you can count on. Whatever happens, we are always here for you.

Thank you for the trust you have placed in us over the past year. Now let us move forward on the road that lies ahead, together and stronger.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Schellenberg', written in a cursive style.

Matthias Schellenberg
Chair of the Board of Directors, Deutsche Apotheker- und Ärztebank eG

Report of the Supervisory Board

During fiscal 2024, the Supervisory Board performed its tasks in accordance with the law, regulatory requirements, the Bank's Articles of Association and its own rules of procedure. Thanks to the industry and specialist expertise of its members, as well as their experience, the Supervisory Board as a whole has sufficient competence to fulfil its purpose; this also includes the areas of accounting and auditing of annual financial statements. The Supervisory Board reviewed the fulfilment of these requirements as part of a self-assessment in accordance with Section 25d para. 11 nos. 3 and 4 of the German Banking Act (KWG). The statutory requirements in accordance with Section 36 para. 4 of the Cooperative Societies Act (Genossenschaftsgesetz, GenG) were also fulfilled.

During the reporting period, the Supervisory Board exercised its supervisory function and adopted all resolutions within its jurisdiction. This included the audit in accordance with Section 53 of the GenG. It also examined the separate non-financial report, which had been drawn up on the basis of European frameworks in accordance with Section 289d of the German Commercial Code (HGB), as laid out in Section 289b HGB and commissioned Genoverband e.V. to provide an audit review.

At regular meetings, the Supervisory Board and its committees were informed by the Board of Directors about apoBank's business performance, risk, net assets, financial position and its earnings situation, as well as about special events.

In addition to its six scheduled meetings, the Supervisory Board also gathered for an extraordinary meeting in February 2024 to agree on the Board of Director's decision on a change of provider for the Bank's IT operations. Progress on the implementation of this decision was reported on at all regular meetings. As in previous years, the Supervisory Board also regularly received separate reports on the general IT status and progress on the implementation of the Agenda 2025 strategy programme. The focus of its strategic consultations at business area level was on refining branch and partner sales, its corporate client and real estate loans portfolio, as well as the market situation and the Bank's equity and debt exposure,

in particular with respect to clearing centres, especially those providing services to pharmacies. One of these meetings focused in particular on the Bank's ESG strategy and ESG risks. Consideration of sustainability aspects also included a stronger weighting of such aspects in the remuneration system for members of the Board of Directors. The Supervisory Board engaged an external legal firm to examine potential rights of recourse with regard to a demand by the tax authority for back taxes arising from securities lending transactions in the years 2004 to 2008.

The Supervisory Board resolutions were prepared at four ordinary meetings of each committee: the Credit and Risk Committee, the Nomination and Presiding Committee, the Personnel Committee, the Audit Committee and the Remuneration Control Committee. Besides involvement in its regular meetings, the Nomination and Presiding Committee also undertook an ad-hoc suitability evaluation of the members of the Board of Directors and the Supervisory Board at an extraordinary meeting, partly on account of the fact that members of the Board of Directors took up additional mandates. An extraordinary meeting of the Loan and Risk Committee was called to prepare the extraordinary meeting of the Supervisory Board to deal with the change of provider for its IT operations.

The chairs of the committees reported on their meetings in detail to the Supervisory Board. Outside of these meetings, too, the Chair of the Supervisory Board regularly exchanged information and ideas with the Supervisory Board as well as the Board of Directors.

In the year under review, the Nomination and Presiding Committee addressed potential conflicts of interest on the part of members of the Supervisory Board and Board of Directors that could influence their objectivity. At its meetings, the committee assessed these conflicts of interest in detail. Ultimately, no actual conflict of interest was identified. Appropriate actions were taken to resolve potential conflicts of interest.

These 2024 annual financial statements, including the management report, were audited by Genoverband. It confirmed the objectivity of the employees involved in the audit to the Audit Committee and the Supervisory Board. The results of this audit will be reported on in the Annual General Meeting on 30 April 2025. According to the unqualified audit certificate issued by Genoverband, the annual financial statements and the management report are in keeping with the law and the Articles of Association. The Supervisory Board received and critically examined the report on the statutory audit. At its joint meeting with the Board of Directors and the auditors, the Supervisory Board acknowledged the results of the audit and scrutinised the audit findings. The Supervisory Board concluded that the annual financial statements were prepared and audited correctly and thus contributed towards correct accounting. The Audit Committee assisted the Supervisory Board in monitoring the audit. The Supervisory Board examined and verified the annual financial statements, the management report and the Board of Directors' proposal on the allocation of net profit. The audit did not give rise to objections. The proposal on the appropriation of net profit – including profit carried forward – is in accordance with the Articles of Association. The Supervisory Board recommends that the Annual General Meeting approve the financial statements as at 31 December 2024, which were presented by the Board of Directors, and that it pass a resolution on the proposed appropriation of net profit.

The following changes to the composition of the Supervisory Board were made in fiscal 2024: Employee representative Carsten Padrok was appointed as a member of the Supervisory Board by decision of the Local Court of Dusseldorf dated 7 March 2024, after Daniel Valo had stepped down from the Supervisory Board with effect from 31 December 2023. Ulrich Pukropski was appointed as a new member of the Supervisory Board by the Annual General Meeting, replacing Walter Kollbach, who did not stand again for election to the Supervisory Board.

Following the Annual General Meeting, the Supervisory Board unanimously re-elected Dr. med. dent. Karl-Georg Pochhammer to the office of Chair of the Supervisory Board at its constitutive meeting.

On the shareholder side, the term of office of Fritz Becker (pharmacist), Dr. med. Andreas Gassen and Dr. med. Reinhard Urbach will come to an end at the close of this year's Annual General Meeting. They are entitled to stand for re-election, although Fritz Becker has stated that he will not stand again. Therefore, in line with the recommendations of the Nomination and Presiding Committee, the Supervisory Board proposes that Thomas Preis (pharmacist) be elected to the Supervisory Board as a shareholder representative, in accordance with Section 24 para. 7 (1)-(4) of the Articles of Association of Deutsche Apotheker- und Ärztebank eG.

The membership of the Board of Directors remained unchanged in fiscal 2024.

The Supervisory Board would like to thank the members of the Board of Directors and the entire workforce of apoBank for their hard work, their trusting cooperation and their considerable personal commitment in 2024.

Dusseldorf, 28 March 2025

On behalf of the Supervisory Board
Dr. med. dent. Karl-Georg Pochhammer

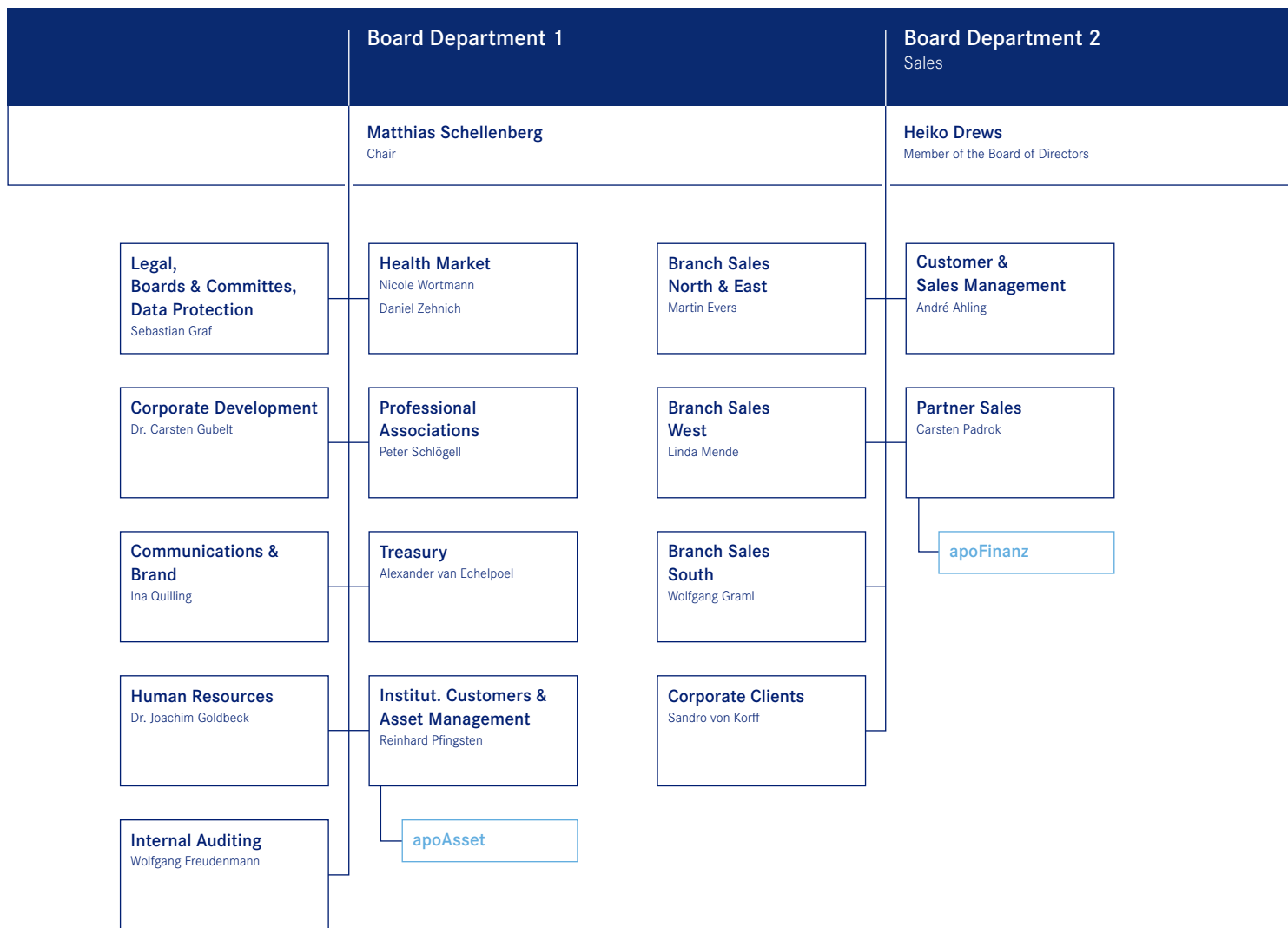
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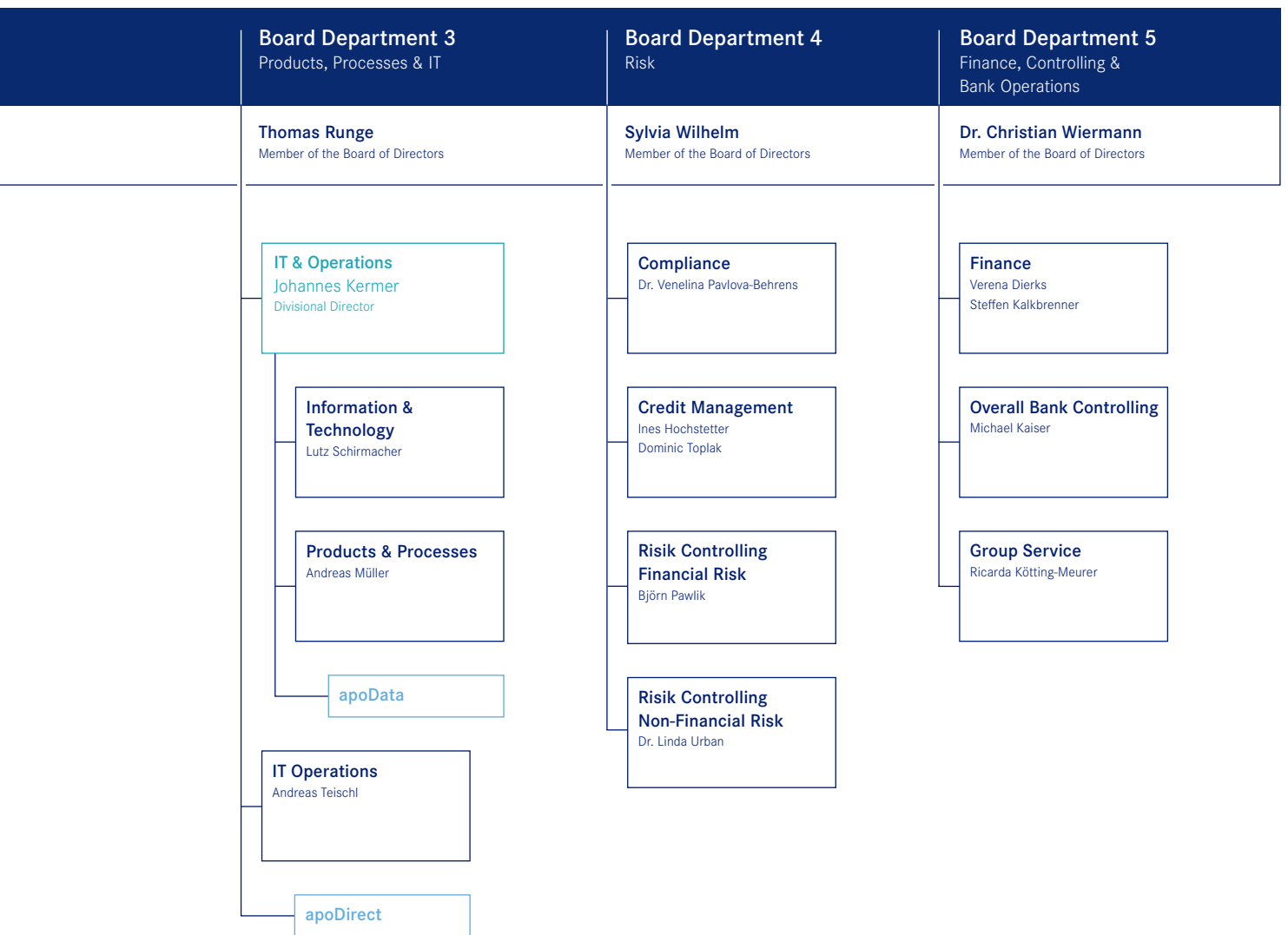
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Board Departments

Organisational chart of Deutsche Apotheker- und Ärztebank eG





Board of Directors



Thomas Runge

Sylvia Wilhelm

Matthias Schellenberg

Dr. Christian Wiermann

Heiko Drews

Matthias Schellenberg, Chair

Heiko Drews, Member of the Board of Directors

Thomas Runge, Member of the Board of Directors

Dr. Christian Wiermann, Member of the Board of Directors

Sylvia Wilhelm, Member of the Board of Directors

Supervisory Board

Dr. med. dent. Karl-Georg Pochhammer
Chair
Berlin

Sven Franke¹
Deputy Chair
Hanover

Fritz Becker, pharmacist
Remchingen

Marcus Bodden¹
Essen

Martina Burkard¹
Würzburg

Mechthild Coordt¹
Berlin

Stephanie Drachslers¹
Munich

Dr. med. Andreas Gassen
Berlin

Günter Haardt¹
Leubsdorf

Dr. med. Torsten Hemker
Hamburg

Gerhard Hofmann
Berlin

Lukas Kaster¹
Dusseldorf

WP/StB Walter Kollbach (until 26 April 2024)
Bonn

Carsten Padrok² (since 7 March 2024)
Meerbusch

WP Ulrich Pukropski (since 26 April 2024)
Meerbusch

Christian Scherer¹
Deidesheim

Friedemann Schmidt, pharmacist
Leipzig

Dietke Schneider¹
Hanover

Dr. Thomas Siekmann
Neuss

Dr. med. dent. Reinhard Urbach
Wolfsburg

Susanne Wegner
Obertshausen

1) Employee representative.

2) Representative of the executive staff. Declaration of acceptance submitted to court on 19 March 2024.

Advisory Board

John Afful

Dr. Matthias Albrecht

Stephan Allroggen

Nico Appelt

Dr. Dilara Arslan

Peter Asché

Anika Balkheimer

Dr. Eric Banthien

Mark Barjenbruch

Dr. Andreas Bartels

Stefan Baus

Armin Beck

Dr. Markus Beier

Thomas Benkert

Prof. Dr. Dr. Christoph Benz

Dr. Frank Bergmann

Marc Beushausen

Dr. Kerstin Bienroth

Mark Böhm

Dr. Cornel Böhringer

Dr. Roswitha Borchert-Bremer

Karsten Brandstetter

Hanna Bunn

Dr. Kay Christensen

Frank Dastych

Prof. Dr. Harry Derouet

Dr. Michael Diercks

Christine Draws

Dr. Christian Ebersperger

Armin Ehl

Dr. Christine Ehrhardt

Prof. Dr. Axel Ekkernkamp

Dr. Brigitte Ende

Dr. Romy Ermler

Dr. Wolfgang Eßer

Michael Evelt

Christian Finster

Dr. Thorsten Flägel

Prof. Dr. Ingo Flenker

Isabel Föllmer

Dr. Jan-Niklas Francke

Bernd Franken

Ursula Funke

Christiaan Johannes Gabrielse

Irene Gahn

Dr. Gerald Gaß

Prof. Dr. Ferdinand M. Gerlach

Meike Gorski-Goebel

Rolf Granseyer

Dr. Karl-Ernst Grau

Dr. Jörn Graue

Stefan Groeters

Dr. Christiane Groß

Dr. Holger Grüning

Dr. Jürgen Hadenfeldt

Dr. Anton Hager

Bernd J. Hammer

Dieter Hanisch

Dr. Markus Hardt

Peter Hartmann

Dr. Klaus Heckemann

Dr. Margarete Heibl

Dr. Dirk Heinrich

Dr. med. Peter Heinz

Dr. Peter Heinz

Mathias Helmbold

Martin Hendges

Rudolf Henke

Jens Hennes

Dr. Christiane Hennig

Dr. Andreas Hessberger

Andreas Hilder

Dr. Reinhard Hoferichter

Dr. Stephan Hofmeister

Dr. Mathias Höschel

Dr. Hans-Peter Hubmann

Dr. Klaus-Ludwig Jahn

Jona John

Dr. Susanne Johna

Peter Kurt Josenhans

Dr. Knut Karst

Peter Klotzki

Franz Knieps

Dr. Jens Kober

Dr. Carsten Dieter König

Dr. Sylvia Krug

Andreas Kruschwitz

Andrea Kruse

Dr. Michael P. Kuck

Dr. Conny Langenhan

Dr. Lea Laubenthal

Florian Lemor

Dr. Gunnar Letzner

Nicole Löhr

Dr. Jana Lo Scalzo

Dr. Heike Lucht-Geuther

Dieter Ludwig

Dr. Eckart Lummert

Dr. Ellen Lundershausen

Dr. Ute Maier

Claudia Mairle

Dr. Niklas Mangold

Lothar Marquardt

Dr. Andrea Martini

Gerald Matthies

Dr. Kathleen Menzel

Tobias Meyer

Dr. Christof Mittmann

Dr. Marc-Pierre Möll

Dr. Hans-Georg Möller

Dr. Markus Müschenich

Dr. Katharina Nebel

Marco Neisen

Christine Neumann-Grutzeck

Patrick Neuss

Dr. Hans-Jürgen Nonnweiler

Dr. Christian Öttl

Gabriele Overwiening

Dr. Jens Palluch

Dr. Helmut Pfeffer

Dr. Christian Pfeiffer

Thomas Preis

Axel Rambow

Dr. Klaus Reinhardt

Dr. Ingo Rellermeier

Dr. Dorit Richter

Dr. Peter Riedel

Giulia Ritter

Dr. Claudia Ritter-Rupp

Dr. Bernhard Rochell

Dr. Annette Rommel

Caroline Roos

Dr. Stefan Roßbach-Kurschat

Dr. Helmut Roth

Anke Rüdinger

Dr. Burkhard Ruppert

Franziska Scharpf

Freiherr Dr. Titus Schenck zu Schweinsberg

Günter Scherer

Dr. Björn Schittenhelm

Dr. Jochen Schmidt

Thorsten Schmidt

Dr. Sebastian Schmitz

Dr. Christina Schneider

Robert Schneider

Dr. Rüdiger Schott

Dr. Volker Schrage

Dr. Thomas Schröter

Dr. Bettina Schultz

Joachim Schütz

Dr. Holger Seib

Dr. Philipp Siebelt

Dirck Smolka

Dr. Dirk Spelmeyer

Harald Spiegel

Dr. Martin Spukti

Dr. Philipp Stachwitz

Dr. Eberhard Steglich

Frank Steimel

Ralf Wagner

Dr. Sibylle Steiner

Dr. Holger Weißig

Catrin Steiniger

Frank Wessels

Martin Sztraka

Dr. Lothar Wittek

Carlos Thees

Ralf Wohltmann

Dr. Uwe Tiedemann

Ulrike Zethoff

Stefan Tilgner

Jürgen Ziehl

Dr. Max Tischler

Dr. Torsten Tomppert

Dr. Thomas Treptow

Axel Uttenreuther

Philipp van Hove

Dr. Peter Velling

Dr. Claudia Vogt

Dr. Michael Vogt

Dr. Carsten Vollmer

Dr. Ursula von Schönberg

Angelika von Schütz

Christian Voßelmann

Dr. Guntram Wagner

Honorary Position Holders and Honorary Members

Hermann S. Keller, pharmacist

Honorary Chair of the Supervisory Board,
bearer of apoBank's Karl Winter Medal
and honorary member of apoBank

Dr. med. dent. Wilhelm Osing

Honorary Chair of the Supervisory Board
and honorary member of apoBank

Berthold Bisping

Honorary member of apoBank

Dr. med. dent. Wolfgang Eßer

Honorary member of apoBank

Jürgen Helf

Honorary member of apoBank

Dr. med. Ulrich Oesingmann

Honorary member of apoBank

Dipl.- Betriebswirt Werner Wimmer

Honorary member of apoBank

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Fundamental Features of the Bank

Business model

Catering for the health care market

apoBank is a cooperative full-service bank. Its business strategy is tailored to the special requirements of health care professionals and the health care market in order to leverage the growth opportunities it offers.

As a cooperative, the business purpose of apoBank is to support its members – specifically health care professionals as well as their organisations and institutions – in developing their businesses. The fair participation of our members in the Bank's business success over the long term is therefore also central to our goals.

In our retail clients business, we support academic health care professionals during their training, throughout their careers and in retirement, as well as other selected customers to implement their professional and private projects; we also provide services to small companies and medical care structures. When it comes to professional associations and large customers, we advise associations of panel doctors/dentists, medical and pharmaceutical associations, chambers and federations, institutional organisations in the health care sector, professional capital investors as well as larger companies and care structures in the health care market. These include operators of pharmaceutical, medical, veterinary, dental, inpatient and nursing care structures.

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

Strategy and goals

apoBank aims to be a financial partner of preference to its customers and to take on responsibility in the health care market. Our strength and our potential lie in our offerings for salaried and self-employed health care professionals, their organisations as well as for companies and care structures in the health care market. We aim to further strengthen the core of our business model. We will therefore be focusing on creating more financial and creative room to manoeuvre so that we can dedicate ourselves even more specifically to the needs of our customers. We achieved this in the year under review by further optimising our services, for example we became more easily reachable and improved our online banking.

While ensuring that our members participate in our business success, we also intend to continuously strengthen our capital and reserves so that we can finance our growth using our own resources. This also means limiting our cost base in the long term so that we can achieve our efficiency goals. In the year under review, we created the necessary conditions for this in collaboration with the co-determination committees. The key levers here will be process optimisation and digital transformation.

The special nature of our business model

For over 120 years, apoBank has been active as a financial institution in the health care market. In our estimation it has wide-ranging knowledge of the professions involved as well as the market itself. The Bank trains its employees, and in particular its customer advisors, not just in bank-specific topics, but also in the structures and trends in the health care sector. The combination of banking expertise and knowledge of the environment health care professionals operate in as well as of the health care market itself is a key characteristic of apoBank's business model, providing tangible added value for its customers. The benefit offered by our deep knowledge of the market is in our opinion reflected in steadily increasing customer numbers and our share in the business start-up financing market.

In addition, apoBank offers products and services that go beyond the business of banking. These include for example sector-specific advice, in particular on business start-ups and new practices as well as practice optimisation and our own platform for buying and selling practices and pharmacies.

In addition to its own sales, apoBank also offers partner products and services where needed. We are a member of the cooperative FinanzGruppe and have business relations with other group members. apoBank also leverages its partnerships with various (financial) organisations active in the health care professions sphere, it fosters close connections with the organisations and other stakeholders in the health care sector and cooperates with network partners, e.g. in the area of taxation.

Another characteristic feature of apoBank's business model is its highly developed ability to assess the risks to its business segments. This is based on many years of knowledge of the industry and customers, the availability of extensive solid historical data as well as our risk measurement systems, which are aligned with the conditions and characteristics of the health care market and in particular with our customers.

Our service model

We consistently place our customers, their goals and needs at the centre of everything we do, following our conviction that trusting and stable customer relationships are the key prerequisite for successful collaboration.

We tailor customer support to individual needs, providing intensive and personal advice on complex topics. In addition, we offer our customers fast, direct and easy access to our banking services. In this context, we are constantly expanding our digital channels and our apoDirect customer centre.

We offer integrated advisory services that provide solutions to the variety of challenges faced in health care professions and in the health care market, always with the lifelong needs of our customers in mind. By adopting this long-term perspective, we aim to deliver the right solution to our customers at all times.

We support people in academic health care professions with services and products relating to their careers as well as all aspects of business start-ups, asset management and provisioning. We plan to significantly expand the assets business, primarily by considerably growing our securities advisory services for retail clients and our asset management in particular. For this purpose, we apply our own knowledge and the expertise of our associated company Apo Asset Management GmbH, which specialises in the administration and management of securities funds for retail and institutional customers.

In the corporate clients business, apoBank acts as a strategic partner to the operators of outpatient and inpatient care as well as to companies active in the health care market, including clearing centres and real estate funds.

Sustainability at apoBank

In addition to economic sustainability, questions of environmental and social sustainability are becoming increasingly important when it comes to generating value. We see ourselves as a company that is aware of the responsibility it bears towards society. We therefore act in line with ethical and moral principles, which we have documented in our internal code of conduct. We take responsibility for sustainable development, both in our own business operations as well as in developing products and services for our customers. In 2024, we further refined our sustainability strategy and set ourselves clear goals for 2030. Of particular relevance here are the interactions as well as the opportunities and risks associated with our business activities in relation to sustainability. Our sustainability strategy is embedded within our strategy structure and our control systems as a Bank-wide sub-strategy and is binding for all of the Bank's activities.

apoBank intends to further reduce the impact of its business activities on the environment, support its customers in becoming more sustainable and improve its attractiveness as an employer. Our strategy also includes a range of measures to help us make our business operations more sustainable. We will further reduce our carbon emissions in our business operations and offset remaining emissions each year through compensation projects. We will also reduce financed emissions, i.e. emissions by our customers that result from the operation of practices, pharmacies or real estate financed by us. Our goal is to make our contribution towards achieving the Paris climate targets. A dedicated ESG committee (ESG = environment, social, governance) has been set up to monitor the Bank's progress towards becoming more sustainable.

Control system

Management and control at apoBank is based on the annual strategy process, during which the strategic goals are set for a period of five years. Specific sales targets and cost budgets are defined in the Bank's medium-term planning in order to achieve the financial targets. In turn, the medium-term planning forms the basis of operational business planning for the subsequent financial year.

For the Bank as a whole, the following key financial and non-financial performance indicators as well as risk indicators have been defined for fiscal year 2024.

Financial performance indicators

- Operating profit before risk provisioning: For this key figure, the net balance is calculated for the items of net interest income and net commission income, general administrative expenses, as well as other operating income and expenses.
- Cost-income ratio: This refers to the ratio of operating expenditure to operating income. It is our strategic objective to achieve a long-term cost-income ratio of under 70%.
- The regulatory total capital ratio (see the section on risk indicators).

Non-financial performance indicators (sustainability indicators)

- **Client satisfaction:** The satisfaction of our retail clients rose to 62% in the year under review (2023: 48%). The satisfaction level of professional associations and large customers reached 84% (2022¹: 73%). We are continuously developing measures to further increase the overall satisfaction of our customers, for example by enhancing our online and mobile banking and optimising our product and service processes. We use surveys to regularly track their success.
- **Organisational Commitment Index (staff satisfaction):** We use the Organisational Commitment Index (OCI) to measure the degree to which employees identify with apoBank. In 2024, it reached 74 index points (2023: 68), the third consecutive increase. After falling to a low of 56 in 2020, it is now above the average in its cohort (more than 100 companies, primarily German financial institutions). The target level for the medium term is 75 and apoBank has developed measures to achieve this, the main one being a comprehensive plan for a more refined and sophisticated corporate culture.
- **Proportion of women:** It is important to apoBank to recruit people with different talents, competencies and social skills to join the team. It is within this context that the priority given to recruiting women for management positions and promoting their development is to be seen. For further details on this topic see the section “Information on the proportion of women”.

In 2025, we will integrate further key performance and risk indicators (KPIs/KRIs) from the sustainability strategy into our management system.

Material risk indicators

Capital adequacy

- **Normative perspective:** Compliance with the regulatory key equity figures, e.g. total capital ratio and common equity tier 1 (capital) ratio, is monitored over a rolling period of at least three years. We have set a total capital ratio of at least 16% as an internal early warning limit.
- **Economic perspective:** The economic capital ratio sets the risk cover potential (in essence the common equity tier 1 (capital) ratio as well as economic valuation reserves) against the economic risks (confidence level of 99.9%).

Liquidity adequacy

- **Normative perspective:** The key parameter here is the liquidity coverage ratio. To calculate this key figure, highly liquid assets are placed in relation to net cash outflows under stress cases as defined by the regulator. In addition, longer-term refinancing capability is monitored using the net stable funding ratio.
- **Economic perspective:** The liquidity gap analysis is used to measure the economic insolvency risk. It maps all liquidity inflows and outflows for a period of twelve months. Intra-day liquidity analyses complement the short-term risk analysis. We apply the refinancing analysis to monitor long-term solvency based on an observation period of more than one year. In the economic perspective, the key figure “ECB-eligible marketable assets” has been added to the monitoring process. This key figure helps to secure the liquidity stock by defining a minimum level of ECB-eligible marketable assets.

Information on the proportion of women

Increasing the proportion of women in the two upper management levels below the Board of Directors is one of our strategic goals. We aim to increase the share of women on the first and second management level to 30% and 35% respectively by 31 December 2030.

1) Measured every two years.

The first management level includes the divisional directors, the division managers at head office and the sales region managers. The second management level encompasses the department managers at head office, the market region managers, the regional managers Sales Partner Liaison and Support and Corporate Clients as well as the managers of the specialists in portfolio management and of regional loan management.

As at 31 December 2024, the proportion of women at the first management level was 26.7% (2023: 19.4%) and 23.2% at the second level (2023: 20.5%).

The share of women on the Supervisory Board of apoBank was 25% (2023: 25%) as at 31 December 2024 and 20% (2023: 20%) on the Board of Directors. The targets the Supervisory Board set for both bodies were thus met.

Personnel report

For apoBank, reconciling work and family life is a central concern. We have therefore created needs-based, practical offerings for employees, which enable them to balance their professional and family lives. A family service helps and advises employees in their search for childcare or eldercare options for their families. The family service also offers an extensive Germany-wide school holiday programme for children that can be accessed and booked online. In Dusseldorf, 20 kindergarten spaces are available to employees for children under three; from 1 August 2025 we will be expanding this offering to 40 spaces for children from six months to six years old in a number of kindergartens throughout the city. Employees who do not work at our headquarters receive care benefits.

What's more, with offerings such as mobile work, flexible work time models, and workations, apoBank enables its employees to organise their work in alignment with the needs of their individual life stage.

Since 2008, apoBank has been participating in the "audit berufundfamilie", which examines to what degree our personnel policy takes into account family needs. The Bank has continued to set itself new goals for a healthy work-life balance for its employees and for managing employees from a life-phase perspective. apoBank received this certificate in December 2023 for a period of three years.

We offer seminars and programmes for women to help them define where they are at professionally, to develop individually and to plan their careers. apoBank's year-long internal mentoring programme "Frauen fit für Führung – F4" (getting women fit for leadership) is taking place each year with a new group of participants. The first alumnae meet-up with the 2023 group took place in 2024. These meet-ups further encourage networking among women.

We have a special programme in place called "apoDrive" to nurture and promote future leaders.

The Bank is intensifying its efforts to find, train and deploy suitable female candidates for management positions and thus to further increase the proportion of women at management level. We consistently implement the binding personnel development plan for women in leadership positions, which was approved by the Board of Directors in 2019.

In line with the requirements of the European Banking Supervision Authority (EBA), the Board of Directors adopted a diversity guideline in 2018 to increase the diversity of the workforce and the pool of successor candidates for Board positions. In assessing diversity, the EBA pays particular attention to the criteria of age, education and professional background, geographical origin and gender. In the diversity guideline, we point among other things to apoBank's offerings around various aspects of career planning as well as measures we intend to take to ensure equal treatment and opportunities for all employees.

Economic Report

General economic conditions

Global economy on moderate growth path

The global economy saw solid growth in 2024. Compared to 2023, the growth rate slowed only slightly, from 3.3% to 3.2%. Economies performed differently from region to region. Growth was still minimal in the euro area, where the nations with a stronger focus on industry, such as Germany and Italy, suffered weak economic conditions. Germany therefore experienced a further decline in economic output. Conversely, in the US, stable private consumption provided solid positive stimulation to the economy. Economic growth in emerging markets also remained robust in 2024, with the exception of China, where it suffered from a combination of an impending crisis in the real estate sector and low consumer confidence. The high interest rates worldwide largely came to an end, with no strong economic downturn before this phase. Inflation fell, which can be attributed to three factors: The gradual recovery from the shock associated with the Covid - 19 pandemic and the Russia-Ukraine war, which eased price pressure on energy and foodstuffs, the slowdown in global demand caused by high interest rates, and normalisation of the labour market. As a result, by the end of 2024 the inflation rate in Germany had fallen to just slightly above the European Central Bank (ECB) target rate of 2%.

GDP growth in % compared to the previous year

	2024 (expected)	2025 (expected)
	%	%
Germany	-0.2 ¹	0.8
Euro area	0.8	1.2
USA	2.8	2.2
Emerging markets	4.2	4.2
World economy	3.2	3.2

1) Destatis
Source: International Monetary Fund (IMF)

Easing of restrictive central bank monetary policy in Europe and the US

During the second half of 2024, the ECB reduced its key interest rates (deposit facility rate, main financing operations rate and marginal lending facility rate) a total of four times, most recently to 3.0%, 3.15% and 3.4% respectively, because inflation was once again approaching its target level. In the US, the Federal Reserve (Fed) also began to descend from peak interest rates, reducing its key interest rate corridor three times in the third and fourth quarter of 2024, to between 4.25% and 4.5% by the end of the year. Here, too, the reasons for the interest rate reductions were the lower inflation rates and a consistently robust labour market.

Gains on financial markets

Stock markets worldwide recorded very clear growth during 2024. The MSCI All Countries World Index rose by around 23% in euro terms over the course of the year. A particularly strong rise in share prices of about 30% was seen on the technology-heavy Ndaq-100. This can be attributed mainly to advances made in artificial intelligence. The German benchmark index DAX rose by

about 19% despite the lack of domestic economic growth. Markets for government bonds performed differently during the year, with yield rises evident through to mid-year. Starting in June, the first interest rate reduction by the ECB, which the Fed followed in September, favoured prospects for a low interest level in the medium term. This resulted in price gains for government bonds. As the year progressed, the US elections dominated the markets for government bonds. Concerns that US budget management under the future president Trump could burden the capital markets led to rising yields on government bonds. For the year as a whole, therefore, this bond segment generated little revenue.

Real estate prices largely stable in 2024

Real estate prices in Germany stabilised increasingly during 2024. By the end of the third quarter, they had fallen by only 1% compared with the same quarter of the previous year. Prices for residential properties also remained stable during this period, showing only a marginal decline, while commercial property saw a greater drop in prices of just under 5%. In the top seven cities, newly contracted rents rose by about 5%. Office buildings also saw an increase in newly contracted rents compared to the same quarter in the previous year, as signs that the property market was starting to recover became more apparent.

Health care market

Mixed results for coalition's health policy

German Health Minister Lauterbach launched many laws and themes during the past three years. Many important reform projects were, however, not completed, necessary structural changes were not introduced, and no plan for sustainable health care financing was submitted. It will take some time before a new federal government continues or implements the first of the necessary reform projects.

One reform project did succeed, in the form of a pair of digital transformation laws: the Act to Accelerate the Digitalisation of the Healthcare System (Gesetz zur Beschleunigung der Digitalisierung des Gesundheitswesens, DigiG) and the Act on the Improved Use of Health Data (Gesetz zur verbesserten Nutzung von Gesundheitsdaten, GDNG), both of which give the health care system a substantial push in the direction of modernisation. The most significant project, even if it was also the most heavily criticised, was the Hospital Care Improvement Act (Krankenhausversorgungsverbesserungsgesetz, KHVVG), or the "hospital reform", which was passed in December 2024.

Uneven financial situation among health care professionals

Payments by statutory health insurance to panel doctors and psychotherapy practices increased by 6.4% in the first three quarters of 2024. How their income developed in specific cases depends on the association of panel doctors they are members of and their field of specialisation.

In 2024, the dental profession was faced with the effects of limits on fee increases under the Statutory Health Insurance Financing Act (GKV-Finanzstabilisierungsgesetz, GKV-FinStG). This could be one reason for the further decline in the number of new periodontal treatments in particular.

2024 was another challenging year for pharmacies. While the number of pharmacy closures remained high, urgently needed economic relief was not provided. The ban by the Federal Court of Justice on discounting prescription-only medicines removed a much-used and important purchasing benefit. This had a tangibly negative effect on the operating result of pharmacies.

Inpatient providers and companies still under pressure

In 2024, the economic situation for hospitals was once again determined by inadequate compensation for inflation-based cost increases, insufficient investment subsidisation and rising personnel costs. This also led to a reduction in the range of services offered and limitations in patient care. For more and more hospitals, these developments led to ongoing losses, and involve a genuine risk of insolvency. The Hospital Care Improvement Act (KHVVG), passed at the end of 2024, promises relief, since it provides for a fundamental change to hospital financing. Hospitals will receive the bulk of their remuneration simply for keeping services available. This is called “standby remuneration” (Vorhaltevergütung). At the same time, hospitals are to satisfy specific quality criteria that are uniform throughout Germany, in order to be assigned to a given “service group”, since services may in future be performed only in locations where the appropriate technical equipment and suitably experienced personnel are available. The objectives of the KHVVG are to ensure reliable, nationwide care regardless of case numbers, as well as stable quality of treatment in hospitals and thus a hospital landscape that is fit for the future.

The nursing care sector is also affected by insolvencies. This is due to the shortage of skilled workers, high costs and slow payment by insurers. The sector is therefore demanding rapid reform of health care financing. The economic situation of the pharmaceutical industry has been characterised by declining production and foreign trade since the second quarter of 2024 in particular. The medical technology sector also faced significant challenges during the past year on account of high energy prices and bureaucratic hurdles.

Business performance

Prevailing conditions for banks remain challenging

The prevailing conditions in the banking market remained challenging in the year under review (1 January to 31 December 2024). Although many banks benefited on the earnings side from an interest environment that remained favourable, at the same time many of them still had further work to do on their cost structure. This was particularly challenging on account of the higher price level overall, combined with constantly growing investment in high-performance IT systems, including for digital sales channels and products. However, implementing regulatory requirements and more extensive actions in connection with cybersecurity also created additional challenges for many banks. The change process in the industry thus remained highly dynamic.

apoBank performance very satisfactory overall under challenging conditions

Regarding our earnings situation – with operating profit before risk provisioning amounting to €408.2 million – we rate our performance in the reporting period as very satisfactory.

In accordance with our statutory purpose, we supported our members and customers in achieving their professional and private goals by providing them with our specialised banking services. As at the reporting date, we had 505,947 customers (31 December 2023: 501,823) and 111,472 members (31 December 2023: 110,436¹).

1) Figure adjusted as at 31 December 2023, see also note 38 in the notes to the annual financial statements.

apoBank continued to push ahead successfully with its strategic programme Agenda 2025 in the reporting period. Its goals include improving the customers' service experience, as well as expanding and optimising digital channels. In addition, it aims to increase sales productivity in particular, optimise products and processes – and enhance the resilience of apoBank as a consequence. Moreover, the infrastructure as well as space utilisation at the various locations was further improved with the goal of helping to limit costs.

As at the reporting date of 31 December 2024, apoBank generated a net profit (after tax) of €96.0 million (31 December 2023: €94.2 million).

The balance sheet total was €51.8 billion as at the reporting date (31 December 2023: €50.7 billion). Loans and advances to customers remained stable at €34.7 billion (31 December 2023: €35.3 billion). Loans and advances to banks increased to €7.7 billion (31 December 2023: €6.1 billion). The securities portfolio remained at €8.4 billion (31 December 2023: €8.4 billion). We continue to finance our lending business primarily via liabilities to customers; these customer deposits amounted to €30.3 billion in the reporting period (31 December 2023: €29.4 billion). Securitised liabilities declined slightly to €5.8 billion (31 December 2023: €6.0 billion), while liabilities to banks remained stable at €11.5 billion (31 December 2023: €11.3 billion).

Retail clients business

In the Retail Clients business area, we support the professional and private endeavours of pharmacists, doctors, dentists, veterinarians and psychotherapists as well as small businesses and care structures.

Loan portfolio robust

The loan portfolio in our retail clients business remained stable during the reporting period, at €28.7 billion (31 December 2023: €29.3 billion). We achieved a negligible increase in the volume of business start-up financing at €8.5 billion (31 December 2023: €8.3 billion). Real estate financing was slightly weaker year on year, amounting to €16.6 billion (31 December 2023: €17.1 billion). The volume of investment and private financing was €3.6 billion (31 December 2023: €3.8 billion).

Slightly lower average deposit volume

The average deposit volume of our retail clients decreased slightly to €22.7 billion (2023: €23.9 billion). Contributing factors here were, in particular, the competition for interest-bearing deposits, in addition to increased investment in securities. A comparison of the balance sheet dates from 2024 and 2023 showed no further outflow of customer deposits.

Securities business strong

Thanks to a combination of newly acquired funds in the mid-triple-digit million range and positive market performance, our customer deposit volume increased noticeably to €13.5 billion (31 December 2023: €11.7 billion).

The volume of assets managed by us increased by more than one third to €7.7 billion (31 December 2023: €5.9 billion), which means our newly acquired funds exceeded €1 billion. The proportion of the deposit volume represented by asset management at the end of the year under review was thus 57%.

Life insurance business volume satisfactory – building society contracts weaker

We expanded our life insurance business markedly in the year under review, achieving a brokered volume of €509.5 million (31 December 2023: €459.3 million). The main driver of this growth was the demand for insurance as part of pension financing strategies.

In the building society business, the total contract volume fell to €305.6 million (31 December 2023: €396.3 million).

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

apoBank supports professional associations representing all groups of health care professionals in the areas of finance and health care policy. These include the associations of panel doctors and panel dentists, the chambers as well as professional association-owned pharmacy clearing centres and professional federations.

This group of customers is of major strategic importance to apoBank. The Bank therefore significantly expanded its activities with the professional associations during the year under review and held networking events for health care professionals at its locations throughout Germany.

The average deposit volume was €4.1 billion in the reporting period (2023: €3.8 billion).

Individually tailored advisory approach for institutional investors

Institutional investors include occupational pension funds for the health care and other liberal professions as well as other professional investors such as pension funds, insurance companies and church or municipal pension institutions.

For the investors among these customers who are bound by regulatory requirements, in addition to banking services we offer products and services which are tailored to help them manage and monitor their capital investments as well as comply with those regulatory requirements. We support our customers in optimising strategic capital investments and investment plans. Our advisory approach is rounded out by suitable investment solutions and plans in the context of asset liability management and individual risk-return profiles.

When managing mandates as part of our direct portfolio management, we continued to focus on analysing the creditworthiness of bond debtors.

apoBank aims to hone its profile in institutional business, and will focus in future on the advisory approach described above. It therefore ceased to operate its custodian service as of the balance sheet date. The bulk of the special funds was transferred to DZ BANK.

Lending business with corporate clients

In its business with corporate clients, apoBank pools strategic advisory services to providers of outpatient and inpatient care such as hospitals, rehabilitation facilities and nursing homes, in addition to real estate funds, with a focus on offering them its financing solutions. It also assists companies in the health care market in the areas of pharmaceutical wholesale and the pharmaceutical and medical technology industry as well as private clearing centres.

Despite a challenging market environment and continuing intensive competition, we kept the loan volume for corporate clients constant as at the balance sheet date at €4.9 billion (31 December 2023: €4.9 billion).

Net assets, financial position and results

Income statement

	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2023	Change ¹
	€m	€m	%
Net interest income ²	972.0	970.2	0.2
Net commission income	177.2	178.3	-0.6
General administrative expenses	-731.1	-738.8	-1.0
Balance of other operating income/expenses	-9.9	24.3	-
Operating profit before risk provisioning	408.2	433.9	-5.9
Risk provisioning from the operating business ³	-61.4	-64.1	-4.1
Risk provisioning with reserve character ⁴	-35.0	-131.9	-73.5
Operating result	311.7	237.9	31.0
Taxes	-215.7	-143.7	50.1
Net profit after tax	96.0	94.2	1.9

1) Deviations possible due to rounding differences.

2) Including current income from shares, fixed-interest securities, investments and shares in affiliated companies as well as income from profit transfer agreements.

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

4) This includes risk provisioning measures which do not concern individual risks, as well as allocations to the fund for general banking risks and to provisioning reserves.

Qualitative terms and their quantification

Qualitative	Quantitative
	%
On/at the same level, constant, stable, unchanged, negligible/negligibly, marginal(ly)	0 – 3
Slight(ly), somewhat, moderate(ly)	from 3 – 6
Noticeable/noticeably, perceivably, clearly, distinct(ly), marked(ly)	from 6 – 16
Very clear(ly), strong(ly), clearly noticeable	from 16 – 33
Considerable/considerably, by more than a third, remarkable/remarkably, exceptional(ly)	from 33 – 50
Unparalleled, significantly	from 50

In November 2024, as a result of a change in legal opinion on the part of the tax authorities, apoBank unexpectedly received notice of a demand for back taxes in the double-digit million range, plus a comparable amount in default interest, in connection with securities lending transactions from the years 2004 to 2008. We offset the effects of this on our results by releasing reserves and distributions from a special fund. Comments on the relevant items in the income statement are provided below. The legality of the demand for back taxes is the subject of tax law proceedings. Nevertheless, the demand was settled at the beginning of 2025 to avoid having to make further interest payments.

Net interest income at previous year's level

Net interest income was €972.0 million (31 December 2023: €970.2 million). The interest rates in the money market segment, which were higher on average during the year compared to 2023, compensated for the lower deposit inventories and shifts in fixed-term deposits. There was growth in the new lending business, reaching €5.0 billion (2023: €3.3 billion). A key reason for this trend was a revival of demand for construction financing as well as for loans in the corporate clients business.

Overall, we significantly exceeded our target; one principal factor was distributions from a special fund which we used to finance the default interest for the demand for back taxes mentioned above, as shown under other operating expenses.

The net interest margin remained unchanged at 1.9% (2023: 1.9%).

Net commission income held at previous year's level

At €177.2 million, net commission income remained stable at the previous year's level (31 December 2023: €178.3 million), although we brought the custodian business for institutional customers to an end during the year under review and made provisions for the life insurance business relating to other accounting periods. Revenues from the securities business increased on account of the positive developments in asset management in particular. Conversely, higher commission payments for brokered loans in the context of an upturn in lending business had a negative impact. On balance, the commission-based business was negligibly lower than planned.

Administrative expenses stable

General administrative expenses were at €731.1 million (31 December 2023: €738.8 million), and thus slightly lower than planned.

Personnel expenses decreased to €267.8 million (31 December 2023: €300.7 million). In the previous year, higher allocations to reserves for personnel matters had been included here as part of Agenda 2025. In addition, allocations to provisions for company pensions fell during the year under review. Overall, we almost achieved our target here.

Operating expenditure including depreciation rose to €463.3 million (31 December 2023: €438.2 million), mainly as a result of higher expenditure on projects. There was some relief with regard to the bank levy, which was not charged in 2024. Overall, operating expenditure including depreciation was noticeably less than planned, one reason being that operating and IT costs were below the level expected.

The cost-income ratio was 66.5% (2023: 63.7%), which was slightly lower than planned.

Negative balance of other operating income and expenditure

The balance of other operating income and expenses came to –€9.9 million (2023: €24.3 million). In our planning we had assumed a positive value in the low double-digit millions. The principal reason for this development was default interest on the demand for back taxes described above.

Operating result below previous year

The operating result, i.e. the profit before risk provisioning, amounted to €408.2 million (31 December 2023: €433.9 million), and was thus below the previous year's figure because of the developments described above, but still markedly higher than planned. The main reasons for this deviation from plan were the higher performance of net interest income and the decrease in general administrative expenses, which we had expected to increase. These favourable developments more than compensated for the unexpected burden in the balance of other operating income and expenditure.

Risk provisioning for operating business stable

Risk provisioning for the operating business was at –€61.4 million (2023: –€64.1 million). Although net allocations to loan loss provisions increased – both year on year and compared to the planned amount – and we recorded lower recoveries from previously written down receivables, these contrasted with write-ups on shareholdings and securities classed as fixed assets. For the above reasons, this item was very clearly above target.

Risk provisioning with reserve character amounted to –€35.0 million (2023: –€131.9 million). We made an allocation in the low triple-digit millions to the fund for general banking risks. All in all, despite the burden arising from the above-mentioned demand for back taxes and the release of reserves on the basis of Section 340 (f) of the German Commercial Code (HGB) connected with that, we were able to build up net reserves. In our plans we had set a value for risk provisioning with reserve character that was more than twice as high.

Net profit marginally higher

The bottom-line operating result before tax was €311.7 million (2023: €237.9 million), which was considerably higher than expected. The increase in taxes is mainly attributable to the demand for back taxes mentioned above.

Net profit after taxes was €96.0 million (2023: €94.2 million), which was thus on target.

The return on equity after taxes amounted to 4.8% (2023: 4.8%); the return on investment was 0.2% (2023: 0.2%).

Balance sheet total stable, liquidity situation remains comfortable

As at 31 December 2024, the balance sheet total was marginally higher year on year, at €51.8 billion (31 December 2023: €50.7 billion). Loans and advances to customers also remained stable at €34.7 billion (31 December 2023: €35.3 billion). The securities portfolio remained unchanged at €8.4 billion (31 December 2023: €8.4 billion).

Once again, apoBank's liquidity situation was comfortable in 2024; we very clearly exceeded internal and external minimum requirements for our liquidity position at all times. As a well-established market player with good credit ratings, apoBank secures funds for refinancing through various sources based on a broadly diversified customer and investor base.

Liabilities to customers represent the largest part of refinancing. In the reporting period, they were at €30.3 billion (31 December 2023: €29.4 billion). This also includes promissory note funds and registered bonds placed with our customers amounting to €1.7 billion (31 December 2023: €1.8 billion).

Our liabilities to banks amounted to €11.5 billion as at the balance sheet date (31 December 2023: €11.3 billion), the majority of which are loans from public development banks. In addition, we issue covered bonds (Pfandbriefe), unsecured bonds (preferred and non-preferred), as well as subordinated issuances, which we place with our institutional clients and on the capital market, among others.

The volume of our ECB-eligible securities increased to €5.1 billion (31 December 2023: €5.0 billion). In addition, €0.5 billion were invested in an LCR-eligible special fund.

The total volume of the Pfandbrief portfolio outstanding as at the balance sheet date was €4.2 billion (31 December 2023: €4.3 billion).

The hidden burdens of financial instruments in fixed assets fell to €202.7 million (31 December 2023: €283.0 million), which is attributable to shorter residual terms and changes in the yield curve. As this relates primarily to interest-rate-induced price drops, we do not expect a long-term decrease in value.

The equity capital item is described in the section "Overall capital situation" in the risk management report. Information on member numbers can be found on the inside cover of the report and above in this text.

Assessment by external rating agencies

apoBank's creditworthiness, in other words its ability and willingness to meet all its financial obligations fully and in a timely manner, is rated by Standard & Poor's. In November 2024, the agency confirmed apoBank's issuer credit rating of A+ and its stable outlook. apoBank's senior unsecured bonds have an A+ rating, senior subordinated bonds an A rating.

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

Summary

Conditions for the banking business were dominated in particular by strong competition and the interest rate environment. Against this backdrop, apoBank continued to implement its Agenda 2025.

Net interest income, net commission income and administrative expenses remained stable at the previous year's level. Risk provisioning from the operating business was below the previous year's figure. We also formed reserves during the year under review, although to a lesser extent than in the prior year. The bottom line was that the net profit remained unchanged compared to 2023. We will therefore be able to pay out a fair share of the Bank's profit to our members.

We view the liquidity situation as comfortable in the reporting period.

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

Sustainability report

The Bank complies with the legal obligation to publish a non-financial report in accordance with Section 289b HGB by issuing a separate report annually. The report (in German) can be found at www.apobank.de/nachhaltigkeit.

Risk Management Report

Principles of risk management and risk control

The main objective of apoBank's risk management is to secure the Bank's long-term existence. This includes applying appropriate methods, tools and actions that enable it to continue to pay a dividend, as well as make allocations to reserves and invest in its future viability.

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

- the risk inventory,
- the business and risk strategy, including risk-type-specific sub-strategies,
- the Internal Capital Adequacy Assessment Process (ICAAP) including the stress test framework,
- the Internal Liquidity Adequacy Assessment Process (ILAAP) including the stress test framework,
- the organisation of risk management, including (recovery) governance.

On the following pages, we discuss each of these items in more detail. We then provide an overview of the development of the risk situation in fiscal 2024 and present our risk management objectives. apoBank's risk management system does not assess opportunities; it deals exclusively with risks.

Risk inventory

The full identification of all risks relevant to the Bank forms the basis for an adequately functioning risk management system. Here, the risk inventory, which has to be carried out at least once a year, and the New Products Process (NPP) complement each other.

In the risk inventory, we determine the risk profile of apoBank including potential risks from shareholdings, outsourced business operations and positions with shadow banks. We also perform (risk) concentration analyses, and as part of the ESG (environment, social and governance) risk driver analysis we also analyse risk drivers for sustainability risks.

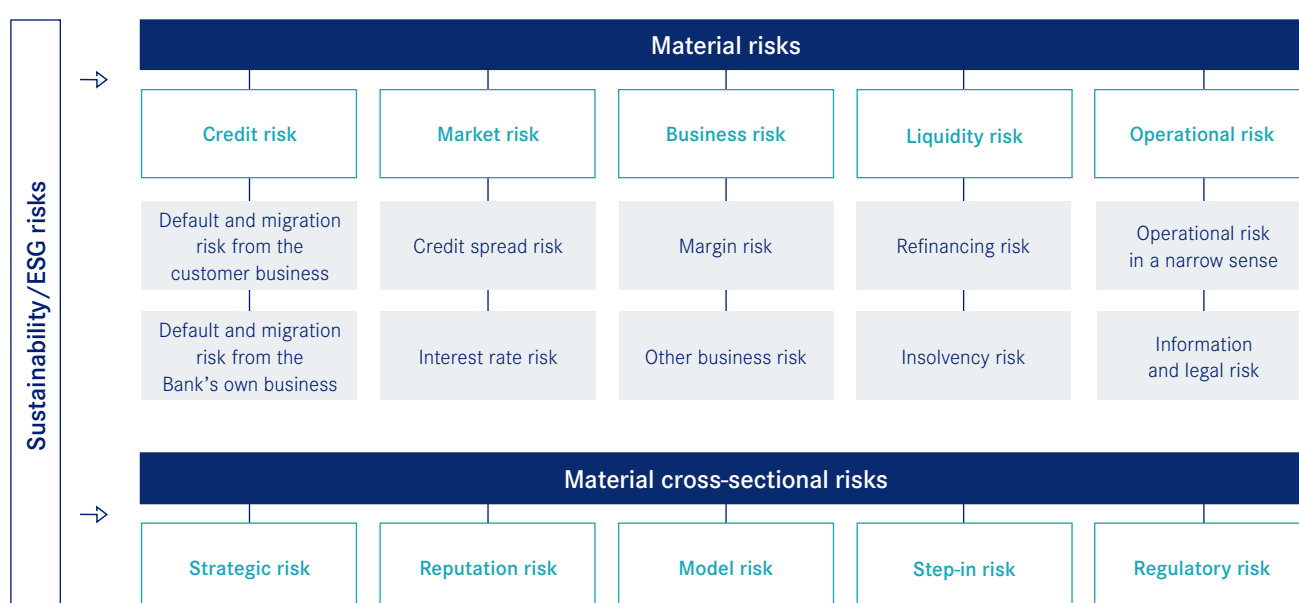
The core element of the risk inventory is the identification of material risks and cross-sectional risks that apoBank faces. We consider risks as material when by virtue of their nature, scope and possible interaction, these risks can have a material influence on the Bank's capital and liquidity position. All identified risks are listed in the Bank's risk inventory and classed as material risk types.

The material risks for apoBank are credit risk, market risk, business risk, liquidity risk and operational risk as shown in the diagram on the following page.

In addition to the material risk types that directly affect the Bank's capital and/or liquidity position, apoBank also examines risks that can have an indirect negative impact via the material risks. These risks are considered material cross-sectional risks. They are thus included in the risk control and risk measuring procedures of the material risk types. In this context, apoBank has identified strategic risk, reputation risk, model risk, step-in risk and regulatory risk as being material cross-sectional risks.

ESG risks do not constitute a separate risk category, but are instead risk drivers that can impact on existing material risk types.

Types of risks at apoBank (aggregated representation)



Credit risk

Under the heading of credit risk, the Bank includes potential burdens caused by anything from a deterioration in credit quality to partial or complete default by a borrower or contract partner.

Market risk

Market risk is the risk that can occur due to changes in market prices (such as interest rates and credit spreads) for the positions held by apoBank. In addition, equity position risk is now part of market risk.

Business risk

Within business risk, a differentiation is made between margin risk and other business risk.

Margin risk quantifies the discounting risk from the contracted margins of the concluded transactions.

Other business risk is defined by the Bank as an unexpected development in administrative costs, provisions for pension obligations, distributions from investments as well as other operating income and commissions. In addition, real estate risk is considered within business risk.

Liquidity risk

Within liquidity risk, a distinction is made between refinancing risk and insolvency risk. Refinancing risk represents the price-oriented risk component, while insolvency risk represents the volume-oriented risk component.

Refinancing risk is the term used to describe the risk of burdens to the Bank as a result of changes in liability spread conditions in combination with a liquidity item that has not been closed in line with its maturity. This risk includes the following sub-risks: idiosyncratic refinancing spread risk (cost change due to individual effects) and liquidity maturity transformation risk (cost change due to market-wide effects). Refinancing risk is considered in the Internal Capital Adequacy Assessment Process (ICAAP).

Insolvency risk is the risk that apoBank may not be able to meet its current or future payment obligations in whole or in part. Insolvency risk is a main component of the Internal Liquidity Adequacy Assessment Process (ILAAP).

Operational risk

apoBank defines operational risk as the potential losses the Bank may face as a consequence of inadequate or failed internal processes or systems, human failure or external events (operational risk in the narrower sense). Operational risk also includes potential losses from events that lead to court action or legal disputes (legal risk) and potential losses arising from information risk.

Reputation risk as a material cross-sectional risk is explicitly included in this risk category.

Strategic risk

Strategic risk describes the risk of potential burdens to the Bank from long-term business decisions.

Reputation risk

apoBank understands reputation risk as the risk of potential financial losses due to disadvantageous actions by stakeholders (e.g. customers, members, employees, banking supervision authority) as a result of a deterioration in the perceived characteristics of the Bank.

Model risk

Model risk describes the risk of potential losses to the Bank as a consequence of decisions based mainly on the results of internal models that were defectively developed, implemented or applied. This includes inexperienced model creation, insufficient checking of the suitability of internal models, mistakes in their implementation or application as well as the use of these models or their results for a purpose for which they were not intended or designed.

Step-in risk

Step-in risk describes the risk that the Bank may face burdens from providing financial support to consolidated business units, e.g. to avert reputational damage, even though it is not contractually obliged to provide support of any kind.

Regulatory risk

apoBank defines regulatory risk as the risk of potential burdens from unforeseeable regulatory requirements, especially with regard to recognising capital/liquidity components, and from increased capital/liquidity requirements.

Sustainability/ESG risks

ESG risks encompass social and governance risks in addition to climate and environmental risks. ESG risks are not a separate risk type for apoBank. Rather, they are potential risk drivers that can impact the Bank's existing material risk types and cross-sectional risks, and here in particular reputation risk.

Climate and environmental risks are broken down into (acute or chronic) physical risks (financial losses resulting from the changing climate) and transition risks (financial losses resulting from the process of adaptation towards a reduced-carbon and more environmentally sustainable economy, including changes in market mood and market preferences). Social risks can occur for example in connection with the violation of labour standards (e.g. child and forced labour), deficits in occupational health and safety, as well as insufficient wages, a lack of diversity, and discrimination. Governance risks encompass topics such as tax evasion, corruption, money laundering and insufficient transparency of information.

Business and risk strategy

The business and risk strategy is the overall representation of apoBank's strategic direction for a time horizon of five years. The content is the outcome of the strategy process, which is carried out annually and additionally as required.

The principles of risk management and the overarching parameters for apoBank's risk appetite are defined in the risk strategy. This strategy also sets the goals for risk control as well as the measures to achieve the risk strategy-related goals. Specific risk guidelines have been specified for the business of each of the Bank's business areas. Compliance with these guidelines is monitored as part of overall bank management. The responsible decision-making bodies are informed by way of ongoing reporting about compliance with the risk guidelines derived from the general risk appetite, i.e. quantitative and qualitative specifications such as minimum requirements for ratings and restrictions on maturities or limits.

The risk culture is a key part of corporate culture for apoBank with regard to dealing with risks. In addition to standards of risk culture in the business and risk strategy as well as its code of conduct, the Bank has also developed a framework for risk culture. It conveys a common understanding of the term "risk culture" and of the risk culture desired by the Board of Directors.

Internal Capital Adequacy Assessment Process including stress test framework

Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process (ICAAP) helps us to assess and monitor the adequacy of our internal capital in line with the regulatory and supervisory guidelines as well as the internal requirements. This process serves to continuously monitor apoBank's capital adequacy and encompasses the different key capital parameters as well as other parameters such as limits and threshold value criteria for the material risks as well as the corresponding reporting with the relevant information and escalation mechanisms.

In line with the regulatory specifications of the ICAAP guidelines of the European Central Bank (ECB), apoBank's ICAAP comprises two perspectives – a normative and an economic perspective. In each of these, a capital parameter and a risk and/or exposure parameter are set against each other. Both perspectives aim to ensure the continuing existence of apoBank. They enable a sophisticated view of the capital adequacy of the Bank based on different parameters and observation periods. The sensitivity of the capital adequacy is considered based both on the expected development (basic scenario) as well as on unexpected adverse developments/stress developments. This is the case for both perspectives.

In the normative perspective, capital adequacy is presented and monitored based in particular on the different regulatory capital parameters (e.g. total capital ratio) over a five-year period. The starting point for ongoing capital adequacy monitoring in the normative perspective is the annual capital planning within the framework of the business and mid-term planning. On this

basis, material realisations from regulatory/supervisory developments and current business performance as well as other measures and matters that impact the capital parameters are taken into account.

The economic perspective complements the normative consideration of capital adequacy. This enables a consideration of capital adequacy which reflects the economic value of the Bank at a specific time, and this value is set against all risks which are material to the Bank and are measured based on a sufficiently conservatively quantified confidence level of 99.9% and a holding period of one year, regardless of regulatory requirements. We quantify the risks without taking diversification effects between the risk types into account. We only consider diversification effects within risk types, and we only do that when they are sufficiently proven to be stable.

The internal capital considered in the economic perspective encompasses parts of the common equity tier 1 capital, hidden reserves and burdens from the Bank's assets as well as further economic measures of value that are available to it to compensate for future losses.

The capital adequacy calculation results in the economic capital ratio. This is the ratio of internal capital to the measured economic risks.

In addition to the graduated monitoring limits for the regulatory capital ratios and the economic capital ratio, the Board of Directors decides on a normative and an economic Bank-wide limit that are both spread across the exposure classes of risk-weighted assets (normative) and material risk types (economic) in the form of threshold value criteria.

Stress test framework

In addition to the basic scenario, the ICAAP includes various quarterly scenario calculations in which we consider the effects of unusual but plausible developments.

Five adverse scenarios are considered as part of the normative scenario:

- The “economic crisis” adverse scenario is based on the macroeconomic premises of the ECB stress test and looks at the effects of a multi-year economic crisis, under consideration of the individual risk profile of the Bank.
- The “business model crisis” adverse scenario maps out unexpected developments in the core markets resulting from the business model of the Bank.
- The “strategy crisis” adverse scenario addresses potential risks in connection with the Bank’s strategic focus.
- The “flooding” adverse scenario assumes a sudden and widespread flooding event in Germany, based on the ECB’s climate stress test from 2022.
- The “disordered transition to a low-carbon society” adverse scenario looks at climate-related transition risks when political measures are introduced too late.

In 2024, a new climate scenario was added to the economic perspective, in addition to the three existing Bank-wide stress tests:

- In the “health care market crisis” stress scenario, potential structural changes to the German health care market and the resulting impacts on apoBank’s business model are considered.
- In the “financial market crisis” stress scenario, a model is set up of serious distortions on the financial markets with far-reaching implications for the real economy, based on observations made during the debt crisis in Europe as well as the financial market crisis of 2008 and 2009.

- The “crisis of confidence” stress scenario considers both the impact of extensive reputational damage and a subsequent loss of stakeholder confidence in apoBank as well as the effects of significant losses in value on the real estate market.
- The new climate scenario “climate stress – flooding” illustrates the impact of a sudden and widespread flooding event in Germany on the Bank’s economic capital ratio.

In addition to the established scenarios described above, the Bank addresses current changes in internal and external conditions and uses quarterly reviews and fine-tuning of the assumptions of the existing scenarios to consider the resulting potential risks. Ad hoc scenario calculations are used as required.

apoBank also carries out reverse stress tests in both perspectives of the ICAAP at least annually. These analyse under which circumstances apoBank’s business model would either no longer be economically viable or only to a limited degree.

Non-viability or limited (future) viability of the business model occurs in the normative capital perspective if the regulatory and supervisory capital requirements are no longer fulfilled, or are fulfilled to a limited extent only.

In the economic capital perspective, non-viability of the business model occurs if the minimum requirement of the economic capital ratio is no longer fulfilled.

In addition to the effects of individual events, the reverse stress tests also analyse combinations of potential risk factors. These are critically examined with regard to possible sensitivities in the risk profile of the Bank.

Internal Liquidity Adequacy Assessment Process including stress test framework

Internal Liquidity Adequacy Assessment Process

The Internal Liquidity Adequacy Assessment Process (ILAAP) that apoBank uses to assess its own liquidity is designed based on the ILAAP guidelines of the ECB. We understand the term liquidity adequacy to mean that sufficient liquidity reserves are available to cover the risks from existing and future payment obligations. Management of liquidity adequacy is an integral part of company control at apoBank and is considered from normative and economic perspectives.

The normative perspective takes account of the rules of the European Capital Requirements Regulation (CRR) and the national specifications of the Capital Requirements Directive (CRD), the main focus here being on the liquidity ratios LCR (liquidity coverage ratio) and NSFR (net stable funding ratio). These provide information as to whether the minimum requirements under supervisory law are fulfilled, both from a current-state perspective as well as in future scenarios.

The LCR specifications determine apoBank's liquidity stock. This is why we monitor the actual key figure daily and forecast the future LCR. We calculate the NSFR on a quarterly basis to ensure that minimum and internal requirements are fulfilled here, too.

Economic liquidity management is based on the ongoing analysis and juxtaposition of all cash inflows and outflows in a liquidity gap analysis, which is prepared for the following twelve months on a rolling basis. In addition, changes in liquidity are also monitored on an intraday basis in order to swiftly identify unplanned liquidity events and counter the risk of unplanned liquidity outflows.

Furthermore, we monitor longer-term liquidity management using a refinancing analysis. Here, the annual refinancing gaps are set against the liquidity stock of the Bank over a period of up to ten years.

Stress test framework

The liquidity gap analysis shows the future development of liquidity in different scenarios. These take account of the business planning specifications in the expected basic scenario and the overarching assumptions of the adverse scenarios, as well as the macroeconomic and institute-specific Bank-wide stress tests, in line with the ICAAP scenarios. In addition, in order to account for the regulatory requirements, a combined Bank-wide stress test is carried out daily in the economic perspective.

For all scenarios it is required that sufficient liquidity stock be available to cover the liquidity outflows. Here, the risk appetite of apoBank is rendered both by the survival period defined in the limit system, which reflects the time horizon until all liquidity reserves have outflowed in a stress event, and by the stress parameters applied.

The liquidity stock consists of liquid securities, cash reserves and overnight deposits with banks and the ECB. The level of liquidity stock required is determined by scenario analyses, and also takes fulfilment of all requirements relating to pledges into account.

In addition, apoBank carries out reverse stress tests at least once a year in the normative and the economic perspective of the ILAAP to analyse events which would lead to the Bank's business model no longer being viable.

Non-viability of the business model occurs in the normative perspective if the regulatory liquidity requirements (LCR and NSFR) are no longer fulfilled.

In the economic perspective, the viability limit is reached if the internal warning threshold of the parameter “survival period under stress” is not reached.

In the reverse stress tests, in addition to the effects of individual events, combinations of risk factors are also analysed and critically reflected upon with a view to potential sensitivities in the Bank’s risk profile.

Risk-specific sub-strategies

Credit risk

In credit risk management, the Bank distinguishes between the business areas of Retail Clients, Corporate Clients, Professional Associations, as well as Treasury. The unexpected loss (UEL) for credit risks as recognised in the capital adequacy calculation is determined based on portfolio data and taking into account concentration effects, and is limited at a Bank-wide level.

In addition, in the case of credit risk the volume is limited and monitored at individual borrower level and also at portfolio level, depending on the extent of control needed. Here, both individual risk and material risks from group exposures attributable to these customers or the risk group are taken into account.

apoBank uses a system of country limits to monitor the regional distribution of credit exposure at overall portfolio level. The risks are limited depending on fundamental country-specific macroeconomic data, the current credit-worthiness of the respective country and apoBank’s equity situation.

Credit risk is measured based on sophisticated internal and external rating systems, the results of which are rendered comparable using a master scale. The quality of the internal rating systems is constantly monitored and is improved if required. The IRB rating procedures are validated at least once a year.

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

To reduce the counterparty risk from derivative transactions, master netting agreements (offsetting of opposite positions) are concluded and apply across products. In addition, apoBank uses collateral management for derivatives.

Retail Clients business area

The Retail Clients business area primarily consists of loans to health care professionals, cooperations in outpatient care and smaller companies in the health care sector if these companies’ risks can be assigned to health care professionals.

To manage this business area, apoBank uses apoRate, a rating procedure which has been specially developed in-house and tailored to its customers, in addition to customer-specific economic analyses. On this basis and combined with our expertise in the health care professions sector, which we have established over many decades, these tools are suitable risk and early warning indicators. They are the basis for early detection of potential payment disruptions.

Standardised processes of intensive loan management and problem loan management are applied when dealing with customers in this business area. If the detected risk factors have an identifiable impact on the customers’ creditworthiness, these customers are subject to a process of intensive loan management with the objective of quickly transferring them back to standard loan management.

In problem loan management, we work on a case-by-case basis with our customers to develop an action plan to resolve liquidity or earnings problems. The customers are looked after by special customer service teams in the back office. Their task is to support the customers during the recovery phase or – if a recovery is not possible – to pursue the termination of the commitment.

An analysis is performed on all customers who are transferred to problem loan management to determine whether risk provisioning is necessary. If risk provisioning is carried out, the level is, in principle, determined automatically by the system and for each customer individually based on the debt they are capable of taking on. If no capacity for debt is identified or if it is unlikely that the loan can be repaid, the unsecured portion is generally used for risk provisioning. The same applies when the information on income or asset status as influencing factors has not been recently updated and therefore does not provide a legitimate basis for calculation. The Problem Loan and Receivables Management department at headquarters supports the problem loan management teams and the branches in asserting apoBank's claims against debtors in arrears.

Corporate Clients and Professional Associations business areas

apoBank allocates loans it makes to institutional health care organisations, larger care structures, health care companies and other institutional clients to these business areas. Sophisticated rating models are used in both business areas.

Commitments to institutional organisations in the health care sector concern loans to legal entities of public law – mainly to professional organisations and associations of the health care professions. These professional organisations and associations are evaluated using Rating öR – a rating model designed by apoBank. Due to the special

characteristics of these customers, the rating procedure focuses on the body responsible for the respective entity in addition to qualitative aspects.

Health care company loans are primarily granted to enterprises in the area of inpatient and outpatient health care, to manufacturers and retailers of pharmaceutical, dental or medical products as well as to private clearing centres in the medical sector. The Corporates rating model offered by CredaRate GmbH is applied to assess the risks of those companies.

apoBank uses CredaRate GmbH's Commercial Real Estate rating model for commercial real estate financing exposures in the medical sector. The model evaluates relevant corporation-specific and real estate-specific risk factors to accurately assess the borrower's credit-worthiness.

apoBank has an established process for early identification of risks, by which the economic circumstances of the customers of these business areas are regularly analysed, and are monitored using risk and early warning indicators. As is the case in the Retail Clients business area, the transfer into intensive support and problem loan management takes place as soon as risk and early warning indicators point to a deterioration in financial conditions. All customers who are transferred to problem loan management are captured in the risk provisioning application in the core banking system.

Treasury business area

apoBank invests funds in the money and capital markets mainly to manage its liquidity and balance sheet structure. These investments as well as derivative transactions are combined in the financial instruments portfolio. In addition to classical securities and money market instruments for liquidity management, this portfolio also includes derivatives to manage the Bank's interest rate risk. The issuers and counterparties of the financial instruments portfolio are almost exclusively allocatable to the central governments and banks exposure classes. Accordingly, it is primarily external ratings and the VR bank rating of DZ BANK that we use to assess creditworthiness. apoBank also uses various early-risk detection tools and processes, which monitor the bid-ask spreads in our securities positions and the external ratings of our issuers and counterparties. Customised escalation processes are triggered if defined spread widening or adverse changes are identified.

Market risk

Market risk control at apoBank is based on a sophisticated system of risk measurement and control. apoBank's market risk primarily lies in its interest rate risk and in the credit spread risk that results from changes in the credit spreads in the Treasury business area, as well as in market fluctuations in equity positions that mostly result from shareholdings.

Currency risks are hedged to the greatest extent possible. apoBank is not subject to any specific material foreign currency risk. Its business and risk strategy does not allow for active trading of securities, for example, to exploit short-term fluctuation in prices.

To reduce market risk and hedge its transactions, apoBank regularly employs interest and currency derivatives both at the level of individual transactions (micro hedges) and at Bank-wide level (strategic interest rate risk management). In addition, portfolio hedges cover the risks of multiple underlying transactions of the same type via one or more hedging instruments. Furthermore, interest rate derivatives are concluded at Bank-wide level as part of strategic interest rate risk management to align the interest cash flow with a strategic benchmark.

Interest rate risk

Strategic interest rate risk management is based on an integrated management approach which includes both periodic and present-value parameters. Our objective here is to achieve a moderate interest rate risk position at Bank-wide level and thus to continuously develop net interest income. The level of the interest rate risk position is determined using extensive interest rate simulations across multiple budget years. This is how both the impact on the Bank's future net interest income and the associated present-value risks are determined. Here, the interest rate risk position, which results primarily from the Bank's customer business, is managed on a long-term basis using derivative management instruments.

The key component in determining the present-value risk is the value-at-risk (historic simulation), which is calculated based on a large number of possible interest rate scenarios over a long period of time. In combination with the risk appetite limit derived based on economic capital adequacy, this control parameter results in our interest rate risk position.

Another key tool for monitoring the present-value interest rate risk is the supervisory outlier test on economic value of equity (SOT EVE). It provides information on the relationship between the loss of present value of the banking book in the event of an interest rate shock and the Bank's core capital.

The periodic interest rate risk is monitored using interest rate simulations that quantify the effects of adverse interest rate developments on the net interest income of the Bank. Here, precisely defined early-warning limits allow for prompt counteraction to be taken if necessary. A further key monitoring tool is the supervisory outlier test on net interest income (SOT NII).

Credit spread risk of financial instruments

We also carry out a value-at-risk calculation based on a historic simulation to measure the credit spread risk of the financial instruments. The parameters measured here are the credit spreads of the securities. We differentiate between operational and strategic control. As is the case with interest rate risk parameters, the risk contribution of the credit spread risk in strategic control is calculated based on a long history, which also includes the financial market crisis. By contrast, in operational control the focus is on the development of the credit spreads in the previous ten years and the risk is calculated based on a one-month time horizon.

The strategic credit spread and the present-value interest rate risk are determined within a joint model using diversification effects.

Value fluctuation risk in equity positions

Equity positions are generally taken to mean investments in shareholdings by the Bank. The value fluctuation risk for equity positions describes the risk of possible burdens on the Bank as a result of its equity positions if the market value of these positions should change. Risk is calculated on the basis of a proxy model in the

value-at-risk procedure, in which a historic simulation is used in the same way as when calculating other sub-risks as part of the market risk. The risk contribution of the equity position is added to the market risk.

Liquidity risk

In addition to taking account of regulatory requirements, the highest priority of liquidity risk management at apoBank is to guarantee the solvency of the Bank at all times.

Against this backdrop, apoBank has a liquidity stock that on the one hand covers all payment obligations (economic liquidity stock) and on the other hand fulfils the regulatory requirements (normative liquidity stock). The securities in the liquidity stock can be sold or used as collateral at any time. This way, apoBank ensures the highest possible fungibility of its assets, both in the event of a regulatory as well as an economic crisis, and thus secures its solvency. To determine the required volume of the liquidity reserves, we compare the effects of the economic stress scenarios on liquidity against the results of the LCR. The requisite with the highest liquidity outflows represents the bottleneck and determines the liquidity reserve that must be held.

Refinancing planning is linked to the business planning process and the specifications of the business and risk strategy. Material aspects of refinancing planning are maintaining an adequate maturity structure, as well as sufficient diversification of the sources of refinancing. An important refinancing source for apoBank is covered bonds (Pfandbriefe). In order to fulfil the statutory requirements set for issuers of covered bonds, the security of their recovery is monitored and controlled on a daily basis.

Suitable instruments are used to ensure that the specifications set out in the risk appetite framework are fulfilled at all times. These include a consistent limit system for the LCR, the NSFR, the survival period under stress, as well as minimum limits for the maximum long-term refinancing gap.

Our liquidity contingency plan, which is revised annually, ensures a fast and coordinated response to possible crisis events.

The costs of the liquidity stock to be held by apoBank are to be borne by the business areas where the costs originate. To assign the liquidity risks and costs according to their source and offset them, apoBank uses an internal liquidity price allocation system.

Business risk

Business risk encompasses margin risk and other business risk.

Margin risk includes the interest-dependent risk of a present-value loss of the margins in the banking book. It is quantified using a value-at-risk approach based on a historic simulation. It is calculated on the basis of a large number of possible interest scenarios over a long period of time.

As part of other business risk, administrative cost and commission risk measures the risk of present-value changes in actual administrative costs and commissions using a value-at-risk approach (variance-covariance method) on the basis of historic budget deviations.

Business risks are constantly monitored and controlled using defined cost management processes. Business risks cannot be hedged by using market-tradable tools, for example.

Operational risk

The starting point for controlling operational risk is the identification of potential operational risks by the local risk managers, based on a self-assessment. They are also responsible for developing, implementing and monitoring measures to control all material operational risks identified.

The results of the self-assessment are checked for plausibility, compiled, analysed and presented to the Board of Directors. The key data on the loss events arising from operational risks are recorded in the central risk event database.

The effects of insurable risks are alleviated by obtaining the relevant insurance coverage if economically reasonable.

Unexpected losses (UEL) from operational risks in the economic capital adequacy calculation are measured based on the regulatory standard approach plus a risk buffer for reputation risks.

Concentrations

The Bank differentiates between risk, earnings, capital and demography concentrations.

We analyse and monitor risk concentrations both within the material risk types (intra-risk concentrations) and between the material risk types (inter-risk concentrations). To identify and monitor earnings concentrations, we analyse the earnings structure of the Bank and its development with regard to different dimensions, for example business areas or product types. To determine capital concentrations, the individual components of capital are examined. We analyse demography-related concentrations with reference to age structure, in particular that of members, customers and employees.

Risk reporting

apoBank has a standardised reporting system in place that covers both developments in the material risks and cross-sectional risks of the Bank and in the business areas. It is the basis for detailed analyses of the risk position of the Bank, for deriving and evaluating alternative actions as well as for deciding on risk control and limitation measures.

The Bank's risk management report is a key component of risk reporting. It serves to inform the Board of Directors about the ICAAP and ILAAP results, including developments in the material risk types and cross-sectional risks. It also reports in detail about ESG risks and developments in the Bank's business areas. Further addressees of the risk report are the Supervisory Board of the Bank as well as the Joint Supervisory Team of the banking supervision authority. In addition to the risk report, the ILAAP results are reported to the Board of Directors once a month.

Issues within the financial instruments portfolio that are relevant for early warning are reported on an ad hoc basis to a specific group of recipients.

As monitoring bodies, the Supervisory Board and its Loan and Risk Committee are informed regularly about the current economic situation and risk position of the Bank as well as about risk control and limitation measures. The Loan and Risk Committee advises on the granting of certain loans and also discusses material investment decisions, the sale and purchase of properties as well as new investments and divestments. The committee held a total of one extraordinary and four ordinary meetings in the 2024 financial year.

Organisation of risk management

Organisational principles

The risk management system at apoBank is organised according to the Three Lines of Defence model and ensures that risks are identified, evaluated, controlled and monitored. In this process, the front-office/sales functions at all hierarchy levels are kept functionally and organisationally separate from the back-office/risk management and risk control functions in order to avoid conflicts of interest and maintain objectivity. The principle of dual control is applied up to the level of the Board of Directors to enhance the reliability of decision-making and processes.

The entire Board of Directors is responsible for the risk inventory, the business and risk strategy, as well as the proper organisation and design of risk management. It is also responsible for the adequate design of the internal capital and liquidity adequacy process, including limiting risk appetite with regard to the capital and liquidity position. In the case of new products or markets, it approves the launch plan and the start of ongoing business activities.

Together, the front-office, back-office and other functions, especially those that ensure the Bank's infrastructure is functioning, make up the first line of defence. These are responsible for operational management. They monitor business operations on an ongoing basis and contribute by means of their original (control) tasks to recognising, evaluating and reducing risks. In addition, the back-office monitors credit risk in the customer, financial instruments and shareholdings portfolios at the levels of individual borrower, issuer and counterparty.

The risk control function is responsible for the methods and models used to identify, measure and limit risks, as well as for compliance with further requirements, independent monitoring and risk reporting. Within the financial risk control department, which carries out the risk control function in collaboration with the non-financial risk control department, there is an independent validation function to ensure that the procedures and models used are of high quality and validity. Together with the compliance functions, the risk control function constitutes the second line of defence.

The internal auditing function is a material component of the Bank's independent monitoring system and constitutes the third line of defence. It checks downstream whether requirements and the agreed regulations and controls with respect to the processes established by the risk control and compliance function are being complied with.

Before any material changes are made to the organisational structure and processes or to the IT systems, the units responsible for organisation and IT at the Bank ensure that defined guidelines are used in order to make certain that the impact of planned changes is analysed both with regard to the organisation as well as the control procedures and level of intensity of control.

Recovery governance and resolution plan

Pursuant to the legal and regulatory requirements of the Recovery and Liquidation Act (Sanierungs- und Abwicklungsgesetz, SAG) as well as the Minimum Requirements for the Design of Recovery Plans (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen, MaSanV), the Bank has a recovery plan in place that was further refined according to a regular schedule in the year under review, as well as corresponding governance.

As a Single Supervisory Mechanism Institute (SSM institute) supervised directly by the ECB, apoBank is subject to liquidation monitoring by the European authority for liquidation, the Single Resolution Board (SRB), to which we supplied the necessary information during the year under review.

Accounting management and control

The Bank has its own internal control system for financial accounting. This consists of principles, procedures and measures that serve to ensure the effectiveness, efficiency and correctness of accounting and compliance with the relevant legal regulations. The internal control system for financial accounting ensures that business matters are recorded, processed and recognised properly and entered into the accounts correctly. Internal Auditing monitors the correctness and functional reliability of the processes and systems irrespective of the process applied, and in particular evaluates the effectiveness and appropriateness of the internal control system for financial accounting.

Details on changes in the risk position in 2024

Overall capital situation

Both in the normative perspective and in the economic perspective, the capital ratios were above the respective target ratios on each risk reporting date and were thus also above the regulatory capital recommendations and minimum requirements. The Bank-wide limits set by the Board of Directors were complied with at all times in the course of the year, only some individual threshold value criteria were temporarily exceeded.

Capital situation – normative perspective

In 2024, apoBank's capital ratios were above the respective capital requirements and recommendations as well as above the internal target ratios both on each reporting date and in the rolling three-year capital forecast carried out on the same date.

Both the common equity tier 1 capital ratio and the total capital ratio increased as at 31 December 2024 compared to the previous year. As at the balance sheet date, apoBank's total capital ratio pursuant to the CRR amounted to 18.3% (31 December 2023: 18.0%) and the common equity tier 1 capital ratio was at 17.1% (31 December 2023: 16.7%). The tier 1 capital ratio is identical to the common equity tier 1 capital ratio as apoBank did not issue any additional tier 1 capital.

The Bank rates its capital situation as good overall, since the respective target ratios were exceeded in all capital categories, both as at the reporting date and in the capital forecast.

ICAAP – normative perspective

	€m	Total capital ratio
as at 31 December 2024		%
Regulatory capital	2,971.2	
Risk-weighted assets (RWA)	16,251.0	18.3

	Actual risk	Utilisation of threshold value criteria ¹
Risk-weighted assets	€m	%
Retail business	8,951.4	95.2
Corporates	3,668.4	91.7
Institutes	946.5	86.0
Other RWA ²	2,684.8	89.5

1) In the normative perspective, the threshold value criteria are used as an internal tool to monitor the development in the risk-weighted assets.

2) RWA for credit risk positions in relation to sovereign states, as well as for operational risk, market risk positions, credit value adjustments (CVA) and settlement risk.

As at 31 December 2024, regulatory capital totalled €2,971 million, an increase on the previous year's figure (31 December 2023: €2,857 million). Here, common equity tier 1 capital rose to €2,778 million (31 December 2023: €2,661 million), while at the same time tier 2 capital declined to €194 million (31 December 2023: €196 million).

The increase in common equity tier 1 capital was the result of higher eligible members' capital contributions, which rose to €1,246 million (31 December 2023: €1,217 million), allocations to the fund for general bank risks and to the revenue reserves from the 2023 annual result, as well as the half-year result already allocated as at 30 June 2024. This contrasted with a rise in capital deduction items.

Risk-weighted assets amounted to €16,251 million as at 31 December 2024 (31 December 2023: €15,895 million). The utilisation rate of the normative Bank-wide limit of €17,500 million was 92.9% as at 31 December 2024.

The moderate increase in risk-weighted assets is mainly the result of higher risk weightings overall in the institutional exposure class and the calculation basis for operational risks. The changes in customer business in the retail and corporates exposure classes largely cancel each other out.

The leverage ratio amounted to 5.3%; it was thus above the regulatory minimum requirement of 3.0%, and above the previous year's level (31 December 2023: 5.2%). There was a slight increase in tier 1 capital and a marginal rise in leverage rate exposure.

Capital situation – economic perspective

To determine the economic capital situation, apoBank applies a method that focuses on the economic value of the Bank, i.e. on the market and present values of the individual assets.

In the economic perspective of the ICAAP, the internal minimum ratio was exceeded on all reporting dates last year.

The economic capital ratio, which represents the relation between the risk cover potential and the economic risks, was at a comfortable 222.2% as at 31 December 2024 (31 December 2023: 249.3%).

As at the reporting date, the risk cover potential amounted to €4,774 million. It was thus higher than at the end of 2023 (31 December 2023: €4,483 million). This increase is due in particular to the higher hidden reserves from the banking book items.

ICAAP – economic perspective

	€m	Economic capital ratio %
as at 31 December 2024		
Risk cover potential	4,773.8	
Bank-wide risk position	2,148.7	222.2

	Actual risk €m	Utilisation of threshold value criteria ¹ %
Material risks		
Credit risk	796.4	93.7
Market risk	507.3	70.5
Liquidity risk	0.0	0.0
Business risk	690.7	93.3
Operational risk	154.4	96.5

1) In the economic perspective, the threshold value criteria are used as an internal tool to monitor the development in the material risks.

The utilisation rate of the economic Bank-wide limit of €2,490 million was 86.3% as at 31 December 2024 (31 December 2023: €2,310 million, 77.8%). This change is primarily due to the increased market risk.

The rating system of apoBank

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

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

Credit risk

The UEL from credit risks faced by apoBank was €796 million as at the end of December 2024 (31 December 2023: €771 million). The threshold

value criterion derived from the Bank-wide economic capital adequacy calculation limit for credit risk was complied with on all reporting dates.

The key developments in credit risks for the individual business areas of the Bank are presented below.

Retail Clients business area

In the Retail Clients business area, drawdowns dropped last year to €30.1 billion (31 December 2023: €30.6 billion).

The rating structure shows a rating distribution with an emphasis on good and average rating classes, which is typical of this customer group. The rating coverage is 100%. This business area is highly diversified: With around 233,000 borrowers, the largest individual risk accounts for only around 0.1 % of the total drawdowns.

After offsetting new and no longer necessary precautionary measures, value adjustments to the amount of €73.4 million were made in the last financial year (31 December 2023: €29.4 million). Thus the value adjustments in this business area were significantly higher than the modelled budgeted figure. The excess of budget can be attributed mainly to one-off instances in the pharmacies customer segment.

Professional Associations and Corporate Clients business areas

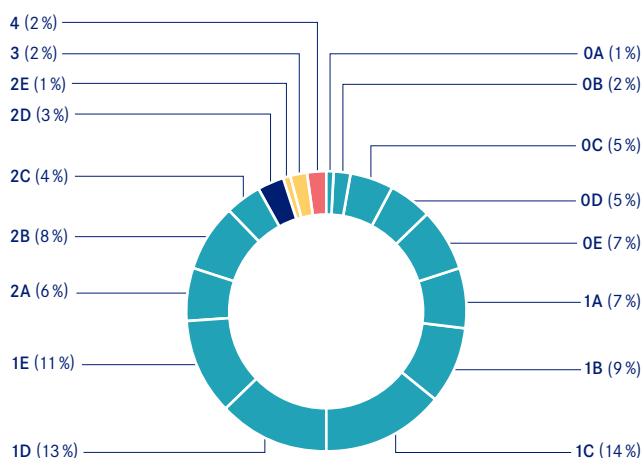
Drawdowns in the Professional Associations and Corporate Clients business areas decreased to €5.4 billion as at 31 December 2024 (31 December 2023: €5.5 billion). The rating distribution of these business areas is balanced, and the rating coverage is complete. With around 1,200 borrowers, the largest individual risk has a share of 5.3% of the total drawdowns in this portfolio.

After offsetting new and no longer necessary precautionary measures, value adjustments to the amount of €1.3 million were made in these business areas in the last financial year (31 December 2023: €36.8 million). Thus the value adjustments in these business areas were significantly lower than the modelled budgeted figure.

Rating class distribution in the retail clients portfolio

Volume distribution based on drawdowns

Total of €30,108 million¹

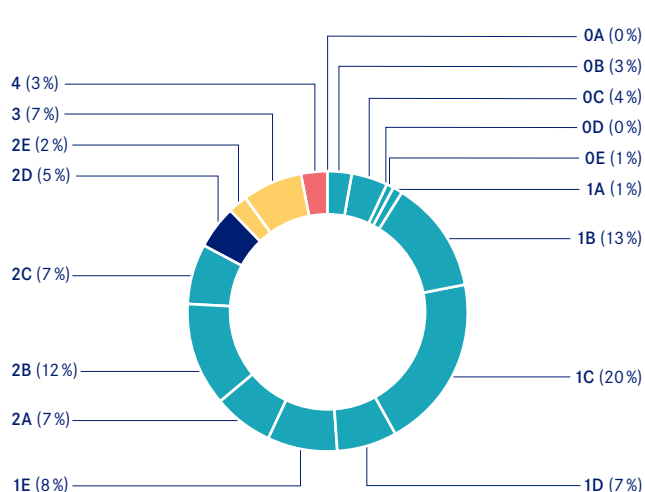


¹) Percentages rounded.

Rating class distribution in the Professional Associations and Corporate Clients business areas

Volume distribution based on drawdowns

Total of €5,418 million¹



¹) Percentages rounded.

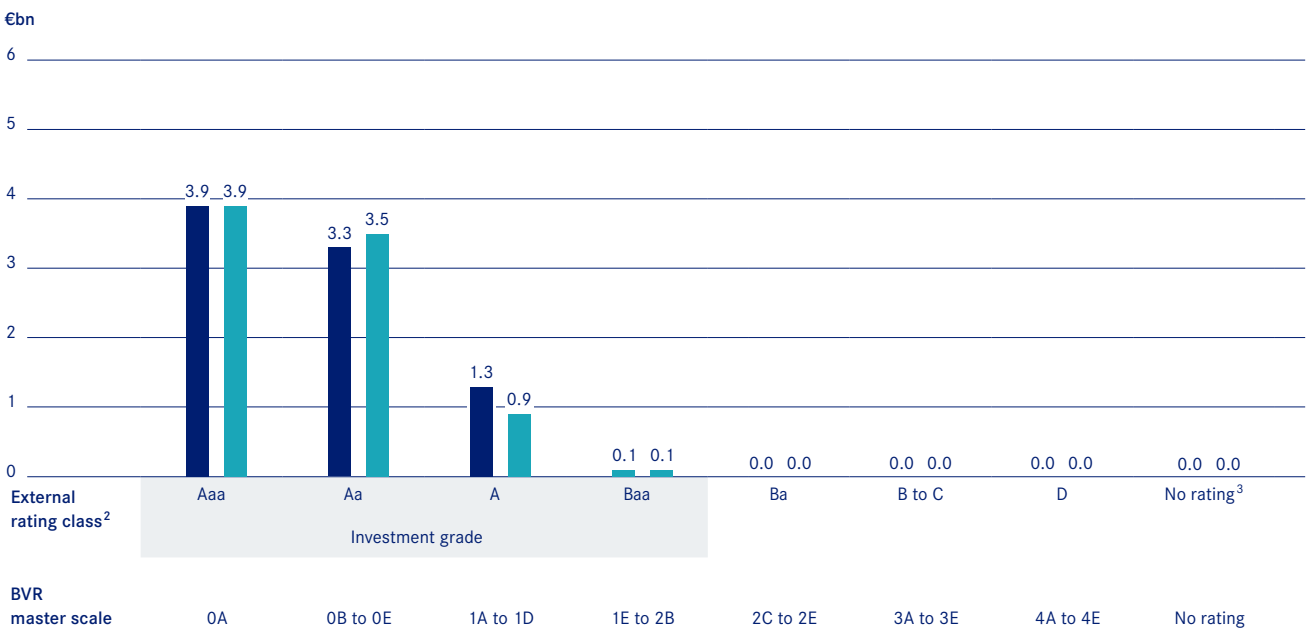
Treasury business area

The risk volume of the financial instruments portfolio managed by the Treasury business area amounted to €8.7 billion on the reporting date (31 December 2023: €8.4 billion). This increase results from higher holdings of money market products and commercial paper. By contrast, securities holdings in the liquidity management portfolio and in the special funds held by the Bank were marginally lower than in the previous year.

The risk volume of the derivatives declined to €31.4 million (31 December 2023: €48.0 million). apoBank uses derivatives primarily to hedge against interest rate risks stemming from the customer business. As at the balance sheet date, the nominal volume amounted to €24.8 billion (31 December 2023: €27.0 billion).

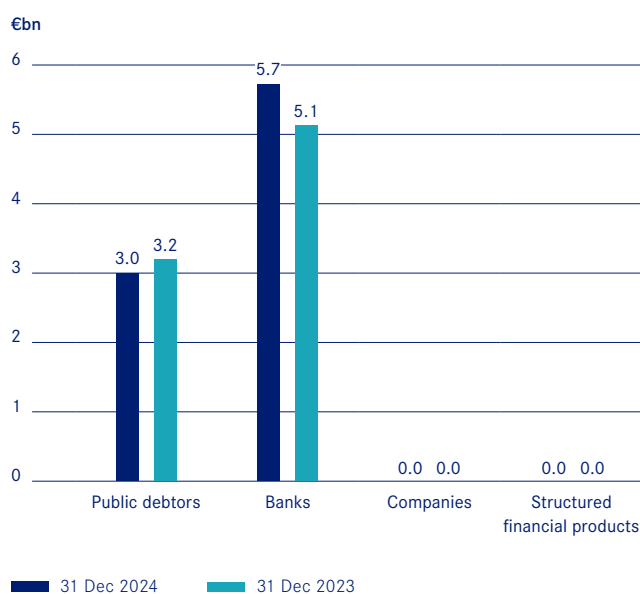
As at 31 December 2024, over 99 % of the financial instruments portfolio was rated in the investment grade range. After offsetting, we released a risk provision amounting to €1.0 million as at the reporting date (31 December 2023: a risk provision of €4.9 million was made). We had expected value adjustments of €3 to €4 million.

Total exposure of financial instruments portfolio by rating class¹



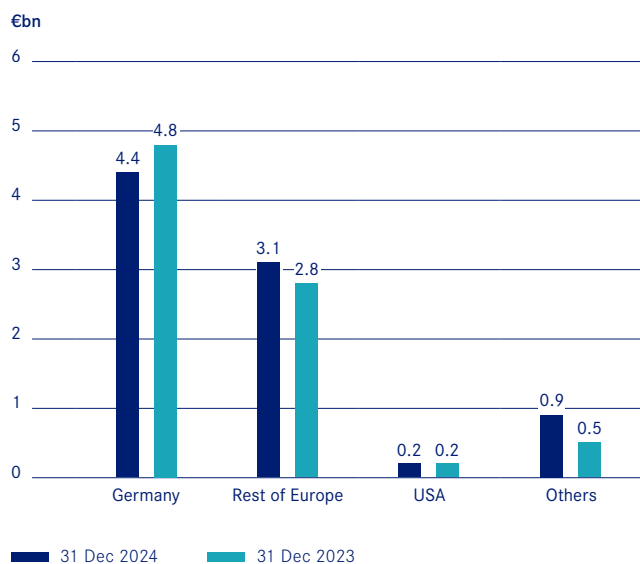
1) Total exposure is generally the book value (loan drawdowns or credit equivalent amount). The exposure for the INKA funds is determined by looking at the underlying assets; the exposure is accounted for on a cost value basis.
 2) The letter ratings shown here comprise all rating classes of the respective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

Total exposure of financial instruments portfolio by sector¹



1) Deviations possible due to rounding differences.

Total exposure of financial instruments portfolio by country¹



1) Deviations possible due to rounding differences.

Shareholdings business area

The book values of the shareholdings were stable as at the balance sheet date at €0.2 billion (31 December 2023: €0.2 billion).

After offsetting, the shareholdings portfolio achieved a positive result of €12.4 million (31 December 2023: release of €7.0 million) as at the balance sheet date. This was primarily due to the revenue from the sale of our shareholding in aik Immobilien-Investmentgesellschaft mbH. No write-ups or write-downs had been planned.

Market risk

The UEL from market risks faced by apoBank amounted to €507 million as at 31 December 2024 (31 December 2023: €241 million). This increase is mainly due to the fact that we raised the maturity transformation in line with strategy to hedge against a potential future phase of low interest as well as to the equity position risk introduced in December 2024.

The threshold value criterion derived from the Bank-wide economic capital adequacy calculation limit for market risk was complied with on all reporting dates.

The results of the present-value and periodic regulatory stress calculations, which are carried out monthly, confirm a moderate interest rate risk at Bank-wide level. apoBank remained within the regulatory reporting limits of 15% (SOT EVE) and 5% (SOT NII) of tier 1 capital throughout 2024. As at 31 December 2024, SOT EVE was at 10.9% (31 December 2023: 6.0%), and SOT NII, calculated for the first time in 2024, was 3.2%.

Present-value and periodic interest rate risks

Supervisory shock scenarios	Change in economic value of equity		Change in net interest income	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	€m	€m	€m	€m
Parallel shift upwards (parallel + 200 bp)	- 302	- 160	+ 48	-
Parallel shift downwards (parallel - 200 bp)	+ 363	+ 183	- 89	-
Steepening (short - 162,5 bp, long + 90 bp)	- 64	- 33	-	-
Flattening (short + 200 bp, long - 60 bp)	+ 17	+ 6	-	-
Short-term shock upwards (short + 250 bp)	- 77	- 42	-	-
Short-term shock downwards (short - 250 bp)	+ 83	+ 46	-	-
		SOT EVE		SOT NII
Risk in % of tier 1 capital	10.9 %	6.0 %	3.2 %	-

When calculating the interest rate risks in the banking book, apoBank makes modelling assumptions for certain items of the customer business in order to determine the cash flows based on fixed-interest periods. In the assets business, this affects in particular the drawing behaviour of customers with open credit lines, contractually agreed special redemption payments and statutory loan termination rights. For open credit lines and contractually agreed special redemption payments, we adjust the cash flows based on historical data. Statutory loan termination rights are modelled based on option models.

In the liabilities business, we model the cash flows for customer balances without a specific interest rate adjustment date. Here, moving averages are used to generate cash flows based on fixed-interest periods for basic amounts that are derived from historical data.

Liquidity risk

The UEL from refinancing risk faced by apoBank was €0 million as at 31 December 2024 (31 December 2023: €0 million) as there were no refinancing gaps that needed to be evaluated within the risk horizon. The threshold value criterion derived from the Bank-wide economic capital adequacy calculation limit for the refinancing risk was thus complied with on all reporting dates.

Business risk

The UEL from apoBank's business risk was €691 million as at 31 December 2024 (31 December 2023: €644 million). The threshold value criterion derived from the Bank-wide economic capital adequacy calculation limit for the business risk was complied with on all reporting dates, except on 30 September 2024 when it was briefly exceeded by a small margin because of a change in interest rates.

Operational risk

The UEL from apoBank's operational risk amounted to €154 million as at 31 December 2024 (31 December 2023: €142 million). In addition to the risk contribution of €125 million for operational risks, this includes a reputation risk buffer of €29 million. The threshold value criterion derived from the Bank-wide economic capital adequacy calculation limit for the operational risk was complied with on all reporting dates.

Gross losses from operational risks increased significantly compared to the previous year on account of the demand for back taxes mentioned in the "Net assets, financial position and results" chapter.

Overall liquidity situation

Deposit inventories increased overall. The higher share of interest-bearing deposits is likely due to the attractive interest rates. As a result of this, the liquidity position further improved on its already high level. The liquidity situation was comfortable throughout the year under review.

Liquidity situation – normative perspective

As at 31 December 2024, apoBank's LCR was 262.6% (31 December 2023: 212.2%). The minimum requirement of 100% was met at all times in 2024. The LCR forecast also shows that the internal and external minimum limits for the observation periods defined will be complied with at all times.

The net stable funding ratio (NSFR), at 120.0% (31 December 2023: 124.5%), was above the minimum level of 100%.

Liquidity situation – economic perspective

The economic analyses centre around the liquidity gap analysis. Here, the expected development in liquidity is analysed in the basic scenario, and in addition it is limited in the combined stress scenario. In the 2024 reporting period, the limits of the liquidity gap analysis were complied with each day.

The Pfandbrief cover pool limits were also complied with each day throughout 2024.

Disclosure of risk management objectives and policies pursuant to Article 435 CRR

Risk management declaration pursuant to Article 435 para. 1 e) CRR

apoBank's risk management system is geared towards our individual risk profile and the implementation of our risk strategy.

The risk management system, including the controlling and monitoring methods, takes all of apoBank's material risks into account, including the Bank's (risk) concentrations. Our risk management system is designed to ensure compliance with the risk guidelines set out in the risk strategy for each of the business areas, in addition to identifying, evaluating, limiting and monitoring the material risks.

Our capital adequacy concept and our liquidity adequacy concept consider all risks that are material for these concepts; these are set against the respective capital items and liquidity reserves in the corresponding adequacy calculations. The two adequacy concepts thus help apoBank to secure its long-term existence, which is the highest priority in risk management. We therefore consider our risk management system to be appropriate and effective.

The risk management objectives and the management of risks are described both at a Bank-wide level and in terms of the material risk types in the risk management report. It gives a comprehensive overview of our risk management, and it shows in the context of our two adequacy concepts how apoBank's risk profile and risk tolerance interact.

Disclosure pursuant to Article 435 para. 2 a) to c) CRR

Number of executive and supervisory functions held by members of apoBank's executive and supervisory bodies

The members of the Board of Directors do not hold any further executive mandates apart from their tasks on the Board; however, they held five supervisory board mandates as at the reporting date. In addition to their membership on the Supervisory Board of apoBank, the members of the Supervisory Board hold four executive mandates and three supervisory board mandates. These figures were determined based on the application of the simplification provisions pursuant to Sections 25c para. 2 (3) et seqq. and 25d para. 3 (3) et seqq. KWG (German Banking Act).

Strategy for selection of members of apoBank's executive and supervisory bodies and their actual knowledge, expertise and professional experience

The members of the Board of Directors are selected by the Supervisory Board in compliance with the general law on equal treatment (Allgemeines Gleichbehandlungsgesetz) and on the basis of their professional qualifications. The shareholder representatives on the Supervisory Board are selected by the Annual General Meeting. The employee representatives on the Supervisory Board are selected by the employees. In both cases account is taken of the relevant legal requirements.

According to the legal requirements, the Supervisory Board must be configured such that its members collectively have the necessary knowledge, skills and professional experience to properly perform their duties. The management team must also collectively have an adequately broad spectrum of the knowledge, skills and experience necessary to understand the activities of the Bank. The strategy for selecting the members of the executive body was set down in the form of internal guidelines, and aims to ensure, maintain and further develop the individual and collective qualification of that body. One of the main ways the Supervisory Board achieved this is by preparing and approving role and competence profiles for the

Board of Directors and the Supervisory Board. These profiles lay out the personal and professional requirements for each board member as well as for the boards as a whole. A detailed evaluation of the members' professional suitability and a corresponding targeted consolidation of competencies are the subject of the regular suitability evaluation in accordance with the guidelines of the European Banking Authority (EBA), which can also be carried out on an as-needed basis. To ensure that future members of the Supervisory Board and Board of Directors fulfil the requirements placed on them to the greatest extent possible, the role profiles are to be used as essential tools when selecting members of these boards. The relevant documents can be made available to potential Supervisory Board members, the workforce and the Annual General Meeting before the election.

The principle of parity co-determination is followed at apoBank, i.e. its Supervisory Board consists of an equal number of employee and shareholder representatives. The employee representatives contribute to the committee work first and foremost their practical expertise and comprehensive experience of the internal processes of apoBank, based on their many years of experience in positions of responsibility within the Bank. On the shareholder side, the representatives of the health care professions hold or have held leading positions in major organisations in the health care sector (such as associations, chambers and pension funds), in finance or in auditing. They have extensive knowledge in leading large organisations and with respect to the capital market, risk management and accounting. They also have many years of experience from their service both on the Supervisory Board of apoBank and on committees of other companies. In addition, Supervisory Board members receive systematic training and targeted professional development on a regular or as-needed basis by both external and internal experts in specific bank management and legal issues.

The professional careers of the members of the Board of Directors are presented in detail on the apoBank website. Pursuant to Section 25c KWG, the executives of an institution must be professionally competent to manage it and be suitably reliable, and are required to dedicate a sufficient amount of time to their responsibilities. Professional competence generally implies that members of the Board of Directors have sufficient theoretical and practical knowledge in the relevant businesses, or that they expand their knowledge through training as needed in addition to having leadership experience. The responsible supervisory authority has confirmed this via its decisions on the professional competence and reliability of the members of the Board of Directors.

Diversity strategy for selecting members of apoBank's executive and supervisory bodies, targets and relevant objectives of the strategy as well as level of target achievement

Diversity is a material prerequisite for apoBank's successful management and future viability. Based on its diversity policy for the Board of Directors and the Supervisory Board, apoBank therefore considers diversity in education and professional background, gender and age in its selection of suitable candidates for the two boards.

When defining its diversity goals, apoBank draws upon relevant benchmark results, such as those published by the EBA. In its annual suitability evaluation, apoBank assesses and documents the fulfilment of its qualitative and quantitative goals. We state the targeted proportion of women on the Board of Directors and Supervisory Board in our external reporting as required by law.

Forecast Report

Overall economy and health care market

Outlook on global economy shows robust growth

We expect overall global economic conditions to remain favourable with regard to the international financial markets. The substantial rise in inflation rates seen in recent years continues to abate, enabling central banks in industrialised countries and emerging markets to further reduce their key interest rates. Labour markets have also largely returned to normal in recent years. For 2025, therefore, we expect solid global growth at a comparable level to last year. Once again, the US stands out positively. We consider the risk of recession there to be slim, and think that the greatest risk to growth would come from a global trade war initiated by US President Trump. Meanwhile, growth forecasts for the euro area remain sobering. The main barriers to growth are fiscal restraint on the part of national governments and the punitive tariffs threatened by the US government. We expect the German economy to be particularly impacted, since its greater dependence on industry and the export sector make it especially vulnerable to trade disputes.

Economic prospects for health care professionals

The controversial pharmacy reform plans were shelved when Germany's three-party coalition ended. As a minimum, that means the necessary adjustments to fees will be delayed, and it is unclear what importance the new German government will attach to supporting local pharmacies. On the positive side, the temporary increase in the mandatory discount pharmacies must grant to statutory health insurance on prescription drugs expired at the beginning of February 2025.

The 2025 fee agreement for doctors, involving an increase of 3.99%, is likely to lead to additional income in the area of statutory health insurance totalling €1.7

billion. This means a calculated increase in fees per licence for self-employed panel doctors and psychotherapists who work in outpatient care of about €11,900.

For dentists, the regulation of dental medical care centres financed by investors from outside the field will continue to be a main concern.

Medical care and health care companies in transition

For the hospital sector, the signs are pointing towards change, especially with regard to hospital reform. The minimum requirements of the reform could lead to distortions in regional care, which affect small and medium-sized hospital locations in particular. The nursing care sector is also facing many challenges. The 2025 nursing care reform eases the financial burden on care recipients and increases care benefits in order to cope with rising costs and the shortage of skilled labour. The shortage of nursing care places will remain, however. In addition, high operating costs and personnel shortages will impact many facilities, threatening their financial stability.

Digitalisation: Launch of the electronic patient record

In 2025, the focus in the area of digitalisation will be on the electronic patient record ("ePA"). Starting in mid-January, health insurance companies must make an ePA available to their insured clients unless the latter actively opt out. This approach should strongly increase the level of take-up.

According to the German Federal Ministry of Health, the ePA will be introduced in stages, beginning with the trial phase in the model regions from mid-January. When the ePA becomes universally used, networking and data sharing between service providers should improve and thus increase quality of care.

Business performance

The speed of change in the banking sector is likely to remain high. While interest rates are expected to further bolster the margins realised on customers' funds and thus have a positive effect on the earnings situation of many banks, this effect will clearly weaken now that the ECB has repeatedly reduced key interest rates. It thus remains important for banks to restrict their use of resources, keep their deposit businesses stable and plan their liquidity and capital with care.

In fiscal 2025, apoBank aims to complete most of its work on the strategic programme Agenda 2025 on schedule. One goal of the programme is to hone the Bank's business model and refocus on its core customer base. apoBank continues to pursue a strategy of selectively growing the business with members of the health care professions, their organisations as well as enterprises in the health care market. Our focus is on the financing needs of our customers in the health care professions, as well as on their assets and pension plans.

We consistently strive to optimise the Bank's structures and processes and improve our operating performance. We want to increase our earnings and limit our expenditure in order to become more profitable overall and to enhance our capital efficiency for the long term.

In addition to economic sustainability, questions of environmental and ethical sustainability are becoming increasingly important when it comes to generating value. After defining our sustainability strategy for 2030 and integrating it into our business and risk strategy in 2024, the task for 2025 will be to anchor and implement it in all areas of the company.

In 2025, we will continue to work on improving the applications for our customers and the new technical functionalities of our IT systems, the aim being to further increase customer satisfaction.

Positive outlook on fiscal 2025

For fiscal 2025, we expect the earnings situation to develop positively overall, as measured against profit before risk provisioning, although according to our plans it will remain below the previous year's performance. We will continue to focus on our core areas of expertise, i.e. business start-up financing and asset and pension planning for our retail clients, which we intend to expand further. Our priority here is still the mandated business. We also expect the construction financing business to continue to develop positively.

In the professional associations and corporate clients business, we aim for selective growth. Here, we concentrate more on enterprises in the health care market, hospitals, nursing care facilities and care structures.

A further area of focus is to offer additional specialised products for institutional investors that are grounded in our expertise in the health care market. The emphasis here is on independent advice based on a comprehensive range of solutions.

The balance sheet total is expected to remain at the 2024 level.

Earnings situation in 2025

We forecast that the key income statement items will develop as follows by the end of the year in comparison to 2024:

We expect net interest income to drop slightly.

In the commission-based business, we anticipate an increase in our customers' deposit volume in 2025. We therefore expect net commission income to rise markedly.

One-off effects from 2024 are expected to result in an increase in the balance of other operating income and expenditure to the positive mid-single-digit millions.

The trend in administrative expenses is characterised by project and investment costs, in particular for Agenda 2025, as well as the consequences of higher prices. Administrative expenses will rise slightly overall. Contributing to this are personnel expenses, which will increase slightly compared to 2024, as a consequence of higher salaries and employee numbers. Operating expenses including depreciation will also increase only slightly.

Taking the development of all income and expenditure into consideration, the cost-income ratio will turn out somewhat higher compared to the previous year, but will remain below 70%.

On balance, operating income for 2025 as a whole, i.e. profit before risk provisioning, is likely to decline markedly.

According to model-based figures, risk provisioning for the operating business will remain stable year on year.

For fiscal 2025, apoBank plans to allocate a mid-double-digit million-euro amount to its risk provisioning with reserve character, which is considerably more than in fiscal 2024 overall.

As tax expenditure will sink strongly once again, the net profit for 2025 will remain at the previous year's level.

Capital and liquidity situation

According to our internal forecasting, the common equity tier 1 capital ratio will be significantly higher at the end of fiscal 2025 than our early-warning threshold of 12.3%. The total capital ratio will be very clearly above our early-warning threshold of 16.0%. We will therefore comfortably comply with the external capital requirements and recommendations overall.

For fiscal 2025 we continue to expect a comfortable liquidity situation. A significant contributing factor is the existing deposit surplus. The forecast liquidity coverage ratio (LCR) shows that apoBank will clearly exceed the internal and external minimum limits for the defined forecast periods at all times. In addition to the aforementioned deposit surplus, the broadly diversified customer and investor base also has a material impact here.

After the finalisation of Basel IV and with the expected coming into force of the output floor rule, calculation of capital requirements is likely to become to a great extent standardised for apoBank and thus less risk-based. The new regulations put restrictions on capital relief from the application of our internal regulatory risk measuring models in particular. The finalised future specifications of the European Banking Package (CRR III/CRD VI) provide for a multi-year transition period beginning in 2025. The Bank has already implemented measures to buffer the increase in capital requirements induced by regulation and to fulfil the CRR III/CRD VI requirements based on a solid capital position.

Opportunities and risk report

Successfully providing advice to our customers and their satisfaction with their bank are the main prerequisites for continuing to consolidate and expand our market position. Actions taken under our Agenda 2025 are designed to make a material contribution to increasing the satisfaction of our customers – which is a key objective of apoBank. The consistent implementation of Agenda 2025, which stipulates a return to focusing on the needs of health care professionals and their organisations, is also expected to bolster our market position.

Overall economic conditions remain challenging. For example, global geopolitical uncertainties remain, with no solutions in sight. Then there are other challenges such as ageing populations in western industrialised countries and the structural transformation of economies, for example in China. Demographic change in Germany will also aggravate the existing shortage of skilled labour that companies are experiencing. Specifically, what this means for apoBank is that it must continue to improve its appeal as an employer. It is already developing HR strategies for this purpose.

Even beyond the middle of the decade, IMF estimates indicate only a low growth rate for the global economy. Due to the nature of apoBank's business model, however, this will still have only moderate consequences for our net assets, financial position and results, as well as for our risk situation. However, we cannot reliably predict how this will look in the future. In view of the overall economic conditions, it remains uncertain how interest rates will develop, and this could have a noticeable impact on our business results. It is therefore still unclear how the construction financing and deposit businesses will develop going forward, especially with regard to the future behaviour of customers and competitors.

The early Bundestag elections in February 2025 and the subsequent period until a new Federal Government has settled in with a new programme are another cause of uncertainty. As a result, the financial markets could experience increased volatility, new securities business with customers could be hampered, and customer deposits could drop. The more difficult market environment overall may lead to both retail clients and corporate and institutional customers of apoBank requiring more extensive advisory services with regard to investing their assets and to their financing wishes.

With Agenda 2025, the Bank is optimising its processes and structures, thus also reducing its costs in the long run. To complement its core expertise, i.e. offering financing to health care professionals, it will align its sales approach more with the assets business, and here in particular the mandated business, i.e. asset management. This could create opportunities for higher profitability in the future as well as improved capital and cost efficiency going forward. These strategic measures come with investment costs that will temporarily burden our income statement. Delays in implementing the cost reduction measures could lead to negative effects on the cost-income ratio in subsequent years.

The topic of sustainability is a strong focus in society, among policy makers and in industry, and is also continuously growing in importance for banks. Legislators see financial players in a key role in terms of financing the transformation towards a sustainable and, in particular, a climate-friendly economy. In this context, regulators and supervisory authorities are stepping up their requirements, especially in terms of dealing with climate and environmental risks. The supervisory authority calls for sufficient attention to be paid to this subject in banks' business strategies, risk management and disclosures. Ever more customers are also expecting to be offered an appealing range of products that consider sustainability criteria. Banks are also under increasing supervisory pressure from consumer protection organisations, non-governmental organisations and specialised sustainability rating agencies. All these aspects necessitate further adaptations to internal bank processes and control systems, in addition to considerable investments. Insufficient implementation of regulatory specifications and/or customer wishes could lead to a loss of reputation for the Bank.

Moreover, we expect that increasing statutory sustainability requirements will lead to our customers also requiring more extensive advisory services and financing. apoBank will systematically expand the application of the sustainability strategy that it revised in 2024 throughout its operations. It will also establish further objectives in addition to those already defined in 2024. On the one hand, it will make use of opportunities arising from the transformation towards increased sustainability, but on the other there could be risks to its reputation if stakeholders consider the Bank's actions to be insufficient.

Climate change also presents potential risks. These would be both physical risks to assets in the bank balance sheets as a direct consequence of climate change, as well as transition risks, i.e. potential financial consequences due to national economies having to adapt to climate change. In addition, new and more extensive regulatory requirements can increase transition risks. apoBank assesses the significance of the various risk drivers in the sustainability dimensions of environment, social and governance (ESG) for the Bank's material risk types on the basis of quantitative and/or qualitative analyses¹. Overall, material risk drivers in the E, S and G dimensions were identified for almost all of the Bank's material risk categories considered.

Opportunities and risks also arise from the ongoing digital transformation of the banking business, in connection with both banking processes and the resulting opportunities for future-proof business models. The internet and digital applications provide users with a vast supply of information, and in the process create transparency and opportunities to compare the prices, conditions and performance of bank products and services. In addition, users of digital applications online are accustomed to being able to carry out their transactions in real time and without complications. Customers also increasingly expect the same of banks. That also applies with increasing frequency to more sophisticated advisory services. This development exacerbates competition between banks and can, as a result, require increased investments by the banks in their IT systems. On the other hand, well designed digital banking services could generate new sales opportunities.

1) See also risk management report on page 38.

Technological innovations are emerging at a rapid pace as part of the digital transformation process. Using technologies such as Robotic Process Automation, banks can automate standardised, high-volume processes involving frequent repetition in particular. Powerful IT systems systematically analyse banks' customer data in line with privacy regulations, adding value for customers and also for the banks themselves in the form of smart data. For example, linking data with customer requirements can accurately identify customers who might have an interest in particular products and services (predictive analytics). This gives banks the opportunity to alert their customers to suitable products and services on a targeted basis and at the right time. On the downside, there is higher risk of data abuse.

Digital innovations break open banks' integrated value chain of distribution, production and infrastructure. The value chain is separated into different service components which are performed by different providers, without customers perceiving any break between the various parties involved. This also goes for the IT infrastructure or the outsourcing of data to a cloud operated by specialist providers, for example. Banks can thus reduce the degree of vertical integration in their value chain by outsourcing areas that are not relevant to their competitive position and focus on customer-adjacent activities and processes. On the one hand, this increases the chance of implementing more efficient processes, while on the other hand these developments require investments.

Lasting change to the banking business could result from advances in the use of artificial intelligence (AI). By using AI, banks can achieve significant efficiency improvements and cost savings, and can realise sales potentials along the entire value chain. Financial institutions currently use AI mainly to optimise their internal processes. Here too, there is a trade-off between the opportunities provided by new products and more efficient processes and the necessary investments leading to higher operating expenditure.

The developments described above intensify competition among banks and lead to growth in the number of new financial IT companies, known as FinTechs or BigTechs. Global internet companies such as Alibaba, Apple and Alphabet as well as comparison portals are able to establish themselves with their platforms as central customer interfaces in the banking business. Thanks to their direct customer access, their technological skills and their financial room for manoeuvre, they are potentially powerful competitors to banks and present the risk that traditional banks will lose market share. This means that these banks are in danger of losing their original customer access and being forced into the role of product suppliers. To avoid any competitive disadvantages as a result of these trends, banks are often forced to invest considerable amounts in digital transformation. This is all the more true with regard to AI. apoBank's Agenda 2025 includes initiatives and therefore opportunities aimed, among other things, at increasing the performance of apoBank's applications while meeting customers' expectations of a modern bank. This results in opportunities for the Bank.

In addition, growing IT-related risks and risks of cyberattack have become more significant for the entire economy, including for banks and their monitoring functions, thanks to the increasing digitalisation of processes and customer interfaces and continuing geopolitical uncertainties. Banks are therefore pressing ahead with efforts to make themselves more operationally resilient and reliably manage operational risks. The clear requirements of the supervisory authorities also contribute to this process. For example, the EU's Digital Operational Resilience Act (DORA) requires all participants in the financial system to have the necessary security precautions in place to curb cyberattacks and other information and communication technology risks. Data security, business continuity and data risk management are therefore growing in importance.

Health care market dominated by major challenges

The number of self-employed health care professionals is continuously declining. At the same time, new opportunities are emerging for practices, branches and cooperations. Outpatient and inpatient care are becoming more integrated. Constant progress is being made on utilising the benefits of digital transformation and leveraging artificial intelligence in medical research and care.

The three-party coalition government was not able to finish implementing key projects such as reforms to financing of health care and nursing care insurance as well as reforms to outpatient and emergency care. The new Federal Government faces the task of tackling the urgent need for reform in almost all areas of the health care system, ideally together with players such as the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung), the National Association of Statutory Health Insurance Dentists (Kassenzahnärztliche Bundesvereinigung), the German Hospital Federation (Deutsche Krankenhausgesellschaft) and the Federal Union of German Associations of Pharmacists (Bundesvereinigung Deutscher Apothekerverbände).

By expanding our advisory services for practices, we support and advise their owners intensively in their professional practice – from starting up their businesses to optimising their practices right through to transferring them to others. In addition, we cover the specific advisory and financing requirements of outpatient and inpatient medical care companies. The ongoing digital transformation, the further evolution of the health care system towards more sustainability as well as the continuing trend towards larger individual operations will provide impetus for further change in the health care market. One key challenge is to integrate digital applications in a way that will not result in higher complexity and thus an increased workload in day-to-day use in practices, but make them more efficient instead. This offers a major opportunity to make processes faster, simplify workflows and ultimately stand out from the competition as a result. At the same time, the increasing size of operations brings both opportunities and risks: Larger units can benefit from economies of scale and pool resources more appropriately, but there is also the risk of creating shortages in rural areas. In terms of the growing importance of sustainability, it will become increasingly challenging to successfully manage practices and companies not only economically but also with an eye to environmental and social aspects. At the same time, players have the opportunity to develop their individual practice or business models in line with ESG aspects. Our advisors support our customers in mastering all of these challenges.

From our perspective, our business model and the fact that we specialise in the health care market give us the prerequisites necessary to develop in a changing environment and thus position ourselves for competitive success.



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Balance Sheet

Assets

	(Notes)	31 Dec 2024 €	31 Dec 2023 €
1. Cash reserves	(2)	334,877,306.28	309,979,397.32
a) Cash on hand		25,904,691.89	26,252,169.00
b) Cash in central banks		308,972,614.39	283,727,228.32
Including: in the German Federal Bank (Bundesbank)		(308,972,614.39)	(283,727,228.32)
c) Cash in post office giro accounts		0.00	0.00
2. Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks		0.00	0.00
3. Loans and advances to banks	(3, 16, 17)	7,671,872,441.45	6,053,806,452.67
a) Mortgage loans		0.00	0.00
b) Local authority loans		0.00	0.00
c) Other receivables		7,671,872,441.45	6,053,806,452.67
Including: due on demand		(6,759,414,334.79)	(5,351,005,719.59)
Including: lending against securities		(0.00)	(0.00)
4. Loans and advances to customers	(3, 16, 17, 29, 51)	34,743,479,809.36	35,309,069,394.23
a) Mortgage loans		8,575,575,609.26	9,254,376,584.75
b) Local authority loans		93,389,189.64	101,255,627.26
c) Other receivables		26,074,515,010.46	25,953,437,182.22
Including: lending against securities		(0.00)	(0.00)
5. Debt securities and other fixed-interest securities	(4, 6, 17, 18, 19, 20, 22, 25, 29, 50, 51)	5,165,707,189.68	5,183,283,005.64
a) Money market instruments		301,079,635.90	97,385,324.46
aa) of public issuers		0.00	0.00
Including: acceptable as collateral by the Bundesbank		(0.00)	(0.00)
ab) of other issuers		301,079,635.90	97,385,324.46
Including: acceptable as collateral by the Bundesbank		(301,079,635.90)	(97,385,324.46)
b) Bonds and debt securities		4,864,627,553.78	5,085,897,681.18
ba) of public issuers		2,394,210,264.68	2,414,177,356.95
Including: acceptable as collateral by the Bundesbank		(2,394,210,264.68)	(2,414,177,356.95)
bb) of other issuers		2,470,417,289.10	2,671,720,324.23
Including: acceptable as collateral by the Bundesbank		(2,402,642,344.70)	(2,555,856,269.76)
c) Own debt securities		0.00	0.00
Nominal amount		(0.00)	(0.00)
6. Shares and other non-fixed-interest securities	(4, 6, 19, 20, 21, 22, 25)	3,271,865,244.84	3,212,367,234.72
6a. Trading assets	(5, 19)	0.00	0.00
7. Investments and capital shares in cooperatives	(7, 17, 19, 23, 25, 33)	231,794,341.92	235,077,845.92
a) Investments		231,622,944.53	234,906,448.53
Including: in banks		(113,185.48)	(113,185.48)
Including: in financial services institutions		(13,944,583.39)	(13,944,583.39)
Including: in securities institutions		(0.00)	(0.00)
b) Capital shares in cooperatives		171,397.39	171,397.39
Including: in cooperative banks		(0.00)	(0.00)
Including: in financial services institutions		(0.00)	(0.00)
Including: in securities institutions		(0.00)	(0.00)
8. Shares in affiliated companies	(7, 17, 19, 23, 25, 33)	5,542,259.72	9,079,822.69
Including: in banks		(0.00)	(0.00)
Including: in financial services institutions		(0.00)	(0.00)
Including: in securities institutions		(1,292,236.21)	(1,292,236.21)
9. Trust assets	(24)	25,565.59	25,565.59
Including: fiduciary loans		(0.00)	(0.00)
10. Compensation claims against the public sector including debt securities from their exchange		0.00	0.00
11. Intangible assets	(8, 25)	115,595,972.32	126,730,000.71
a) Internally-generated industrial and similar rights and assets		0.00	0.00
b) Concessions, industrial property rights and similar rights and assets acquired for a consideration, as well as licenses to such rights and assets		115,595,972.32	126,730,000.71
c) Goodwill		0.00	0.00
d) Payments in advance		0.00	0.00
12. Tangible assets	(9, 25, 51)	103,988,018.12	106,761,972.52
13. Other assets	(26)	154,470,471.51	146,847,727.73
14. Prepayments and accrued income	(10, 27)	12,594,783.12	34,451,984.50
a) from issuing and loan transactions		5,592,170.98	25,083,394.62
b) Others		7,002,612.14	9,368,589.88
15. Deferred tax assets	(28)	0.00	0.00
Total assets		51,811,813,403.91	50,727,480,404.24

Liabilities

	(Notes)	31 Dec 2024 €	31 Dec 2023 €
1. Liabilities to banks	(11, 32, 33, 50)	11,500,840,134.55	11,337,728,484.80
a) Registered mortgage bonds issued		176,047,099.12	155,889,590.86
b) Registered public covered bonds issued		0.00	0.00
c) Other liabilities		11,324,793,035.43	11,181,838,893.94
Including: due on demand		(508,399,577.93)	(585,423,689.53)
Including: mortgage bonds and registered public covered bonds delivered to the lender as collateral		(0.00)	(0.00)
2. Liabilities to customers	(11, 32, 33, 50)	30,278,898,361.27	29,421,811,864.01
a) Registered mortgage bonds issued		877,830,935.96	938,163,904.09
b) Registered public covered bonds issued		0.00	0.00
c) Savings deposits		91,331,121.37	94,204,972.98
ca) with an agreed notice period of three months		91,184,765.18	94,051,830.19
cb) with an agreed notice period of more than three months		146,356.19	153,142.79
d) Other liabilities		29,309,736,303.94	28,389,442,986.94
Including: due on demand		(23,644,297,970.81)	(24,983,320,329.95)
Including: mortgage bonds and registered public covered bonds delivered to the lender as collateral		(0.00)	(0.00)
3. Securitised liabilities	(11, 32, 33, 50)	5,768,301,596.01	5,997,755,365.60
a) Debt securities issued		5,768,301,596.01	5,997,755,365.60
aa) Mortgage bonds		3,116,809,847.59	3,247,817,699.28
ab) Public covered bonds		0.00	0.00
ac) Other debt securities		2,651,491,748.42	2,749,937,666.32
b) Other securitised liabilities		0.00	0.00
Including: money market instruments		(0.00)	(0.00)
Including: own acceptances and promissory notes outstanding		(0.00)	(0.00)
3a. Trading liabilities	(5)	0.00	0.00
4. Trust liabilities	(34)	25,565.59	25,565.59
Including: fiduciary loans		(0.00)	(0.00)
5. Other liabilities	(11, 35)	260,520,723.74	75,554,318.93
6. Prepayments and accrued income	(13, 36)	9,640,515.04	13,567,821.66
a) from issuing and loan transactions		3,982,614.81	6,013,709.31
b) Others		5,657,900.23	7,554,112.35
6a. Deferred tax liabilities		0.00	0.00
7. Provisions	(12)	524,911,822.80	563,466,119.09
a) Provisions for pensions and similar obligations		270,266,511.38	271,385,030.08
b) Tax provisions		66,454,269.16	118,965,762.15
c) Other provisions		188,191,042.26	173,115,326.86
8. ---		0.00	0.00
9. Subordinated liabilities	(11, 33, 37)	188,282,103.52	189,300,964.06
10. Participating certificate capital		0.00	0.00
Including: due within two years		(0.00)	(0.00)
11. Fund for general banking risks		1,186,522,441.38	1,082,660,306.25
Including: special items pursuant to Section 340e para. 4 of the HGB		(0.00)	(0.00)
11a. Special items from currency translation		0.00	0.00
12. Capital and reserves	(38, 48, 54)	2,093,870,140.01	2,045,609,594.25
a) Subscribed capital		1,305,679,779.65	1,278,228,247.62
b) Capital reserves		0.00	0.00
c) Revenue reserves		692,151,787.67	673,151,787.67
ca) Legal reserves		471,730,000.00	462,230,000.00
cb) Other revenue reserves		220,421,787.67	210,921,787.67
d) Balance sheet profit		96,038,572.69	94,229,558.96
Total liabilities		51,811,813,403.91	50,727,480,404.24
1. Contingent liabilities	(39, 40)	375,578,935.62	347,691,903.07
a) Contingent liabilities from rediscounted, settled bills		0.00	0.00
b) Liabilities from guarantees and indemnity agreements		375,578,935.62	347,691,903.07
c) Liabilities arising from the provision of collateral for third-party liabilities		0.00	0.00
2. Other obligations	(39)	2,695,998,003.52	2,414,839,569.57
a) Obligations under optional repurchasing agreements		0.00	0.00
b) Placement and underwriting obligations		0.00	0.00
c) Irrevocable loan commitments		2,695,998,003.52	2,414,839,569.57

Income Statement

Income statement

	(Notes)	1 Jan – 31 Dec 2024 €	1 Jan – 31 Dec 2023 €
1. Interest income from	(42)	1,803,118,053.98	1,447,801,857.68
a) lending and money market transactions		1,737,576,183.73	1,373,697,326.41
b) fixed-interest securities and debt register claims		65,541,870.25	74,104,531.27
Including: from negative interest rates		(-13,178.39)	(-67,084.81)
2. Interest expenses	(43)	- 902,977,730.45	- 495,104,988.13
Including: from positive interest rates		(2,805,189.99)	(3,440,908.47)
3. Current income from		71,291,942.94	16,415,916.80
a) shares and other non-fixed-interest securities		56,599,870.21	209,710.42
b) participating interests and capital shares in cooperatives		14,674,072.73	14,322,978.78
c) shares in affiliated companies		18,000.00	1,883,227.60
4. Income from profit pooling, profit transfer agreements and partial profit transfer agreements		537,137.31	1,064,563.46
5. Commission income	(44)	237,334,294.04	233,972,061.40
6. Commission expenses	(44)	- 60,140,398.52	- 55,678,546.67
7. Net trading revenues		0.00	0.00
8. Other operating income	(45)	69,818,576.52	48,028,446.55
Including: from discounting		(472,541.57)	(304,149.36)
9. ---		0.00	0.00
10. General administrative expenses		- 702,382,883.79	- 710,983,056.57
a) Personnel expenses		- 267,835,475.99	- 300,682,445.40
aa) Wages and salaries		- 222,970,047.98	- 248,917,353.83
ab) Social security contributions and expenses for pensions and benefits		- 44,865,428.01	- 51,765,091.57
Including: for pensions		(-12,103,416.86)	(-21,038,053.63)
b) Other administrative expenses		- 434,547,407.80	- 410,300,611.17
11. Depreciation, amortisation and write-downs in respect of intangible and tangible assets		- 28,746,685.85	- 27,864,424.60
12. Other operating expenses	(45)	- 79,695,822.16	- 23,738,272.28
Including: from discounting		(-4,489,462.64)	(-4,488,089.18)
13. Write-downs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks		- 5,847,658.51	- 72,227,017.00
14. Income from write-ups in respect of receivables and specific securities and from the release of provisions for credit risks		0.00	0.00
15. Write-downs and value adjustments in respect of participating interests, shares in affiliates and securities treated as fixed assets		0.00	- 245,189.55
16. Income from write-ups in respect of investments, shares in affiliates and securities treated as fixed assets		13,270,517.28	0.00
17. Expenses from the assumption of losses		0.00	0.00
18. ---		0.00	0.00
19. Operating surplus		415,579,342.79	361,441,351.09
20. Extraordinary income	(46)	0.00	0.00
21. Extraordinary expenses	(46)	0.00	0.00
22. Extraordinary result	(46)	0.00	0.00
23. Taxes on income	(47)	- 215,291,973.39	- 143,435,616.66
24. Other taxes not reported in item 12		- 392,093.68	- 283,194.03
24a. Allocations to the fund for general banking risks		103,862,135.13	123,500,845.98
25. Net profit	(48)	96,033,140.59	94,221,694.42
26. Profit carried forward from the previous year	(48)	5,432.10	7,864.54
27. Withdrawals from revenue reserves	(48)	0.00	0.00
a) From legal reserves		0.00	0.00
b) From other revenue reserves		0.00	0.00
28. Allocations to revenue reserves	(48)	0.00	0.00
a) To legal reserves		0.00	0.00
b) To other revenue reserves		0.00	0.00
29. Balance sheet profit	(48)	96,038,572.69	94,229,558.96

Statement of Changes in Equity

Development of capital and reserves

In the reporting year 2024, the amounts shown under liability item 12, “Capital and reserves”, developed as follows:

Capital development

	Subscribed capital		Capital reserves	Revenue reserves		Balance sheet profit/loss
	Members' capital contributions ¹	Contributions of silent partners		Legal reserves	Other revenue reserves	
	€thous	€thous	€thous	€thous	€thous	€thous
1 Jan 2024	1,278,228	0	0	462,230	210,922	94,230
Withdrawals	61,883	0	0	0	0	19,000
Additions	89,335	0	0	9,500	9,500	96,033
Distribution of annual result	0	0	0	0	0	75,224
31 Dec 2024	1,305,680	0	0	471,730	220,422	96,039

1) The changes in members' capital contributions are composed of disposals due to (partial) termination, (partial) transfer, death or exclusion, as well as additions due to new memberships or investments. With respect to the adjustments made in the reporting year, we refer to note 38.

Cash Flow Statement

Cash flow statement

	31 Dec 2024	31 Dec 2023
	€m	€m
Result for the period (net profit/loss)	96.0	94.2
Write-downs, value adjustments and write-ups in respect of receivables and fixed assets	44.9	112.4
Increase/decrease in provisions	- 38.6	114.1
Other non-cash expenses/income	166.8	126.6
Profit/loss from the sale of fixed assets	- 0.9	5.7
Other adjustments (on balance)	- 0.1	0.3
Increase/decrease in loans and advances to banks	- 1,616.6	3,013.1
Increase/decrease in loans and advances to customers	563.5	1,629.0
Increase/decrease in securities (unless financial assets)	- 203.7	319.6
Increase/decrease in other assets from operating activities	119.7	108.7
Increase/decrease in liabilities to banks	166.5	264.4
Increase/decrease in liabilities to customers	815.8	- 4,525.5
Increase/decrease in securitised liabilities	- 220.6	491.3
Increase/decrease in other liabilities from operating activities	- 186.0	- 238.3
Interest expenses/interest income	- 900.1	- 952.7
Current income from shares, non-fixed-interest securities, investments, capital shares in cooperatives and shares in affiliated companies	- 71.3	- 16.4
Expenses/income from extraordinary items	0.0	0.0
Income tax expense/income	215.3	143.4
Interest payments and dividend payments received	1,867.7	1,394.9
Interest paid	- 848.7	- 465.9
Extraordinary deposits	0.0	0.0
Extraordinary payments	0.0	0.0
Income tax payments	- 50.8	- 53.5
Cash flow from operating activities	- 81.2	1,565.4
Deposits from the sale of financial assets	872.5	1,053.4
Payments for investments in financial assets	- 702.8	- 2,611.2
Deposits from the sale of tangible assets	0.9	3.9
Payments for investments in tangible assets	- 6.4	- 6.4
Deposits from the sale of intangible assets	0.0	0.0
Payments for investments in intangible assets	- 9.3	- 14.0
Deposits from the sale of consolidated companies	0.0	0.0
Payments for additions to the scope of consolidation	0.0	0.0
Fund changes from other investment activities (on balance)	0.0	0.0
Deposits from extraordinary items	0.0	0.0
Payments for extraordinary items	0.0	0.0
Cash flow from investment activities	154.9	- 1,574.3
Payments from increases in equity capital by partners	89.3	69.2
Payments for decreases in equity capital to partners	- 61.9	- 52.0
Deposits from extraordinary items	0.0	0.0
Payments for extraordinary items	0.0	0.0
Dividends paid to partners	- 75.2	- 49.8
Fund changes from other capital (on balance)	- 1.0	- 1.0
Cash flow from financing activities	- 48.8	- 33.6
Cash changes in liquid assets	24.9	- 42.5
Changes to liquid assets due to foreign currency and valuation	0.0	0.0
Changes in liquid assets due to the scope of consolidation	0.0	0.0
Liquid funds at the start of the reporting period	310.0	352.5
Liquid funds at the end of the reporting period	334.9	310.0

Notes

A. General information

1. Framework for the preparation of the annual financial statements

The annual financial statements of Deutsche Apotheker- und Ärztebank eG (apoBank), Dusseldorf (Local Court of Dusseldorf, GnR 410), as at 31 December 2024 were prepared according to the regulations of the German Commercial Code (HGB) as well as the Accounting Ordinance for Banks, Financial Services Institutions and Investment Firms (RechKredV). At the same time, the annual financial statements meet the requirements of the Cooperative Societies Act (GenG), the German Pfandbrief Act (PfandBG) and the Articles of Association of apoBank.

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

Due to rounding, small deviations can occur in the totals stated in the tables and in the calculation of percentages.

B. Accounting, valuation and translation methods

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

2. Cash reserve

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

3. Loans, advances and risk provisioning

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

The general value adjustment is calculated employing a procedure based on expected losses. Here, apoBank uses a simplified procedure at portfolio level, whereby the expected loss is determined over an observation period of 12 months, as long as there is no major deterioration in loan quality at portfolio level. This approach is based on the assumption that, when granting loans, credit risk and the credit risk premiums considered when defining the terms and conditions are in alignment with each other. This assumption is reviewed at regular intervals. If alignment at portfolio level were no longer given, a lifetime expected loss would be applied for the portfolio.

4. Securities

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

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

Securities that are transferred as part of securities lending continue to be recognised in the balance sheet item “Debt securities and other fixed-interest securities”, as the significant opportunities and risks that result from the securities remain with apoBank. The book value of the securities accordingly labelled and lent amounts to €151 million (31 December 2023: no lending transactions for securities). Throughout the lending period of the securities the lending fee agreed upon for the borrowed securities will be periodically collected within commission income and will be stated in other assets until it matures.

All interest-bearing securities have been measured at amortised cost according to the effective interest method. Existing premiums and discounts that are similar in nature to interest are amortised using the effective interest method and recognised in net interest income.

5. Trading assets and liabilities

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

6. Valuation units

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

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

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

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

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

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

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

As at the balance sheet date, the total volume of the risks hedged amounted to €408 million (31 December 2023: €581 million). These risks result from an omitted depreciation of assets, an omitted appreciation of debt or omitted provisions for contingent losses, and are quantified based on the gross net present values of the derivative transactions. The majority of the changes in value and of the payment flows are likely to balance each other out over a period of up to ten years.

As at the reporting date, apoBank had designated a total of 258 micro hedges with a nominal value of €6,161 million:

- 237 hedges on the Bank's own issuances against the interest rate risk with a nominal value of €5,797 million and a book value of €5,514 million, including
 - 10 caps with a nominal value of €151 million,
 - 12 floors with a nominal value of €161 million,
 - 215 swaps with a nominal value of €5,486 million,
- 21 asset swaps to hedge against the interest rate risk of 18 acquired securities with a nominal value and a book value of €364 million.

As at 31 December 2024, a volume of foreign currency swaps from FX trading had been used in the total amount of €4 million to hedge offsetting FX loans in Swiss francs.

7. Investments and shares in affiliated companies

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

8. Fixed assets/intangible assets

Intangible assets were valued at acquisition cost and depreciated on a straight-line basis as planned. To determine the average useful life of the intangible assets, we generally use the letter of the Federal Ministry of Finance dated 18 November 2005 as a basis (“Bilanzsteuerrechtliche Beurteilung von Aufwendungen zur Einführung eines betriebswirtschaftlichen Softwaresystems” [ERP software]). The underlying useful life of the intangible assets is three to five years. One exception is the software license of our core bank system. Its average useful life was derived based on the ten-year minimum term of the corresponding maintenance contracts. Thus, the license is depreciated over a period of ten years.

9. Fixed assets/tangible assets

Tangible assets were carried at acquisition cost and depreciated over their average useful life as planned. To determine the average useful life, we generally use the depreciation tables for banks published by the German financial authorities (“Afa-Tabelle für den Wirtschaftszweig ‘Kreditwirtschaft’”). If the depreciation tables for banks cannot be applied, we use the “Afa-Tabelle für die allgemein verwendbaren Anlagegüter (Afa-Tabelle “AV”). With the exception of buildings, the underlying use life of the tangible assets is three to 25 years.

Buildings were written down on a straight-line basis or using declining-balance rates throughout their useful life. This corresponds to the specifications of Section 7 para. 4 sentence 2 of the German Income Tax Act (EStG). Their useful life is between 25 and 50 years. Low-value assets within the meaning of Section 6 para. 2 EStG were fully depreciated. Art objects were classified as non-depreciating assets and carried at amortized costs.

10. Prepayments and accrued income (assets)

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

11. Liabilities

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

12. Provisions

The provisions for pension liabilities as at 31 December 2024 were calculated based on the actuarial tables “Richttafeln 2018 G” (Heubeck) using the projected unit credit method. The calculation was based on an interest rate of 1.90% (average over the past ten financial years), a wage increase trend of 3.23% and a pension increase trend of 2.11%. As at 31 December 2024, the difference pursuant to Section 253 para. 6 of the HGB subject to a bar on distribution amounted to –€1.8 million.

apoBank recorded the releases and allocations to the balance sheet item “Provisions for pensions and similar obligations” in relation to the interest effects under other operating income and otherwise as a net item under “Personnel expenses”. Pension provisions and the provision for deferred compensation were netted with the corresponding plan assets (initially under “Other assets”) pursuant to Section 246 para. 2 sentence 2 of the HGB. The fair value amounting to €13.1 million is equivalent to the acquisition costs of the plan assets. In conjunction with IDW RH FAB 1.021, the capitalisation values of the reinsurance for pension obligations are aligned with the corresponding provision amounts for these pension obligations (primacy of the liabilities side). The remaining amount of €9.8 million was offset with the corresponding pension obligations.

The balance of income amounting to €1.2 million and expenses of €0.1 million in connection with the reinsurance for pension obligations was netted with the expenses from the compounded interest of pension provisions amounting to €5.1 million.

There were no provisions for part-time retirement on the balance sheet date. The provisions for anniversary payments are calculated based on the projected unit credit method. They were made on the basis of an interest rate of 1.96%, a wage increase trend of 3.23% as well as the actuarial tables “Richttafeln 2018 G” (Heubeck). The provisions for early retirement were made on the basis of an interest rate of 1.96% and a wage increase trend of 3.00% in accordance with the law and under consideration of the agreements made in the individual contracts.

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

apoBank also made adequate provisions for the other uncertain liabilities.

13. Prepayments and accrued income (liabilities)

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

14. Derivative financial instruments

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

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

In the balance sheet, apoBank accounts for structured financial instruments with an embedded derivative component uniformly in accordance with IDW RS HFA 22.

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

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

15. Currency translation

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

apoBank considers the special coverage pursuant to Section 340h of the HGB as given when the total item is financially balanced for each foreign currency as at the balance sheet date. Since special coverage existed in all cases, income and expenditure from currency translation are shown in the income statement under the items “Other operating income” or “Other operating expenses”.

C. Notes to the balance sheet

Notes to assets

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

The receivables shown in the balance sheet have the following residual terms:

Breakdown of loans and advances by residual terms

	Loans and advances to banks (A3)		Loans and advances to customers (A4)	
	€thous		€thous	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Accrued interest	99,630	97,933	8,390	7,583
Up to 3 months	6,982,413	5,455,873	1,065,834	1,083,781
More than 3 months to 1 year	589,830	500,000	3,536,112	3,165,176
More than 1 year to 5 years	0	0	16,154,474	16,103,228
More than 5 years	0	0	12,094,782	13,017,169

Loans and advances to banks (assets, 3) include receivables from the relevant central cooperative bank (DZ BANK AG) of €1,516,577 thousand (31 December 2023: 1,523,608 thousand).

Loans and advances to customers (assets, 4) include receivables with unspecified maturities of €1,883,888 thousand (31 December 2023: €1,932,133 thousand).

17. Affiliated and associated companies

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

Affiliated and associated companies

	Loans and advances to banks (A3)		Loans and advances to customers (A4)		Debt securities and other fixed-interest securities (A5)	
	€thous		€thous		€thous	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Loans and advances to affiliated companies	0	0	12,724	13,762	0	0
Loans and advances to associated companies	1,516,577	1,523,608	329,926	340,468	67,775	67,323

18. Debt securities and other fixed-interest securities

Of the debt securities and other fixed-interest securities (assets, 5) reported in the balance sheet, €1,058,716 thousand (31 December 2023: €938,545 thousand) will mature during the financial year following the balance sheet date. These amounts do not include accrued interest.

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

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

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

	Debt securities and other fixed-interest securities (A5)		Shares and other non-fixed-interest securities (A6)		Trading assets (A6a)	
	€thous		€thous		€thous	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Non-negotiable	0	0	3,271,865	3,212,367	0	0
Negotiable	5,165,707	5,183,283	0	0	0	0
Quoted	4,717,773	4,939,979	0	0	0	0
Unquoted	447,934	243,304	0	0	0	0
Negotiable securities not valued at the lower of cost or market	3,881,400	4,146,414	0	0	n/a	n/a

	Participating interest and capital shares in cooperatives (A7)		Shares in affiliated companies (A8)	
	€thous		€thous	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Non-negotiable	231,681	234,965	5,542	9,080
Negotiable	113	113	0	0
Quoted	0	0	0	0
Unquoted	113	113	0	0

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

20. Securities portfolio/receivables by purpose

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

Securities portfolio/receivables by purpose

	31 Dec 2024 €thous	31 Dec 2023 €thous
Debt securities and other fixed-interest securities		
Fixed assets	4,864,628	5,085,898
Liquidity reserve	301,080	97,385
Total	5,165,708	5,183,283

	31 Dec 2024 €thous	31 Dec 2023 €thous
Shares and other non-fixed-interest securities		
Fixed assets	3,271,865	3,212,367
Liquidity reserve	0	0
Total	3,271,865	3,212,367

21. Shares in special investment funds

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

Shares in special investment funds

Name of fund	Investment objective	Value in accordance with Sections 168, 278 or 286 para. 1 KAGB or comparable international regulations (fair value) €thous	Difference to book value €thous	Distributions made for the total financial year €thous	Restriction of daily redemption
APO 1 Union	Domestic and international bonds	2,973,598	223,383	56,600	no
APO 2 Union	Domestic and international bonds	536,106	31,106	0	no
BlackRock apo Global Healthcare Private Equity Fund, S.C.A., SICAV-RAIF	Investments in unquoted companies, domestic and international funds	15,589	1,106	0	no

22. Financial instruments classified as fixed assets

Financial instruments classified as fixed assets¹

	Book value as at 31 Dec 2024 €thous	Fair value as at 31 Dec 2024 €thous	Omitted depreciation €thous
Banks	1,831,014	1,770,878	60,136
Public debtors	2,000,256	1,859,883	140,374
Companies	42,689	40,531	2,158
Total	3,873,959	3,671,292	202,668

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

The omitted depreciations concern above all bonds in fixed assets with largely interest-induced price drops and no long-term decrease in value. In fiscal 2024, the hidden burdens decreased to €202,668 thousand (31 December 2023: € 282,953 thousand) due to shorter residual terms and changes in the yield curve.

23. List of holdings

The following list includes significant investments pursuant to Section 285 para. 11 of the HGB. Pursuant to Section 286 para. 3 of the HGB, the list does not include investments that are of minor importance for apoBank's net assets, financial position and earnings situation.

List of holdings

Company	Share in company capital on 31 Dec 2024	Year	Capital and reserves of the company	Result of the past financial year
	%		€thous	€thous
APO Asset Management GmbH, Dusseldorf	70	2023	30,935	3,318
APO Data-Service GmbH, Dusseldorf ¹	100	2024	4,031	238
apoDirect GmbH, Dusseldorf ¹	100	2024	1,525	300
ARZ Haan AG, Haan	38	2023	66,775	4,915
Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne	25	2023	23,713	9,391
DZR Deutsches Zahnärztliches Rechenzentrum GmbH, Stuttgart	16	2023	30,673	18,906
Finanz-Service GmbH der APO-Bank, Dusseldorf	50	2023	6,440	1,405
HCL Technologies gbs GmbH, Ratingen	49	2023	1,575	- 213
medisign GmbH, Dusseldorf	50	2023	7,188	1,489
PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich ²	50	2024	17,154	7,402
RIOsMa GmbH, Dusseldorf	90	2023	1,193	827
Treuhand Hannover Steuerberatung und Wirtschaftsberatung für Heilberufe GmbH, Hanover	26	2023	45,145	5,834
WGZ Beteiligungs GmbH & Co. KG, Dusseldorf	5	2023	3,190,220	95,752
ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf	25	2023	9,118	2,479
ZPdZ - Zahnpraxis der Zukunft GmbH, Dusseldorf	50	2023	630	100

1) Before profit transfer or loss absorption.

2) The financial year ends on 30 June of the respective year.

apoBank had investments in large corporations pursuant to Section 340a para. 4 of the HGB with more than 5% of voting rights in Treuhand Hannover Steuerberatung and Wirtschaftsberatung für Heilberufe GmbH, Hanover, Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft, Cologne, and DZR Deutsches Zahnärztliches Rechenzentrum GmbH, Stuttgart.

In fiscal 2024, apoBank sold its investment in aik Immobilien-Investmentgesellschaft mbH, Dusseldorf, and thus in its indirect investment in aik Management GmbH, Dusseldorf.

In accordance with Section 290 para. 5 of the HGB combined with Section 296 para. 1 no. 1 and Section 296 para. 2 of the HGB, apoBank has not prepared consolidated financial statements, as either significant and lasting constraints limit the exercise of the rights of apoBank with regard to the net assets or the management of the subsidiary, or the relevant companies are of minor importance overall in terms of presenting a realistic picture of the net assets, financial position and earnings situation.

24. Trust assets

The trust transactions shown on the assets side of the balance sheet are fiduciary loans (investments) totalling €26 thousand (31 December 2023: €26 thousand).

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

25. Development of fixed assets

The item “Tangible assets” (assets, 12) includes:

Tangible assets

	31 Dec 2024	31 Dec 2023
	€thous	€thous
Land and buildings used within the scope of apoBank’s own operations	81,835	84,151
Office furniture and equipment	21,036	21,466

Development of fixed assets

	Acquisition/ production costs as at 1 Jan 2024 €thous	Changes in the reporting period			Acquisition/ production costs as at 31 Dec 2024 €thous
		Additions €thous	Disposals €thous	Transfers €thous	
Intangible assets	232,055	9,291	12,996	0	228,350
Tangible assets					
Land and buildings	205,939	913	0	0	206,852
Office furniture and equipment	113,511	5,051	2,489	0	116,073
Fixed-asset securities	8,284,728		- €171,326 thousand		
Participating interests and capital shares in cooperatives	236,227		- €4,434 thousand		
Shares in affiliated companies	9,501		- €3,959 thousand		

From the reporting year 2024, we exercise the option to summarise the disclosures in the table "Development of fixed assets" according to Section 34 para. 3 sentence 2 RechKredV.

26. Other assets

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

Other assets

	31 Dec 2024	31 Dec 2023
	€thous	€thous
Receivables from asset management	79,383	61,268
Receivables from the custody business	15,470	16,745
Capitalised premiums from options and caps	12,566	17,981
Tax receivables	668	13,938

27. Prepayments and accrued income (assets)

The prepayments and accrued income item includes discount amounts from assumed liabilities of €5,592 thousand (31 December 2023: €25,083 thousand) and upfront payments of €4,891 thousand (31 December 2023: €6,101 thousand).

28. Deferred tax assets

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

As at 31 December 2024, a net deferred tax asset existed. This was essentially due to differences between the valuations in the trading and the tax accounts for loans and advances to customers, shares and other non-fixed-interest securities, other assets, provisions for pensions and other provisions.

The total net surplus of deferred tax assets amounted to €237,958 thousand, including deferred tax assets of €242,111 thousand and deferred tax liabilities of €4,153 thousand.

A tax rate of 31.6% was applied for calculating deferred taxes.

29. Subordinated assets

Subordinated assets are included in the following items:

Subordinated assets

	31 Dec 2024 €thous	31 Dec 2023 €thous
Loans and advances to customers	147,026	157,157
Debt securities and other fixed-interest securities	67,775	67,323
Total	214,801	224,480

30. Repurchase agreements

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

31. Foreign currency items

Assets include foreign currency items with a value of €158,096 thousand (31 December 2023: €235,392 thousand).

Notes to liabilities

32. Breakdown of liabilities by residual terms and other items

The liabilities shown in the balance sheet have the following residual terms:

Breakdown of liabilities by residual term

	Liabilities to banks (L 1)		Savings deposits (L2c)		Liabilities to customers without savings deposits (L 2a, 2b, 2d)		Securitised liabilities (L3)	
	€thous		€thous		€thous		€thous	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Accrued interest	37,026	40,410	0	0	73,276	31,993	12,670	21,550
Up to 3 months	651,749	721,871	90,839	93,152	25,454,905	25,952,504	929,584	110,905
More than 3 months to 1 year	308,701	252,359	137	677	2,521,303	1,445,484	1,547,748	414,000
More than 1 year to 5 years	3,454,847	3,198,097	324	352	1,443,573	1,161,392	3,018,300	4,186,300
More than 5 years	7,048,517	7,124,992	32	24	694,510	736,234	260,000	1,265,000

Liabilities to banks include €533,778 thousand (31 December 2023: €616,706 thousand) of liabilities to the relevant central cooperative bank (DZ BANK AG).

Of the liabilities to banks, €10,484,463 thousand (31 December 2023: €10,213,042 thousand) are secured by transfer of assets of at least the same amount. These liabilities are mainly publicly refinanced loans.

Irrespective of liabilities to be assigned, apoBank deposited cash collaterals of €150,485 thousand (31 December 2023: €171,127 thousand) within the framework of our collateral management for interest rate derivatives. Moreover, securities with a book value of €270,013 thousand (31 December 2023: €218,929 thousand) were pledged as collateral for margin obligations at futures and options exchanges and to secure payment obligations from securities transactions.

Of the debt securities issued (liabilities, 3.a), €2,476,426 thousand (31 December 2023: €524,000 thousand) will mature in the year following the balance sheet date.

33. Liabilities due from affiliated or associated companies

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

Liabilities due from affiliated or associated companies

	Liabilities to affiliated companies		Liabilities to associated companies	
	€thous		€thous	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Liabilities to banks (L1)	0	0	533,778	616,706
Liabilities to customers (L2)	24,504	27,034	47,665	49,600
Securitised liabilities (L3)	0	0	0	0
Subordinated liabilities (L9)	0	0	0	0

34. Trust liabilities

The trust transactions shown on the liabilities side of the balance sheet are liabilities for contributions (investments) held in trust (liabilities to customers) of €26 thousand (31 December 2023: €26 thousand).

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

35. Other liabilities

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

Other liabilities

	31 Dec 2024	31 Dec 2023
	€thous	€thous
Tax liabilities	215,273	23,304
Trade payables	20,956	9,206
Premiums from options and caps	2,405	3,449
Liabilities from variation margins	0	10,433

36. Prepayments and accrued income (liabilities)

“Prepayments and accrued income (liabilities)” includes:

Prepayments and accrued income (liabilities)

	31 Dec 2024	31 Dec 2023
	€thous	€thous
Accrued upfront payments	5,418	7,368
Premium from liabilities (securitised or unsecuritised)	2,834	4,465
Discount from claims	1,149	1,549

37. Subordinated liabilities

Interest expenses for the subordinated liabilities of €4,379 thousand were incurred in the past financial year (1 January to 31 December 2023: €4,434 thousand). Early redemption of the subordinated liabilities is excluded in the case of four subordinated promissory note bonds.

Subordination has been arranged as follows: In the event of the insolvency or liquidation of apoBank, these liabilities are repayable only after all higher-ranking creditors have been satisfied. The liabilities have a residual term of three to 19 years.

Subordinated liabilities with a nominal value of €186,500 thousand (31 December 2023: €187,500 thousand) carry the following interest rates:

- one subordinated bearer bond with a 6-month Euribor variable rate plus 1.00%,
- 16 subordinated promissory note bonds with fixed interest rates of 1.60 to 4.96%.

As at the balance sheet date, borrowings exceeding 10% of the total balance sheet item amounted to €120,000 thousand (31 December 2023: €120,000 thousand). Their interest rates and maturities were as follows:

- subordinated promissory note bond with a nominal value of €35,000 thousand, due on 26 November 2030, interest rate of 1.60%,
- subordinated promissory note bond with a nominal value of €30,000 thousand, due on 30 November 2037 (early repayment as at 30 November 2032 possible), interest rate of 1.84%,
- subordinated promissory note bond with a nominal value of €35,000 thousand, due on 30 November 2037, interest rate of 1.82%,
- subordinated promissory note bond with a nominal value of €20,000 thousand, due on 23 February 2043 (early repayment as at 23 February 2038 possible), interest rate of 2.63%.

38. Capital and reserves

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

Subscribed capital

	31 Dec 2024	31 Dec 2023
	€thous	€thous
Members' capital	1,305,680	1,278,229
Of remaining members	1,285,342	1,255,337
Of departing members	19,136	19,350
Of terminated cooperative shares	1,202	3,542
Compulsory contributions due on shares in arrears	45	271

As at 31 December 2023, the shares of a total of 1,262 members who had died before 31 December 2022 were incorrectly reported as members' capital contributions in equity. As a result, members' capital contributions were overstated by €16,152 thousand as at 31 December 2023 and other liabilities were understated by the same amount. We have derecognised these affected membership shares from equity in fiscal 2024 and repaid them fully.

In fiscal 2024, the capital contributions of the remaining members increased by €30,005 thousand (2023: increased by €24,611 thousand).

The revenue reserves (liabilities, 12.c) developed as follows in the past financial year:

Revenue reserves

	Legal reserves	Other revenue reserves
	€thous	€thous
As at 1 Jan 2024	462,230	210,922
Transfers		
from balance sheet profit of the previous year	9,500	9,500
from net profit of the financial year	0	0
Withdrawals	0	0
As at 31 Dec 2024	471,730	220,422

39. Foreign currency items

Foreign currency items are included in liabilities with an equivalent value of €138,751 thousand (31 December 2023: €216,291 thousand) and in off-balance-sheet contingent liabilities and other obligations with an equivalent value of €50,175 thousand (31 December 2023: €50,614 thousand).

40. Contingent liabilities

Acute risks of claims in connection with off-balance-sheet contingent liabilities and open loan commitments are covered by provisions. The liabilities shown mainly refer to guarantee agreements or open loan commitments to customers. The amounts stated do not show the actual expected future payment flows from these agreements, since we anticipate that the large majority of the contingent liabilities will expire without being drawn down. The risks were assessed in the context of an individual evaluation of the creditworthiness of these customers. They are subject to the risk identification and controlling procedures which apply to all loan agreements and guarantee a timely identification of the risks. We anticipate that most of the open loan commitments will be claimed.

In fiscal 2022, apoBank (shareholding: 49%) together with HCL Technologies Germany GmbH (shareholding: 51%) issued a hard comfort letter to HCL Technologies gbs GmbH (hereinafter referred to as "gbs"). Originally, this agreement was valid for the period 1 January 2022 to 31 December 2023. In July 2023, the period of validity was extended to 31 December 2024. According to this, the two shareholders declared to gbs that they will fund gbs to the extent that it can meet its obligations to third parties punctually and in full. This letter may also be used to secure deliveries and services from third parties. No claim was filed under the letter of comfort.

Derivative financial instruments

41. Derivative financial instruments

The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market risks arising from open positions, and in the event of counterparty default also from closed positions, amounted to €24,844 million as at 31 December 2024 (31 December 2023: €26,980 million). As at 31 December 2024, the following types of transactions were included therein:

Distribution of traded derivatives/types of transactions

Interest rate-related transactions

- Interest rate swaps
- Swaptions
- Caps/floors

Currency-related transactions

- FX swaps

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

apoBank calculated the fair values shown using the following valuation models: Interest rate swaps were measured at their net present value on the balance sheet date. The variable interest payment flows were calculated based on forward rates derived from the current yield curve and then discounted with the swap curve in the same way as fixed payment flows.

Interest limit agreements were measured on the basis of the Bachelier model, swaptions on the basis of the Hull-White model.

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

Risk structure

	Nominal value €m		Fair value ¹ €m	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Interest rate-related transactions²				
Time to maturity up to 1 year	5,094	2,459	71	24
more than 1 year to 5 years	11,399	14,027	19	187
more than 5 years	8,347	10,226	259	187
Subtotal	24,840	26,712	349	398
Currency-related transactions				
Time to maturity up to 1 year	4	268	0	1
more than 1 year to 5 years	0	0	0	0
more than 5 years	0	0	0	0
Subtotal	4	268	0	1
Total	24,844	26,980	349	399

1) Netted, taking into account pro rata interest, where applicable.

2) Interest rate-related transactions are reported under the items "Other assets" (€12.6 million), "Prepayments and accrued income (assets)" (€4.9 million), and "Prepayments and accrued income (liabilities)" (€5.4 million).

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

D. Notes to the income statement

42. Interest income

The “Interest income” item includes €13 thousand in negative interest income from deposits with other banks as well as loans to customers (1 January to 31 December 2023: €67 thousand).

When compensating expenses and income from interest rate swaps, cross-swap offsetting had been performed in error in previous years. For 2023, this resulted in interest income and interest expenses each being €169 million too low. This did not have any subsequent effects on net interest income.

43. Interest expenses

The item “Interest expenses” includes €2,805 thousand in positive interest expenses from borrowings from other banks and specific customer groups (1 January to 31 December 2023: €3,441 thousand).

The second paragraph of number 42 above applies with respect to the adjustment of the procedure for compensating expenses and revenues from interest rate swaps.

In the year under review, measures were carried out in the strategic bank book to manage net interest income on a long-term basis. These measures had a negative impact on net interest income by an amount in the middle double-digit millions.

44. Commission income and commission expenses

Commission income from services rendered to third parties relating to management and brokerage, in particular in the securities and the custodian business, asset management and asset advisory services as well as insurance brokerage, amount to approximately 0.3% of the average balance sheet total.

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

Other operating income of €69,819 thousand (1 January to 31 December 2023: €48,028 thousand) includes, among other things:

Other operating income

	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2023
	€thous	€thous
Release of reserves (related to other periods)	26,443	14,564
Settlement payment of a potential indemnity debtor	16,000	0
Income from assets sold	8,430	11,729
Rental income	5,223	4,588
VAT reimbursement (related to other periods)	4,294	8,090
Income from currency translation	1,332	4,042

Other operating expenses of €79,696 thousand (1 January to 31 December 2023: €23,738 thousand) result primarily from the following items:

Other operating expenses

	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2023
	€thous	€thous
Default interest for back taxes (related to other periods)	46,852	0
Provisions for service provider transition	10,558	0
Expenses from compounding	4,489	4,488
Expenses for litigation risks	2,383	4,043
Expenses from currency translation	844	3,178
Donation to apoBank-Stiftung	0	3,000

46. Extraordinary income and expenses

As in the previous year, no extraordinary income or extraordinary expenses were incurred in 2024.

47. Taxes on income

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

The item “Taxes on income” includes other material income related to other periods of €5,893 thousand from tax refunds for previous years (1 January to 31 December 2023: €1,483 thousand), and expenses related to other periods of €74,890 thousand from tax arrears for previous years (1 January to 31 December 2023: €2,240 thousand).

The introduction of the global minimum tax in Germany does not result in any extra tax expense for apoBank. Although apoBank is generally subject to the stipulations of the Minimum Tax Act (Mindeststeuergesetz, MinStG), the exception stipulated in para. 83 of the Minimum Tax Act applies. According to para. 83 of the Minimum Tax Act, corporations are exempt from the minimum tax (para. 2) in the first five years if their international activity is subordinate.

48. Proposal for the appropriation of the balance sheet profit

In 2024, apoBank recorded a net profit of €96,033,141, the profit carried forward from the previous year amounted to €5,432. The Supervisory Board and the Board of Directors will propose the following appropriation of profit at the Annual General Meeting:

Appropriation of balance sheet profit

	31 Dec 2024	31 Dec 2023
	€	€
Net profit	96,033,140.59	94,221,694.42
Profit carried forward from the previous year	5,432.10	7,864.54
Balance sheet profit	96,038,572.69	94,229,558.96
Allocations to legal reserves	10,000,000.00	9,500,000.00
Allocations to other revenue reserves	10,000,000.00	9,500,000.00
Dividends (6.0%/in the previous year 6.0%)	76,033,568.64	75,224,126.86
Carried forward to new account	5,004.05	5,432,10

E. Other notes

49. Events after the reporting date

No events took place that were subject to reporting requirements between 31 December 2024 and when the annual financial statements were prepared by the Board of Directors on 11 March 2024.

50. Disclosures pursuant to Section 28 of the PfandBGG)

The following information is provided with respect to the mortgage bonds included in the items “Liabilities to banks”, “Liabilities to customers” and “Securitised liabilities” pursuant to Section 28 of the PfandBGG:

Total amount and maturity structure

	Nominal value		Net present value		Risk net present value ¹	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Total amount of outstanding covered bonds (€m)	4,157	4,327	3,912	3,983	3,721	3,723
Total amount of cover pool (€m)	8,037	8,661	8,009	8,544	7,696	8,141
Overcollateralisation (€m)	3,880	4,334	4,098	4,561	3,975	4,418
Overcollateralisation in % of outstanding covered bonds	93	100	105	115	107	119
Statutory overcollateralisation (€m)	167	173	78	80	n/a	n/a
Contractual overcollateralisation (€m)	-	-	-	-	n/a	n/a
Voluntary overcollateralisation (€m)	3,713	4,161	4,020	4,482	n/a	n/a

	Maturity structure of outstanding covered bonds		Maturity profile of cover pool		Postponement of maturity (12 months)	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	€m	€m	€m	€m	€m	€m
Up to 6 months	598	115	519	759	0	0
More than 6 months to 12 months	10	50	522	560	0	0
More than 12 months to 18 months	10	598	438	502	598	115
More than 18 months to 2 years	0	10	584	501	10	50
More than 2 years to 3 years	1,033	10	967	950	10	608
More than 3 years to 4 years	550	1,033	875	1,001	1,033	10
More than 4 years to 5 years	1,030	555	854	843	550	1,033
More than 5 years to 10 years	110	1,140	2,762	2,841	1,140	1,685
More than 10 years	816	816	516	704	816	826

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

Information on the postponement of the maturity of covered bonds pursuant to Section 28 para. 1 no. 5 PfandBG¹

	31 Dec 2024	31 Dec 2023
Prerequisites for the postponement of the maturity of covered bonds pursuant to Section 30 para. 2a PfandBG	The postponement of maturity is necessary to avoid the insolvency of the Pfandbrief bank with limited activity (prevention of insolvency), the Pfandbrief bank with limited activity is not over-indebted (no existing over-indebtedness) and there is reason to believe that the Pfandbrief bank with limited activity will be able to meet its liabilities then due at any rate after the expiry of the maximum possible postponement period, taking into account further postponement possibilities (positive fulfilment forecast). See also Section 30 para. 2b PfandBG.	The postponement of maturity is necessary to avoid the insolvency of the Pfandbrief bank with limited activity (prevention of insolvency), the Pfandbrief bank with limited activity is not over-indebted (no existing over-indebtedness) and there is reason to believe that the Pfandbrief bank with limited activity will be able to meet its liabilities then due at any rate after the expiry of the maximum possible postponement period, taking into account further postponement possibilities (positive fulfilment forecast). See also Section 30 para. 2b PfandBG.
Powers of the cover pool administrator in the event of postponement of the maturity of the covered bonds under Section 30 para. 2a PfandBG	The cover pool administrator may postpone the due dates of the redemption payments if the relevant requirements under Section 30 para. 2b PfandBG are met. The period of postponement, which may not exceed twelve months, shall be determined by the cover pool administrator as needed.	The cover pool administrator may postpone the due dates of the redemption payments if the relevant requirements under Section 30 para. 2b PfandBG are met. The period of postponement, which may not exceed twelve months, shall be determined by the cover pool administrator as needed.
	The cover pool administrator may postpone the due dates of redemption and interest payments, which become due within one month after their appointment, to the end of this monthly period. If the cover pool administrator decides to make such a postponement, it shall be irrefutably presumed that the requirements of Section 30 para. 2b PfandBG have been met. Such a postponement shall be taken into account within the framework of the maximum postponement period of 12 months.	The cover pool administrator may postpone the due dates of redemption and interest payments, which become due within one month after their appointment, to the end of this monthly period. If the cover pool administrator decides to make such a postponement, it shall be irrefutably presumed that the requirements of Section 30 para. 2b PfandBG have been met. Such a postponement shall be taken into account within the framework of the maximum postponement period of 12 months.
	The cover pool administrator may only exercise their authority uniformly for all covered bonds of an issue. In this context, the maturities may be postponed in full or on a pro rata basis. The cover pool administrator must postpone the maturity of a covered bond issue in such a way that the original sequence of servicing of the covered bonds which could be overtaken by the postponement is not changed (prohibition of overtaking). This may mean that the maturities of issues falling due at a later date must also be postponed in order to comply with the prohibition on overtaking. See also Section 30 para. 2a and 2b PfandBG.	The cover pool administrator may only exercise their authority uniformly for all covered bonds of an issue. In this context, the maturities may be postponed in full or on a pro rata basis. The cover pool administrator must postpone the maturity of a covered bond issue in such a way that the original sequence of servicing of the covered bonds which could be overtaken by the postponement is not changed (prohibition of overtaking). This may mean that the maturities of issues falling due at a later date must also be postponed in order to comply with the prohibition on overtaking. See also Section 30 para. 2a and 2b PfandBG.

1) Effects of a maturity shift on the maturity structure of the covered bonds/shift scenario: 12 months. This is an extremely unlikely scenario which could only come into effect after the appointment of a cover pool administrator.

There are no derivatives or foreign currencies included in the cover pool.

Composition of the cover pool

	31 Dec 2024 €m	31 Dec 2023 €m	Share in the total amount of cover pool	
			31 Dec 2024 %	31 Dec 2023 %
Total amount of receivables used as cover				
By size class				
Up to €300 thousand	5,092	5,740	63	66
More than €300 thousand to €1 million	1,248	1,339	16	15
More than €1 million to €10 million	742	758	9	9
More than €10 million	345	408	4	5

By type of use (I) in Germany

Residential	6,002	6,676	75	77
Commercial	1,425	1,569	18	18

By type of use (II) in Germany

Flats	1,747	1,962	22	23
Single- and two-family homes	3,419	3,830	43	44
Multi-family homes	836	884	10	10
Office buildings	845	917	11	11
Retail buildings	63	63	1	1
Industrial buildings	0	0	0	0
Other commercially used buildings	517	590	6	7
Unfinished new buildings not yet ready to generate a return as well as building sites	0	0	0	0
of which: building sites	0	0	0	0

There are no mortgage cover assets outside Germany.

Other cover assets

	31 Dec 2024	31 Dec 2023
	€m	€m
Receivables pursuant to Section 19 para.1 (1) no. 2a) and b) PfandBG	0	0
thereof covered bonds pursuant to Article 129 Regulation (EU) No. 575/2013	0	0
Receivables pursuant to Section 19 para. 1 (1) no. 3a) to c) PfandBG	0	0
of which covered bonds pursuant to Article 129 Regulation (EU) No. 575/2013	0	0
Receivables pursuant to Section 19 para. 1 (1) no. 4 PfandBG	610	415 ¹

1) All debtors have their headquarters in Germany.

Key figures for covered bonds outstanding

		31 Dec 2024	31 Dec 2023
Covered bonds outstanding	(€m)	4,157	4,327
of which share of fixed-interest covered bonds Section 28 para. 1 no. 13 PfandBG (weighted average)	(%)	99	98
Cover pool	(€m)	8,037	8,661
of which total amount of claims pursuant to Section 12 para. 1 PfandBG which exceed the limits pursuant to Section 13 para. 1 (2), 2nd half-sentence	(€m)	0	0
of which total amount of values according to Section 19 para.1 PfandBG exceeding the limits pursuant to Section 19 para. 1 (6) PfandBG	(€m)	0	0
Receivables exceeding the limit according to Section 19 para. 1 no. 2 PfandBG	(€m)	0	0
Receivables exceeding the limit according to Section 19 para. 1 no. 3 PfandBG	(€m)	0	0
Receivables exceeding the limit according to Section 19 para. 1 no. 4 PfandBG	(€m)	0	0
of which share of fixed-interest cover assets	(%)	94	94
Volume-weighted average age of receivables (elapsed term since granting of loan, "seasoning")	(years)	7	6
Average weighted loan-to-value ratio	(%)	54	54

Key liquidity figures

		31 Dec 2024	31 Dec 2023
Largest negative amount arising within the next 180 days within the meaning of Section 4 para. 1a sentence 3 PfandBG for covered bonds (liquidity requirement)	(€m)	498	34
Day on which the largest negative sum arises	Day (1 - 180)	76	54
Total amount of cover assets that meet the requirements of Section 4 para. 1a sentence 3 PfandBG (liquidity cover)	(€m)	554	380
Proportion of cover assets in the cover pool for which or in respect of whose debtor is deemed to have defaulted in accordance with article 178 (1) CRR	(%)	-	-

Overview of overdue receivables

	31 Dec 2024	31 Dec .2023
	€m	€m
Total amount of receivables more than 90 days in arrears	0	0
Total amount of receivables in arrears if the respective arrears amount to at least 5% of the receivable	0	0

Other information

	Residential		Commercial	
	2024	2023	2024	2023
Number of foreclosure and receivership proceedings pending on the closing date	0	0	0	0
Number of foreclosures carried out during the financial year	0	0	0	0
Number of properties taken over during the financial year to prevent losses	0	0	0	0
Total amount of interest in arrears (€m)	0	0	0	0

Mortgage bonds – publication according to Section 28 para. 1 (1) no. 2 PfandBG

	31 Dec 2024	31 Dec 2023
ISIN	XS1195587941, XS1535054891, XS1693853944, XS1760108198, XS1770021860, XS1852086211, XS1957516252, XS2022175249, XS2079126467, XS2113737097	XS1043552345, XS1109753175, XS1119335534, XS1195587941, XS1535054891, XS1693853944, XS1760108198, XS1763163067, XS1766992058, XS1770021860, XS1852086211, XS1869455490, XS1957516252, XS2022175249, XS2079126467, XS2113737097

51. Cover statement mortgage bonds

Cover statement mortgage bonds

	31 Dec 2024 €thous	31 Dec 2023 €thous
Loans and advances to customers		
Mortgage loans	7,426,991	8,245,604
Tangible fixed assets (land charges on the Bank's own property)	0	0
Debt securities and other fixed-interest securities (book value as at 31 Dec 2024: €610,000 thousand, 31 Dec 2023: €415,000 thousand)	610,000	415,000
Total cover assets	8,036,991	8,660,604
Total mortgage bonds requiring cover	4,156,600	4,326,600
Overcollateralisation	3,880,391	4,334,004

52. Other financial obligations

Other financial obligations amounted to €112,020 thousand at the end of 2024 (31 December 2023: €115,020 thousand) and result from an optional obligation to purchase shares in a company within the scope of a lending transaction. This obligation did not pose a risk at the reporting date.

apoBank is a member of the protection scheme with a guarantee fund and a guarantee network operated by the National Association of German Cooperative Banks (Deutsche Volksbanken und Raiffeisenbanken e. V., BVR). Within the scope of the guarantee network, apoBank has assumed a guarantee obligation that amounted to €59,695 thousand as at the end of 2024 (31 December 2023: €55,237 thousand).

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

53. Average number of employees

The average number of employees in 2024 was 1,782 (2023: 1,798) full-time and 476 (2023: 450) part-time employees. In addition, apoBank also employed an average of 79 apprentices (2023: 82).

54. Changes in membership

Changes in membership

	Number of members	Number of cooperative shares	Uncalled liabilities €thous
Beginning of 2024 ¹	110,436	819,641	1,161,975
Additions 2024	3,435	59,407	0
Departures 2024	2,399	22,126	1,161,975
End of 2024	111,472	856,922	0

1) The opening values for 2024 were adjusted compared to the value reported in the annual financial report for the end of 2023 as follows: The number of members was reduced by 1,995 to 110,436, the number of company shares by 17,430 to 819,641, and the uncalled liabilities by €26,145 thousand to €1,161,975 thousand. We refer to our explanatory comments in note 38.

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

By amendment to the Articles of Association on 29 April 2022, the obligation of members to make additional contributions was excluded (entered in the register of cooperatives on 15 August 2022). The reason for the decrease in the uncalled liabilities is the reduction of the uncalled liabilities in the Articles of Association.

55. Auditors' fees

The expenses for the audit of the annual financial statements, other certification services, tax advice and other services of the auditor GV (Genoverband e.V.) were €3,512 thousand in the year under review (2023: €3,179 thousand).

The expenses can be broken down as follows:

Auditor's fee

	2024 €thous	2023 €thous
Audit of the annual financial statements	2,924	2,730 ¹
Other assurance services	493	382 ²
Tax advice	10	10
Other services	85	57

1) Of which release of a provision made in 2022 amounting to €11 thousand.

2) Of which €20 thousand for auditing services in connection with the German Securities Trading Act (WpHG) in previous years.

56. Board compensation

According to Section 285 sentence 1 no. 9a of the HGB, the total remuneration granted to the Board of Directors amounted to €6,330 thousand in 2024 (2023: €5,725 thousand); the performance-related share of this total remuneration was 42.5% (2023: 40.3%). The total remuneration paid to Board members in 2024 amounted to €4,211 thousand (2023: €3,622 thousand).

According to the remuneration structure for members of the Board of Directors agreed upon by the Board of Directors and the Supervisory Board, variable remuneration is paid to Board members on top of the basic salary. This amounts to 35.0% of the aggregate salary if all goals are achieved. If the agreed goals are exceeded or not met, the variable payment for the year is increased or decreased accordingly. However, if the results fall short of the goals by more than 50.0%, no variable remuneration will be paid, and if the goals are exceeded by more than 50.0%, the variable remuneration will not increase further.

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

The total remuneration for former members of the Board of Directors and their surviving dependants amounted to €2,191 thousand (2023: €2,537 thousand). Pension provisions for this group of persons as at the balance sheet date amounted to €56,239 thousand (2023: €55,644 thousand).

The total remuneration for members of the Supervisory Board was €1,531 thousand (2023: €1,483), which was divided up as follows: annual remuneration €777 thousand (2023: €731 thousand), attendance fees €661 thousand (2023: €659 thousand) and other benefits €93 thousand (2023: €93 thousand).

57. Amounts due from Board members

On the balance sheet date, amounts due to and from contingent liabilities incurred for Board members were as follows:

Amounts due from Board members

	31 Dec 2024	31 Dec 2023
	€thous	€thous
Members of the Board of Directors	6	6
Members of the Supervisory Board	2,893	4,209

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

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

59. Board of Directors

Members of the Board of Directors

- Matthias Schellenberg, Chair, responsible for Legal, Boards and Committees & Data Protection, Corporate Development, Communications & Brand, Human Resources, Internal Auditing, Health Care Market, Professional Organisations, Treasury, Institutional Clients & Asset Management, apoAsset
- Heiko Drews, responsible for Sales
- Thomas Runge, responsible for Products, Processes & IT
- Dr. Christian Wiermann, responsible for Finance, Controlling & Bank Operations
- Sylvia Wilhelm, responsible for Risk

60. Supervisory Board

Members of the Supervisory Board

- Dr. med. dent. Karl-Georg Pochhammer, Chair, Deputy Chair of the National Association of Statutory Health Insurance Dentists KdÖR
- Sven Franke¹, Deputy Chair, bank employee
- Fritz Becker, pharmacist and owner of Nordstadt-Apotheke Pforzheim
- Marcus Bodden¹, bank employee
- Martina Burkard¹, bank employee
- Mechthild Coordt¹, bank employee
- Stephanie Drachsler¹, bank employee
- Dr. med. Andreas Gassen, Chair of the Board of the German National Association of Statutory Health Insurance Physicians KdÖR
- Günter Haardt¹, General Manager Asset Management at Vereinte Dienstleistungsgewerkschaft (ver.di) GmbH
- Dr. med. Torsten Hemker, Chair of the Administrative Committee of the Versorgungswerk der Ärztekammer Hamburg KdÖR
- Gerhard Hofmann, Member of the Board of the Federal Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V., BVR) (retired) and Director of Deutsche Bundesbank (retired)
- Lukas Kaster¹, bank employee
- Walter Kollbach (until 26 April 2024), tax consultant/auditor (retired)
- Carsten Padrok² (since 7 March 2024), bank employee
- Ulrich Pukropski (since 26 April 2024), auditor
- Christian Scherer¹, bank employee
- Friedemann Schmidt, pharmacist and owner of the Seume-Apotheke OHG Leipzig
- Dietke Schneider¹, bank employee
- Dr. Thomas Siekmann, former Deputy Chair of the Board of Deutsche Apotheker- und Ärztekammer eG
- Dr. med. dent. Reinhard Urbach, dentist and Chair of the Managing Committee of the Altersversorgungswerk der Zahnärztekammer Niedersachsen KdÖR
- Susanne Wegner, General Manager of the Verwaltungsgesellschaft Deutscher Apotheker mbH

1) Employee representative.

2) Representative of the executive staff. Declaration of acceptance submitted to court on 19 March 2024.

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

In 2024, members of the Board of Directors and employees of the Bank held seats on the supervisory boards or comparable boards of the following joint-stock companies pursuant to Section 267 para. 3 of the HGB or comparable organisations:

Name	Company	Function
Matthias Schellenberg	aik Immobilien-Investmentgesellschaft mbH, Dusseldorf	First Deputy Chair of the Supervisory Board until 5 November 2024
	Apo Asset Management GmbH, Dusseldorf	Chair of the Supervisory Board (since 1 January 2025) Deputy Chair of the Supervisory Board
	Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), Berlin	Member of the Association Council (personal deputy of an ordinary member)
	Deutsche Ärzteversicherung AG, Cologne ¹	Second Deputy Chair of the Supervisory Board and Member of the Audit Committee
	Marburger Bund-Stiftung, Berlin	Deputy Chair of the Board of Trustees
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
Heiko Drews	Deutsche Ärzte Finanz Beratungs- und Vermittlungs-Aktiengesellschaft (DÄF), Cologne ¹	Member of the Supervisory Board, since 16 May 2024 Deputy Chair of the Supervisory Board
Thomas Runge	aik Immobilien-Investmentgesellschaft mbH, Dusseldorf	Member of the Supervisory Board until 5 November 2024
	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board
	PROFI Erste Projektfinanzierungs- und Beteiligungsgesellschaft AG, Zurich	Member of the Administrative Board
Dr. Christian Wiermann	ARZ Haan AG, Haan	Member of the Supervisory Board
Christina Fabich	Finanz-Service GmbH der APO-Bank, Dusseldorf	Member of the Supervisory Board
Steffen Kalkbrenner	Treuhand Hannover Steuerberatung und Wirtschaftsberatung für Heilberufe GmbH, Hanover ¹	Deputy Chair of the Supervisory Board until 30 April 2025
Linda Mende	Finanz-Service GmbH der APO-Bank, Dusseldorf	Member of the Supervisory Board
Carsten Padrok	Finanz-Service GmbH der APO-Bank, Dusseldorf	Chair of the Supervisory Board, since 1 January 2025 Deputy Chair of the Supervisory Board
Reinhard Pflingsten	aik Immobilien-Investmentgesellschaft mbH, Dusseldorf	Member of the Supervisory Board until 5 November 2024
	Apo Asset Management GmbH, Dusseldorf	Member of the Supervisory Board
Peter Schlögell	Apotheken-Rechen-Zentrum GmbH, Darmstadt	Member of the Administrative Board
Daniel Zehnich	ARZ Haan AG, Haan	Deputy Chair of the Supervisory Board
	ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Dusseldorf	Member of the Supervisory Board

1) Disclosure required pursuant to Section 340a para. 4 no. 1 of the HGB.

62. Name and address of the responsible auditing association

Genoverband e. V.
Ludwig-Erhard-Allee 20
40227 Dusseldorf, Germany

Dusseldorf, 11 March 2025
Deutsche Apotheker- und Ärztebank eG
The Board of Directors



Matthias Schellenberg



Heiko Drews



Thomas Runge



Dr. Christian Wiermann



Sylvia Wilhelm

Annex to the Annual Financial Statements Pursuant to Section 26a KWG as at 31 December 2024

Deutsche Apotheker- und Ärztebank eG, 40547 Dusseldorf

Country-by-country reporting pursuant to Section 26a of the KWG as at 31 December 2024

In Section 26a para. 1 (2) of the KWG, the requirement of the 2013/36/EU Capital Requirements Directive (CRD IV) was implemented in German law.

According to this, CRR institutions must publish a country-by-country reporting that includes the following information:

1. company name, nature of activities and geographical location of the branches,
2. turnover,
3. number of employees on a full-time equivalent basis,
4. profit or loss before tax,
5. tax on profit or loss, as well as
6. public subsidies received.

Deutsche Apotheker- und Ärztebank eG is headquartered in Dusseldorf and is active Germany-wide.

The purpose of the cooperative as a lending institute with a focus on the health care market is to support its members – specifically health care professionals as well as their organisations and institutions – and their economic development. Its business is to conduct all customary bank transactions within the framework of legal provisions for members as well as non-members. The head office, the branches and the advisory offices of Deutsche Apotheker- und Ärztebank are all located in Germany.

Reporting on turnover, profit or loss before tax as well as tax on profit or loss is based on the individual financial statement. The turnover is calculated based on the operating result, excluding risk provisioning, depreciation of intangible and tangible assets and general administrative expenses.

The number of employees is expressed in full-time equivalents based on the average number of employees in 2024.

Overview of country-by-country reporting

	Turnover	Number of FTEs	Profit/(loss) before tax	Tax on profit or loss	Public subsidies received
Country	€m		€m	€m	€m
Germany	1,219.0	2,122	415.6	215.3	-

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Report of the Independent Auditor

to Deutsche Apotheker- und Ärztebank eG, Dusseldorf

Report on the audit of the annual financial statements and the management report

Audit opinions

We have audited the annual financial statements of Deutsche Apotheker- und Ärztebank eG, Dusseldorf (hereinafter referred to as the “Cooperative”), comprising the balance sheet as at 31 December 2024, the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from 1 January to 31 December 2024, as well as the notes to the financial statements, including the accounting and valuation methods. We also audited the management report of the Cooperative for the fiscal year from 1 January to 31 December 2024. In accordance with German legal requirements, we did not audit the content of the parts of the management report referred to in its “Other information” section. The management report makes reference to the publication of the separate non-financial report pursuant to Sections 289b to 289e HGB on the Cooperative’s website. In line with German legal requirements, our audit does not cover this separate non-financial report.

According to the findings obtained within the scope of our audit

- the attached annual financial statements comply with applicable German commercial law requirements for cooperative banks in all key aspects and, in consideration of German standard accounting practice, give a true and fair view of the net assets and financial position of the Cooperative as at 31 December 2024 as well as of the results of operations for the fiscal year from 1 January to 31 December 2024 and
- the attached management report as a whole gives an accurate picture of the Cooperative’s position. This management report is consistent with the annual financial statements in all key aspects, complies with German legal requirements and gives a true and fair view of the opportunities and risks associated with future developments. Our audit opinion on the management report does not cover the content of the parts of the management report referred to in its “Other information” section. Nor does our audit opinion cover the content of the above-mentioned separate non-financial report.

In accordance with Section 322 para. 3 (1) of the HGB, we declare that our audit did not lead to any objections regarding the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 53 para. 2 of the Cooperative Societies Act (GenG), with Sections 340k and 317 of the HGB and with the European Union Auditing Regulation (No. 537/2014, hereinafter referred to as EU-APrVO), in consideration of the German standards for the proper auditing of financial statements issued by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these provisions and principles are described in further detail in the section “Responsibility of the auditor in auditing the annual financial statements and the management report” of our auditor’s report. We are independent of the Cooperative in accordance with European law, German commercial law and provisions governing the auditing profession and have fulfilled all other professional duties valid in Germany in accordance

with these requirements. Moreover, in accordance with Article 10 para. 2 f) EU-APrVO in conjunction with Sections 55 para. 2 and 38 para. 1a GenG, we declare that nobody in our employment who could influence the result of the audit has provided non-audit services that are prohibited under Article 5 para. 1 EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the annual financial statements and the management report.

Key audit matters in auditing the annual financial statements

Key audit matters are matters that, after due consideration, we found to be the most important in our audit of the annual financial statements in the fiscal year from 1 January to 31 December 2024. These matters were taken into account in our audit of the annual financial statements as a whole and in the formation of our audit opinion. We do not issue any separate audit opinions on these matters.

In the following, we present the audit matters we consider as key:

1. Valuation of other provisions

2. Valuation of loans and advances to customers

We structured our presentation of key audit matters as follows:

- a) Matter and issue at hand
- b) Audit procedures and findings
- c) Reference to further information

on 1.a)

As a credit institution, the Cooperative is exposed to various risks. The recognition and valuation in particular of provisions for litigation risks and costs, transaction bonuses and other uncertain liabilities of the Cooperative are based on estimates, expectations and assumptions made by the legal representatives. For this reason and also due to the significant amount of these items, we believe that these matters constituted key audit matters in our audit of the Cooperative's annual financial statements.

on 1.b)

We initially reviewed whether the Cooperative's relevant systems and processes for the valuation of other provisions are designed so that the need for provisions is recognized with reasonable assurance and in good time and provisions are formed in a sufficient amount. We then verified the functionality of the regulations and processes by auditing selected individual cases. This audit process was based on the relevant controls put in place by the Cooperative.

We also conducted analytical audit procedures. In this context, the Cooperative's data pool was assessed according to predefined audit criteria.

Based on the results of this assessment, we reviewed individual cases selected deliberately with regard to the need for and, if applicable, the appropriateness of the formation of provisions.

on 1.c)

Further disclosures by the Cooperative on the accounting and valuation of other provisions are included in notes 12 and 45 of the notes to the annual financial statements.

on 2.a)

Loans and advances to customers amount to €34.7 billion when netted with the risk provisions made; this corresponds to 67.1 % of the balance sheet total. In addition, contingent liabilities exist in the amount of €0.4 billion and irrevocable loan commitments in the amount of €2.7 billion.

The identification of impairments as well as the calculation of loan loss provisions, provisions for contingent liabilities and irrevocable loan commitments are subject to significant estimation uncertainties and scope for discretion. With respect to the annual financial statements, the risk is that the need for impairment and/or for provisions is not recognised in time or that the amount of the impairment and/or the provisions is influenced by the economic situation and development of the respective borrower as well as by the valuation of the collateral. As a result, it is essential for the annual financial statements and in particular the earnings situation that loans and advances to customers as well as contingent liabilities, especially in the commercial lending business, are correctly assessed. We believe that this constitutes a key audit matter.

on 2.b)

We initially assessed whether the Cooperative's systems and processes relevant for the valuation of loans and advances to customers are designed so that acute risks are recognized with reasonable assurance in good time, and risk provisions are formed in a sufficient amount, if needed.

We then verified the functionality of the regulations and processes by auditing selected individual cases. This audit process was based on the relevant controls put in place by the Cooperative.

We also conducted analytical audit procedures. In this context, the Cooperative's data pool was assessed according to predefined audit criteria. This process took into account ratings and in particular the amount of unsecured loan components, the level of value at risk and the total loan commitment.

On the basis of the different audit procedures mentioned before, we conducted individual reviews of loan exposures selected deliberately with regard to the need for and, if applicable, the appropriateness of risk provisions.

on 2.c)

Further disclosures from the Cooperative on the recognition and valuation of receivables in the lending business are included in particular in notes 3, 16, 36 and 40 of the notes to the annual financial statements.

Other information

The legal representatives or the Supervisory Board are responsible for other information.

Other information comprises the following parts of the management report, the content of which is not audited:

- the corporate governance statement pursuant to Section 289f para. 4 of the HGB (disclosures concerning the proportion of women).

Other information also encompasses the following:

- the separate non-financial report pursuant to Sections 289b to 289e of the HGB,
- the remaining parts of the annual report, without further cross-references to external information, with the exception of the audited annual financial statements and the management report as well as our audit report.

Our audit opinions on the annual financial statements and the management report do not extend to other information. Accordingly, we do not issue any audit opinion or any other form of audit conclusion in this regard.

In the context of our audit, it is our responsibility to read other information and assess whether it

- contains any material discrepancies to the annual financial statements, the audited content of the disclosures made in the management report, or the findings we obtained during the audit or
- appears to have been otherwise incorrectly presented.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The Cooperative's legal representatives are responsible for preparing the annual financial statements in accordance with the applicable German provisions under commercial law for cooperative banks in all key aspects and for ensuring that the annual financial statements provide a true and fair view of the Cooperative's net assets, financial position and results in accordance with standard German accounting practice. In addition, the legal representatives are responsible for the internal controls they deem necessary in accordance with standard German accounting practice to allow the preparation of annual financial statements that are devoid of material misstatements due to fraudulent actions (i.e. manipulation of the accounts and damage to assets) or errors.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Cooperative's ability to continue as a going concern. Furthermore, they are responsible for disclosing any and all relevant matters associated with the continuation of the Cooperative as a going concern. They are also responsible for drawing up the balance sheet on the basis of the going-concern principle unless prevented from doing so by any actual circumstances or legal affairs.

In addition, the legal representatives are in charge of preparing the management report, which provides a true and fair view of the Cooperative's situation and also corresponds to the annual financial statements in all key aspects, complies with German legal requirements, and accurately presents the opportunities and risks associated with future developments. Moreover, the legal representatives are responsible for the precautions and measures (systems) they considered necessary to prepare a management report that complies with applicable German legal requirements and to provide sufficient appropriate evidence of the statements made in the management report.

The Supervisory Board is responsible for monitoring the Cooperative's accounting process in the preparation of the annual financial statements and the management report.

Auditor's responsibility for auditing the annual financial statements and the management report

We aim to determine with a reasonable degree of assurance whether the annual financial statements as a whole are free of material misstatements due to fraudulent actions or errors, and whether the management report as a whole gives a true and fair view of the Cooperative's situation and also corresponds in all key aspects to the annual financial statements and the findings gathered during the audit, complies with German legal requirements, and accurately presents the opportunities and risks associated with future development, and also to issue an auditor's report that includes our audit opinions concerning the annual financial statements and the management report.

Reasonable assurance is understood to be a high level of assurance, but not a guarantee, that an audit conducted in accordance with Section 53 para. 2 of the GenG, Sections 340k and 317 of the HGB and the EU-APrVO, taking into consideration the German standards for the proper auditing of financial statements issued by the Institute of Public Auditors in Germany (IDW), will always uncover material misstatements. Misstatements can result from fraudulent actions or errors and are considered to be material if, taken individually or as a whole, they could be rationally expected to impact the financial decisions of readers of the annual financial statements and the management report made on the basis of these.

During the audit, we exercise our discretionary duty and take a critical approach. In addition:

- we identify and assess the risks of material misstatements in the annual financial statements and the management report due to fraudulent actions or errors, plan and organise audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of material misstatements due to fraudulent actions not being detected is higher than the risk that misstatements resulting from errors are not detected, as fraudulent actions can include collusive collaboration, forgery, intentionally incomplete disclosures, misleading statements, and the circumvention of internal controls;

- we gain an understanding of the internal controls relevant for auditing the annual financial statements and of the precautions and measures relevant for auditing the management report in order to plan audit procedures that are appropriate under the given circumstances. However, this is not aimed at issuing an audit opinion on the effectiveness of these precautions and measures;
- we assess the appropriateness of the accounting methods applied by the legal representatives and the acceptability of the estimated figures presented by the legal representatives as well as related disclosures;
- we draw conclusions on the appropriateness of the going-concern accounting principle applied by the legal representatives and, on the basis of the audit evidence, whether any material uncertainty exists in relation to events or circumstances that could cast significant doubt on the Cooperative's ability to continue to operate as a going concern. If we conclude that material uncertainty exists, we are obliged to draw attention to the corresponding disclosures in the annual financial statements and the management report in our auditor's report or, if these disclosures are inappropriate, to modify our auditor's opinion. We draw conclusions on the basis of the audit evidence obtained up to the date of our auditor's opinion. Future events or circumstances can, however, lead to the Cooperative being unable to operate as a going concern;
- we evaluate the overall presentation, structure, and content of the annual financial statements, including the notes to the financial statements, and whether the annual financial statements present the underlying transactions and events in a manner that gives a true and fair view of the net assets, financial position and results of the Cooperative in consideration of German standard accounting practice;
- we assess the consistency of the management report with the annual financial statements, its compliance with legal requirements, and the impression it gives of the Cooperative's situation;
- we conduct audit procedures concerning the forward-looking statements made by the legal representatives in the management report. Based on the existence of sufficient and appropriate audit evidence, we verify in particular the significant assumptions that underpin the forward-looking statements made by the legal representatives and assess whether the forward-looking statements have been properly derived from these assumptions. We do not issue a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a significant and unavoidable risk that future events will deviate from the forward-looking statements.

We discuss the planned scope and time frame for the audit as well as significant audit findings with the Supervisory Board, including any significant deficiencies found in the internal control system that we determine during our audit.

We issue a statement to the Supervisory Board that we have complied with the relevant independence requirements, discuss with them all relationships and matters that can be reasonably expected to affect our independence, and insofar as they are relevant, the actions or countermeasures taken to remove risks to our independence.

Of the matters discussed with the Supervisory Board, we determine the ones that were most significant for auditing the annual financial statements of the current reporting period and which therefore qualify as key audit matters. We describe these matters in the auditor's report unless we are prevented from disclosing this information due to statutory or legal requirements.

Other statutory and legal requirements

Report on the audit of the electronic rendering of the annual financial statements and the management report for the purposes of disclosure pursuant to Section 317 para. 3a of the HGB

Audit opinion (subject matter of the audit and audit opinion)

In accordance with Section 317 para. 3a of the HGB, we reviewed with reasonable assurance whether the rendering of the annual financial statements and the management report contained in the provided file "**Jahresfinanzbericht_apoBank_2024_ESEF.xhtml**" and prepared for the purposes of disclosure (called "ESEF documents" in the following) is in all key aspects in compliance with the specifications of Section 328 para. 1 of the HGB regarding the electronic format of reporting ("ESEF format"). In line with German legislation, this review extends solely to the transfer of information from the annual financial statements and the management report to the ESEF format. Thus, it does not extend to either the information contained in these renderings nor to other information contained in the above-mentioned file.

In our opinion, the rendering of the annual financial statements and the management report contained in the above-mentioned file and prepared for purposes of disclosure complies in all key aspects with the specifications of Section 328 para. 1 of the HGB regarding the electronic format of reporting. Beyond this audit opinion as well as our audit opinions contained in the above "Report on the audit of the annual financial statements and the management report" on the attached annual financial statements and the attached management report for the financial year from 1 January to 31 December 2024, we provide no audit opinion on the information contained in these renderings nor on the other information contained in the above-mentioned file.

Basis for our audit opinion

We carried out our audit of the renderings of the annual financial statements and the management report contained in the above-mentioned file in compliance with Section 317 para. 3a of the HGB under consideration of the draft of the IDW auditing standard on auditing of the electronic rendering of financial statements and management reports for the purposes of disclosure pursuant to Section 317 para. 3a of the HGB (IDW PS 410 (06.2022)). Our responsibility according to this is described in detail in the section "Responsibility of the auditors for auditing the ESEF documents". In our audit practice, we applied the requirements of the quality assurance system of the IDW quality assurance standard regarding quality assurance requirements in audit practice (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The legal representatives of the Cooperative are responsible for preparing the ESEF documents including the electronic renderings of the annual financial statements and the management report in compliance with Section 328 para. 1 (4) number 1 of the HGB.

Furthermore, the legal representatives of the Cooperative are responsible for the internal controls they deem necessary to enable the preparation of the ESEF documents, which are free from intentional or unintentional material breaches of the specifications of Section 328 para. 1 of the HGB regarding the electronic format of reporting.

In addition, the legal representatives of the Cooperative are responsible for submitting to the operator of the Federal Gazette the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as further documents for disclosure.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the auditors for auditing the ESEF documents

We aim to determine with a reasonable degree of assurance whether the ESEF documents are free of intentional and unintentional breaches of the requirements of Section 328 para. 1 of the HGB. During the audit, we exercise our discretionary duty and take a critical approach. In addition:

- we identify and assess the risks of material intentional and unintentional breaches of the requirements of Section 328 para. 1 of the HGB, plan and organise audit procedures as a response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions;
- we gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate under the given circumstances but are not aimed at issuing an audit opinion on the effectiveness of these controls;
- we assess the technical validity of the ESEF documents, i.e. whether the file that contains the ESEF documents complies with the specifications of the Commission Delegate Regulation (EU) 2019/815 in the version valid on the closing date regarding the technical specification for this file;
- we review whether the ESEF documents enable XHTML rendering, identical in its content, of the audited annual financial statements and the audited management report.

Other disclosures pursuant to Article 10 EU AR

As the responsible audit association, we are the statutory auditor of the Cooperative.

We hereby declare that the audit opinions in this auditor's report correspond to the report to the Supervisory Board pursuant to Article 11 of the EU-APrVO in conjunction with Section 58 para. 3 of the GenG (audit report).

Persons employed by us who could influence the result of the audit performed the following services that were not disclosed in the annual financial statements or the management report of the audited Cooperative in addition to the audit of the annual financial statements for the Cooperative and for the companies it controls:

- audit of the securities services and custody business pursuant to Section 89 para. 1 (1) and (2) of the German Securities Trading Act (WpHG) as well as its custodian function pursuant to Section 68 para. 7 of the German Capital Investment Code (KAGB),
- review of the non-financial declaration pursuant to Section 340a para. 1a of the HGB in conjunction with 289b to 289e of the HGB,
- issuance of a letter of comfort,
- review of the abridged interim financial statements and the interim management report as at 30 June 2024 pursuant to Section 115 para. 5 of the WpHG,
- audit of reporting obligations to the settlement authority to calculate the contributions to the settlement fund (bank levy),
- other separate certification services to the banking supervisory authority and/or the Federal Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V.),
- assessment during the project of selected questions in connection with the requirements of the CSRD (Corporate Sustainability Reporting Directive).

Other matters – use of the auditor’s report

Our auditor’s report should always be read in combination with the audited financial statements and the audited management report as well as the audited ESEF documents. The financial statements and management report provided in ESEF format, including the versions to be published in the Federal Gazette (Bundesanzeiger), are merely electronic renderings of the audited financial statements and management report. They do not replace them. In particular, the ESEF certificate and our audit opinion contained therein may only be used in combination with the audited electronic ESEF documentation.

Responsible auditor

The German Public Auditor responsible for the engagement is Karsten Ernstberger.

Dusseldorf, 28 March 2025
Genoverband e. V.

Dirk Berkau
Auditor

Karsten Ernstberger
Auditor

Responsibility Statement by the Legal Representatives

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

Dusseldorf, 11 March 2025
Deutsche Apotheker- und Ärztebank eG
The Board of Directors



Matthias Schellenberg



Heiko Drews



Thomas Runge



Dr. Christian Wiermann



Sylvia Wilhelm



Obituary
In Memoriam

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In Memoriam

Prof. Dr. med. Dr. h.c. Karsten Vilmar

The deceased actively supported the development of the Bank for many years as member of the Supervisory Board. After that, he continued to serve the Bank as member of the Honorary Senate.

Jörg Bauer

Reiner Haupt

Wolfgang Presser, pharmacist

Dr. med. Martin Rothe

Dr. med. Gerhard Schade

Karin Wahl, pharmacist

Dr. med. Dr. med. dent. Jürgen Weitkamp

The deceased were closely associated with Deutsche Apotheker- und Ärztebank as members in our boards and committees.

We have lost good friends and estimated companions in our endeavours to advance the Bank.

We will cherish our memories of the deceased.

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

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

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