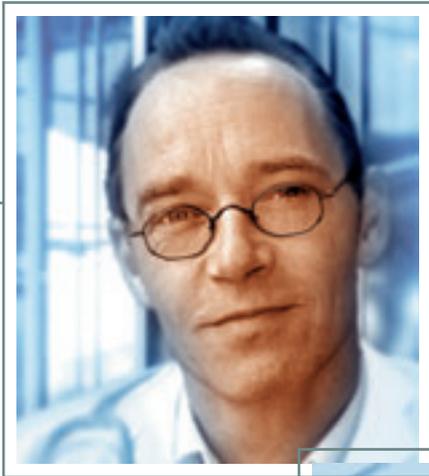


A Deutsche Apotheker- und Ärztebank

Annual Report 2003



Deutsche Apotheker- und Ärztebank
Annual Report 2003

	2003 € million	2002 € million	Change in %
<i>Balance Sheet Total</i>	25,596	22,898	+ 11.8
<i>Customer Loans</i>	16,837	15,311	+ 10.0
<i>Client Deposits</i>	16,967	15,771	+ 7.6
<i>Liable Equity Capital</i>	2,110	1,774	+ 18.9
<i>Operating Profit before Provision for Risks</i>	203.8	177.3	+ 15.0
<i>Distributable Profit</i>	72	59	+ 22.0

	2003	2002
<i>Equity Ratio</i>	11.4 %	10.5 %

	2003	2002	Change in %
<i>Employees</i>	1,914	1,879	+ 1.9
<i>Customers</i>	263,100	248,200	+ 6.0
<i>Members</i>	97,432	93,634	+ 4.1

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Dear Members, Customers and Business Partners,

As Deutsche Apotheker- und Ärztebank (APO-Bank) enters its second century, we on the Board of Directors have rated the Annual Financial Statements now being presented internally as “more than just satisfactory”. Further improvements were made in the income items of the profit and loss account while the rise in personnel and operating expenses remained within the budget limits. Expansion of the balance sheet total also followed a constant growth curve in the year 2003 and there was particular emphasis on preserving the balanced structure.

Strategic projects were further pursued in addition to business policy decisions affecting assets and liabilities and include measures to reinforce sales but also measures to enhance the efficiency of internal processes. Furthermore, considerable resources were again deployed to complete the “Basel II” project on time and implement the minimum requirements for the credit business of credit institutions (Mindestanforderungen an das Kreditgeschäft der Kreditinstitute (MaK)).

As a result, we can look back at a wholly satisfactory development in the 2003 Financial Year that has contributed to the inherent stability of the bank and also helped to consolidate its no. 1 position as the provider of financial services to the medical professions.

We are constantly asked why APO-Bank is able to resist the general structural and earnings problems in the lending sector and, not only that, but also improve its operating results at times when the financial position of members of the medical professions is under pressure.

There is more than one answer to this. One major reason for our success is the fact that the Bank has been registering extremely high numbers of new clients for years. Such high number of new customers results in a huge extension of lending. This is clearly reflected in net interest received, although the interest margin has fallen over the last few years. In spite of the spectacular increase in new loans compared to earlier years, the quality of the credit portfolio remains of a high standard – the importance of this factor should not be underestimated.

Nevertheless, the Bank only effectively benefits from the rise in the net interest received because it has favourable cost-income ratios. Thus the cost-income ratio could be reduced from 61.8 % in 2001 to 59.1 % in 2003. Although these values are already significantly lower than the average rates for all German banks, we nevertheless aim to achieve a further improvement in the cost-income ratio in the current Financial Year.

The question of why the APO-Bank was able to weather the structural and income problems suffered by the banking sector without suffering any ill effects can be answered by looking back at the wide-scale re-organisational measures undertaken in the 1990s. Because of these, we were under no pressure to restructure at the start of the new millennium. Moreover, we have continued to develop and expand multi-channel distribution consistently from an early date. This saved us the trouble and expense of divesting ourselves of sales subsidiaries at that time and of their equally costly reintegration today. The major advantage to be mentioned is the fact that we have concentrated on a niche in which the Bank operates in a highly professional manner.

The current internal processes of change within APO-Bank are associated less with typical banking developments than its transformation from a “bank for the medical professions” into the “partner of the medical professions”.

By this we mean providing a range of services that goes far beyond the normal range of services provided by a bank. This extension of major services includes supporting the medical professions in business matters and active positioning of the Bank and its subsidiaries as training centres and service-providers for innovative care structures in the health sector.

Our range of services will be adapted to meet the new requirements resulting from changes in the health sector. In spite of all the necessary changes, we shall make a point of maintaining the continuity of our business policy – a business policy that is specially geared to the medical professions with the aim of being an attractive partner to pharmacists, physicians, dentists and vets as well as their associations and business organisations. This is because confidence-building cooperation with our clients is the cornerstone of all our business activity.

We hope that this report on the Bank developments in the 2003 Financial Year will promote your confidence in Deutsche Apotheker- und Ärztebank and further strengthen our business partnership for the future.

Yours sincerely,
Deutsche Apotheker- und Ärztebank
The Board of Directors



Werner Wimmer



Gerhard K. Girner



Jürgen Helf



Günther Herion



Günter Preuß



Werner Albert Schuster

Agenda

of the Annual General

Meeting on Friday,

18 June 2004,

15.30 hours,

Swissôtel Düsseldorf/Neuss,

Rheinallee 1,

41460 Neuss

Words of Welcome

1. Report of the Board of Directors for the 2003 Financial Year
2. Report of the Supervisory Board
3. Report on the Legal Audit, Statement by the Supervisory Board, Resolutions passed
4. a) Resolution on the 2003 Financial Statements
b) Resolution regarding the appropriation of distributable profit in 2003
5. a) Ratification of the Actions of the Board of Directors in the 2003 Financial Year
b) Ratification of the Actions of the Supervisory Board in the 2003 Financial Year
6. Approval of the Rules on Remuneration for the Supervisory Board
7. Election of the Supervisory Board
8. Any other business

The session is briefly interrupted at the beginning of Item 7 of the Agenda to give the individual professional groups an opportunity for consultation.

Only the elected representatives of the Bank have the right to vote.

Werner Wimmer, Düsseldorf,
Spokesman

Gerhard K. Girner, Düsseldorf

Jürgen Helf, Düsseldorf

Günther Herion, Düsseldorf

Günter Preuß, Düsseldorf

Werner Albert Schuster, Düsseldorf

Dr. med. dent. Wilhelm Osing, Düsseldorf, *Chairman*
Norbert Hinke, Düsseldorf*, *Vice-Chairman*
Ralf Baumann, Düsseldorf* (*from 27 June 2003*)
Dr. med. dent. Wilfried Beckmann, Gütersloh (*until 26 June 2003*)
Berthold Bisping, Neuss* (*from 27 June 2003*)
Dr. med. dent. Dieter Dahlmann, Neuss (*from 27 June 2003*)
Dr. med. dent. Wolfgang Eber, Mönchengladbach (*from 27 June 2003*)
Wolfgang Fischer, Düsseldorf* (*until 26 June 2003*)
Hans-Günter Friese, Pharmacist, Fröndenberg
Wolfgang Häck, Aachen*
Thomas Höll, Düsseldorf* (*from 27 June 2003*)
Prof. Dr. med. Dr. h. c. Jörg-Dietrich Hoppe, Düren
Uschi Jaeckel, Mülheim/Ruhr* (*from 27 June 2003*)
Britta Jansen, Hamburg*
Hermann-Stefan Keller, Pharmacist, Mainz
Dr. med. dent. Hans-Hermann Liepe, Hanover (*until 26 June 2003*)
Heidi Methner, Leipzig* (*until 26 June 2003*)
Dr. med. Ulrich Oesingmann, Dortmund
Gerhard Reichert, Pharmacist, Hengersberg
Dr. med. dent. Bernhard Reilmann, Lippstadt (*until 26 June 2003*)
Dr. med. Manfred Richter-Reichhelm, Berlin
Dr. med. Wolf-Rüdiger Rudat, Kunitz (*until 26 June 2003*)
SR Peter Sauermann, Veldenz (*until 26 June 2003*)
Christian Scherer, Neustadt*
PhR Dr. rer. nat. Hartmut Schmall, Aachen (*until 26 June 2003*)
Michael Sell, Düsseldorf*
Heike Vocke, Hanover* (*until 26 June 2003*)
Roland Wark, Heusweiler* (*from 27 June 2003*)
Dr. med. Wolfgang Wesiack, Hamburg
Dr. med. dent. Fritz-Josef Willmes, Burgrieden (*until 26 June 2003*)
OPhR Dr. rer. nat. Helmut Wittig, Schleiz (*until 26 June 2003*)

* elected by employees

*Honorary Legal
Counsel of the
Supervisory Board* Dipl.-Kfm. Richard Deutsch, Lawyer
Meerbusch

*Honorary Chairman of
the Board of Directors* Dipl.-Volkswirt Walter Schlenkenbrock,
Ratingen

*Holder of the
Karl-Winter-Medal
and Honorary Member
of the Bank* Prof. Dr. h. c. J. F. Volrad Deneke,
Bonn

*Honorary Members
of the Bank* Dr. med. dent. Rudolf Cramer,
Wiesbaden

Elfriede Girl,
Munich

Dr. med. dent. Rudolf Oschika,
Moers

Dr. jur. Albert Peterseim, Pharmacist,
Essen

Klaus Stürzbecher, Pharmacist,
Berlin

Report of Board of Directors

Management Report 2003

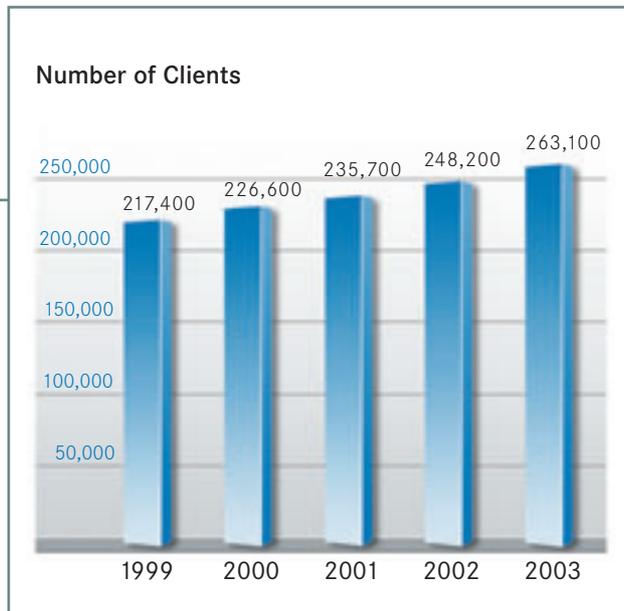


Summary of Business Development

Continuing on course for success For Deutsche Apotheker- und Ärztebank in the Financial Year 2003, the successful trends from the preceding period continued. The operating results, in all their different correlations, significantly exceeded the values of the Annual Financial Statements for the previous year. The powerful growth and expansion of the balance sheet volume corresponds to the trend of previous years. In spite of the expansion of operative business, strategic new projects were commenced and good progress was made in continuing projects already introduced.

International requirements The developments of the year under review were characterised by a re-orientation of business policy in line with international standards. The aims were primarily to achieve a further improvement in the cost-income ratio, interest margin stability, another increase in the core capital ratio,

better performance in terms of operating profit before provision for risks and the consistent maintenance of good quality assets.



The driving force behind growth again proved to be the sustained demand for the bank's expertise in financing, and this made itself felt with the particularly high increase in the number of new customers. The increase by 14,900 to 263,100 customers is the highest figure ever recorded within a single year.

SURVEY I	Financial Year 2003 in € million	Previous Year 2002 in € million	Change in € million	Change in %
a) Balance sheet total	25,596.4	22,897.8	+ 2,698.6	+ 11.8
b) Business volume*	25,596.4	22,897.8	+ 2,698.6	+ 11.8
c) Liquidity				
Cash on hand	20.9	19.8	+ 1.1	+ 5.6
Balances with Deutsche Bundesbank	100.0	91.0	+ 9.0	+ 9.9
Cash reserves	120.9	110.8	+ 10.1	+ 9.1
Loans and advances to banks due on demand	153.8	88.6	+ 65.2	+ 73.6
Bonds and debt securities eligible for discount at the Bundesbank	2,277.4	1,932.0	+ 345.4	+ 17.9
Total liquid funds	2,552.1	2,131.4	+ 420.7	+ 19.7
Liabilities to				
- banks	6,166.5	5,150.4	+ 1,016.1	+ 19.7
- customers	10,075.7	9,362.0	+ 713.7	+ 7.6
Debt securities outstanding	6,891.6	6,409.1	+ 482.5	+ 7.5
Other liabilities	263.2	207.0	+ 56.2	+ 27.1
Total liabilities	23,397.0	21,128.5	+ 2,268.5	+ 10.7
Liquidity (as % of liabilities)	10.9	10.1	+ 0.8	+ 7.9
d) Lending				
- Loans and advances to customers	16,837.2	15,311.4	+ 1,525.8	+ 10.0
- Liabilities from guarantees and indemnity agreements	278.2	255.0	+ 23.2	+ 9.1
	17,115.4	15,566.4	+ 1,549.0	+ 10.0
e) Deposits				
- Savings deposits	543.2	603.2	- 60.0	- 9.9
- Deposits due on demand	4,132.8	3,373.0	+ 759.8	+ 22.5
- Deposits with agreed term or period of notice	5,399.7	5,385.8	+ 13.9	+ 0.3
- Certificated liabilities	6,891.6	6,409.1	+ 482.5	+ 7.5
	16,967.3	15,771.1	+ 1,196.2	+ 7.6
f) Liabilities to banks				
- Due on demand	1,063.3	751.9	+ 311.4	+ 41.4
- With agreed term or period of notice	5,103.2	4,398.5	+ 704.7	+ 16.0
	6,166.5	5,150.4	+ 1,016.1	+ 19.7

*The business volume comprises the balance sheet total and the endorsement liabilities.

SURVEY II	Financial Year 2003 in € million	Previous Year 2002 in € million	Change in € million	Change in %
a) Net interest income	399.4	361.0	+ 38.4	+ 10.6
b) Net commission received	80.1	80.3	- 0.2	- 0.2
c) General administrative expenses				
- Personnel expenses	142.2	130.7	+ 11.5	+ 8.8
- Other administration costs	124.7	121.7	+ 3.0	+ 2.5
d) Depreciation on fixed assets	16.3	15.3	+ 1.0	+ 6.5
e) Operating profit before provision for risks	203.8	177.3	+ 26.5	+ 15.0
f) Accounting profit	71.6	58.5	+ 13.1	+ 22.4



*Professional
experience is in
demand*

We interpret the positive response by members of the medical profession to the range of services offered by our Bank also as an indication that, especially in view of the difficult underlying conditions in the health sector, having a bank with experience in that profession as your partner is greatly appreciated. The sound knowledge and experience acquired by customer advisers over many years that enables them to understand the business and management concerns of the freelance medical professional with a newly acquired practice or pharmacy has long since become a valuable selling proposition that is likely to acquire even greater importance in the future.

*More new
employees*

New members of staff joined the Bank in 2003 to expand advisory service capacity in the branches and provide additional services required at head office. As a result, the number of employees rose from 1,879 to 1,914, and the effective number of employees (including staff on short-term contracts, early retirement pensioners etc.) rose from 2,104 to 2,143. It had been foreseen that the 2000-employee threshold for the purposes of the Co-Determination Act (Mitbestimmungsgesetz) would be passed in the year under review, therefore requiring equal representation of employees on the Supervisory Board and so the Supervisory Board was elected accordingly.

*New home for
head office and
subsidiaries*

Our customers are served by 46 branches throughout the whole of Germany, a few advisory centres, our subsidiaries and the head office in Düsseldorf. This year, head office moved into a new building with enough space to accommodate the subsidiaries. Business units that were previously dispersed over seven different locations are now united under one roof for the first time.

*More external
offices*

The newly established external offices in Ulm and Ingolstadt gave the bank an opportunity, in the year under review, to gain experience in

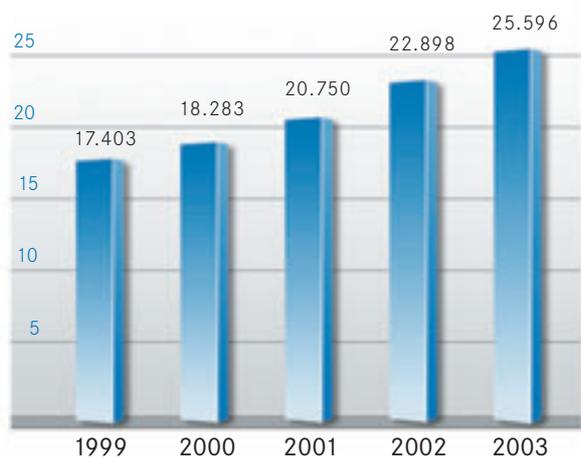
providing services to clients in areas where the Bank has no direct sales offices of its own. The positive response to this initiative has encouraged us to plan further external offices.

*Customers have
the choice*

We generally let our customers choose, via the multi-channel strategy in operation since 1996, how they wish to contact the bank. This means that

members of the medical profession can choose between personalised advice in the branch or a home visit from our mobile sales force. They can also choose between user-friendly computer programs or the “apodialog” telephone service for standard banking transactions.

Balance Sheet Total
(in Euro bn)



Many new customers combined with the interest of existing customers in new or additional products led to growth of the balance sheet total by Euro 2.7 billion or 11.8 % to Euro 25.6 billion. This means that we have

been able to further expand our peak position as Germany's largest co-operative bank – a position held for more than 30 years.

*Market leader in
practice financing*

The expansion of the balance sheet was the result of the demand for loans, the majority of which were for the usual purpose of starting up a practice or pharmacy. The obvious market leadership in the financing of practices and pharmacies has again been confirmed. Refinancing occurred primarily by accepting customer funds and issuing certificated liabilities.

Significant rise in results

The continuing expansion of customer loans that has been going on for years is expressed in the profit and loss account as an improvement in net interest received by 10.6 % to Euro 399.4 m. Commission income of Euro 80.1 m was at the same level as in 2002. The administrative expenses including depreciation on tangible assets rose within the specified limits by 5.8 % to Euro 283.3 m. Operating profit before provision for risks improved by 15.0 % to Euro 203.8 m. An accounting profit of Euro 71.6 m was shown, an increase by 22.4 % on 2002.

Another high dividend

The more than satisfactory operating results allowed adequate provision to be made for all foreseeable risks arising from our business operations, for the necessary build-up of equity and for a comparatively high dividend to be paid to the members of the Bank.





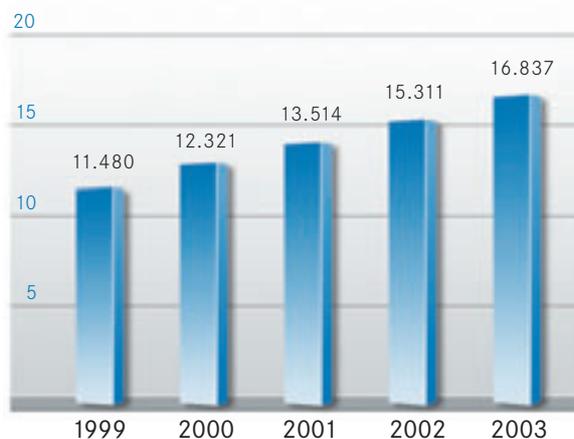
Lending

Financial expertise much in demand The high demand for loans was reflected by the 10 % increase in loans to customers to Euro 16.84 bn. The total volume of credit – including bank guarantees – also increased by 10 % to Euro 17.12 bn.

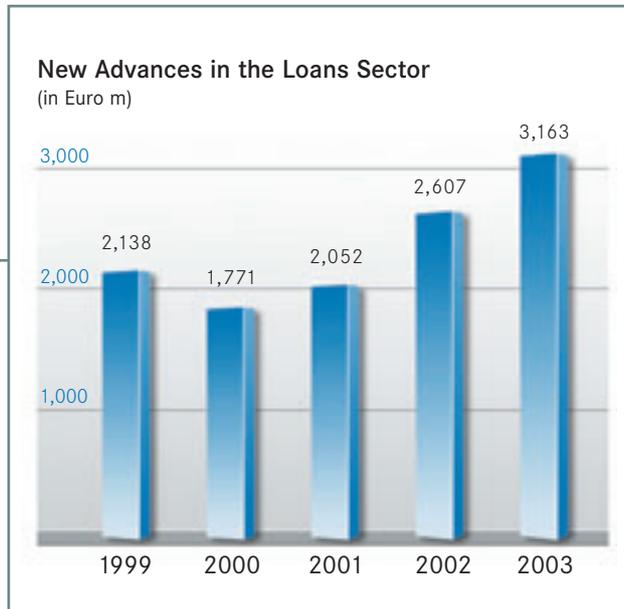
Significant rise in loans The breakdown of loans according to maturity dates shows a rise in advances on current accounts on the closing date by Euro 119 m to Euro 2.3 bn. The average use of the current account advance facility has had the effect of increasing income by Euro 110 m. However, the majority of advances, after growing by Euro

1.41 bn to 14.5 bn – in accordance with the volume of funds used to finance real estate or start up a practice/pharmacy – are increasingly in the form of loans.

Customer Loans
(in Euro bn)



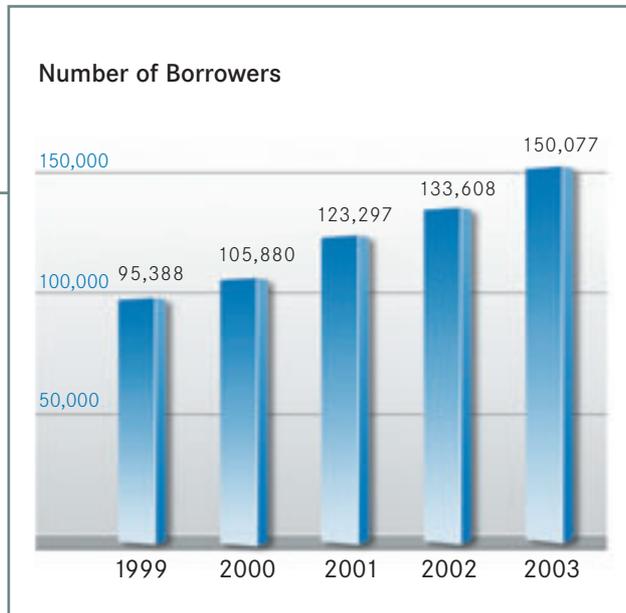
The high level of demand for credit and, therefore, the actual amount of credit given, is expressed by the volume of new advances which, at a level of Euro 3.16 bn, exceeds the already high level of the previous year by



21.3 %. This rise is all the more remarkable because, in view of the deteriorating economic situation of the medical professions, not nearly every request for funding can be granted. Also significant as regards the volume is the fact that the granting of loans calls for an exceptionally high standard of advisory service in which particular importance is attached to the economic aspects of the future.

*More business
Start-ups also in
2003*

With regard to the use of funds, 29 % of new advances were used for business start-ups, 44 % for real-estate financing and 27 % to finance investments in replacements and new assets and for private purposes. The particular importance of competent advisory services for the financing of self-employment, always regarded as the hallmark of our bank, must be specially highlighted. The total number of financing transactions in this market segment continued to rise in the year under review, nevertheless, the number of business start-up financing transactions in the sector of pharmacies declined – the visible impact of legislation on the health sector. In view of the difficult underlying conditions in the health sector, the expansion of our market leadership in financing start-ups can be regarded as further evidence of the competence of our consultants and appreciation of their financial expertise. Wherever possible, they take account of any available public subsidy programmes in their financing concepts. Frequent use was made of programmes of the “mittelstand” bank of the Kreditanstalt für Wiederaufbau (KfW) (reconstruction loan corporation) currently offered as “loans to entrepreneurs” (“Unternehmerkredit”).



Greater use was also made of our real-estate financing services in 2003 than ever before. There was an increase in the number of such commitments by 31.7 % to 6,640 funding transactions in the year under review alone. Special advisory service software made it easier for customer advisers to deal with this rise. From the customer's point of view, there was particular interest

in loans tailored to their specific needs – especially for the acquisition of private property.

Pro-active brokers A valuable contribution to the expansion of lending was made by the sales channels of our financial service company “apofinanz” and independent brokers and groups of brokers.



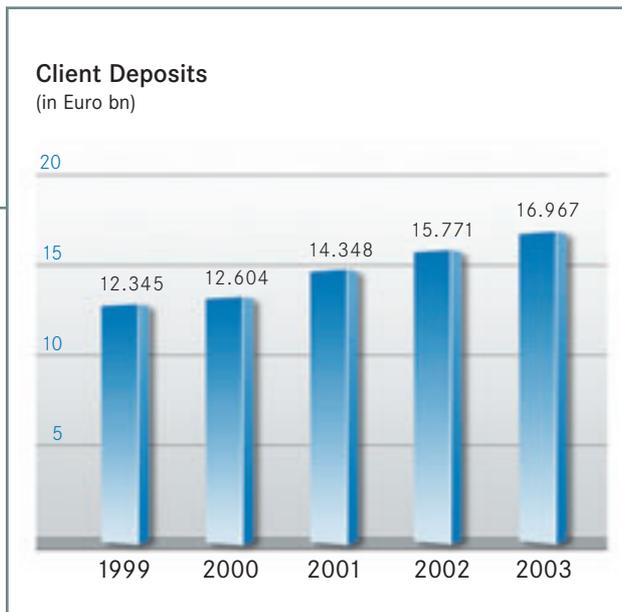
Deposits

Higher deposits The total volume of deposits rose in the Financial Year by 7.6 % to Euro 16.97 bn. This growth was due not only to client deposits in the narrower sense but also to the issue of bearer bonds, whose placement is explained in the “Investment Business” section.

More liquid assets held There has been huge growth in deposits on demand by 22.5 % to Euro 4.13 bn. The expansion is partly due to closing-date disposals by institutional clients, but also to higher private customer deposits on demand. But this also indicates the continuing excellent response to the “APO cashflow account” that provides a short-term investment opportunity for larger sums

with an attractive variable interest rate and availability at all times.

A current-account full-service package with attractive services helps clients to make disposals from their current account. This package includes freedom from banking charges for accounts kept in credit, no postage charges for monthly bank statements, extensive fee refunds for the use of domestic ATMs, free personalised forms and payment slips, a versatile and efficient credit card



service rounded off by the PC banking and the “apodialog” range of services described in more detail elsewhere in this report.

Successful twins

There were around 13,400 orders in the year under review for our dual credit card service VISA GOLD and MASTERCARD GOLD, which was introduced in the year 2000 under the name of “APO GoldenTwin”, so that it can be regarded as a great success. More than 84,000 customers meanwhile have these cards. The Bank waives



the usual annual credit card fees entirely for this service. The card package offers flexible liquidity on the one hand through an optional credit facility called “APO CashCredit” but also attractive rates of interest for credit balances up to Euro 25,000, thus making it a popular short-term investment facility.

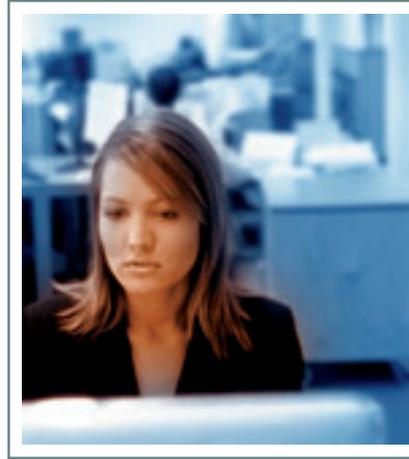
*Term deposits
switched*

Half of the decline in term deposits (excluding loans against promissory notes) by Euro 267 m to Euro 2.78 bn is due to disposals by our institutional clients with effect on the balance sheet date. The major rise in term deposits seen in the private customer sector during the first half of the year was reduced to a disproportionately high extent in the second half of the year. In contrast to term deposits, loans against promissory notes expanded by Euro 280 m to Euro 2.62 bn.

*Savings deposits
down slightly*

On the other hand, there was a decline in savings accounts of various types and maturities towards the end of the year because of interest in other forms of investment. In spite of the rather unfavourable conditions, the “APO 50/50” service created in two versions was well received by our customers. It combines a fixed-interest investment with investment fund units in equal volumes.



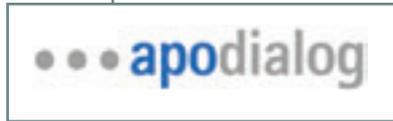


Sales Channels

Multi-channel banking since 1996 “Multi-channel banking”, which is today regarded as the perfect medium for the sale of banking products, was introduced by our bank as early as 1996. This allows each customer to decide for himself how and when he wishes to contact the Bank. The individual distribution channels have been constantly expanded since that time and adapted in line with the latest developments. Branch sales continue to be of very great importance because we regard personalised advice in the branches as an indispensable part, but also as the hallmark of our service as the bank to the medical professions.

apofinanz is growing The subsidiary Finanz-Service GmbH of the APO-Bank (“apofinanz” for short), which was founded in 1997, has long since become established as the mobile sales arm of the APO-Bank. It accords with the principles of these financial consultants to advise our customers when it best suits the customers. We increased the number of consultants from 56 to 73, because of the positive response. “Financial planning” was permanently established within apofinanz as a logical extension of training to enhance the quality of advisory services in all banking sectors.

High share of brokerage business The company’s business volume and income increased significantly in the year under review. apofinanz has meanwhile assumed a major part of the total brokerage business of the Bank. apofinanz consultants also made an excellent contribution to the Bank’s results by supporting existing business clients in the sectors of loans and investments. The external offices implemented in Ulm and Ingolstadt in the Financial Year with the assistance of apofinanz have established themselves during the pilot phase and will be further extended in the future.



Fresh ideas for young physicians and students

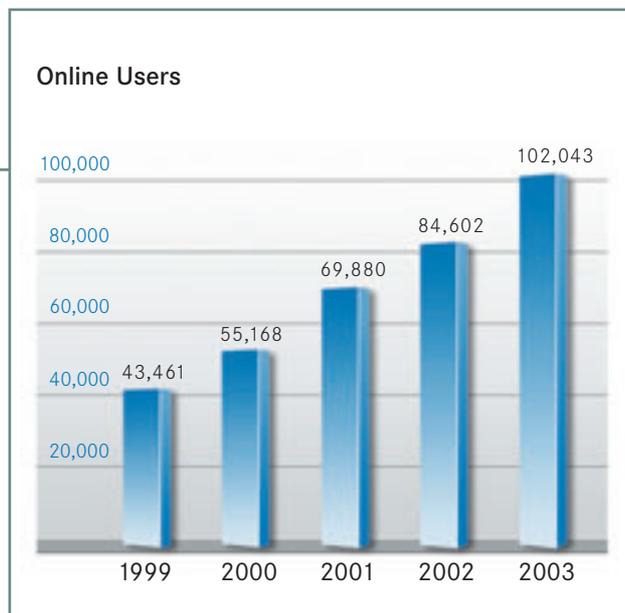
A new idea was developed in the year under review especially to support medical students and physicians undergoing further training. Target group marketing relies on the components Internet presence, use of advertising materials, Internet advertising, events and cooperation with professional associations and university departments. The aim is to achieve a major improvement in the positioning of the Bank in this target group by implementing this concept from this year onwards. This range of products comprising standard products such as giro account, BANKCARD, APO GoldenTwin, PC banking with “apobrokerage” and “apodialog” allows almost all banking transactions to be done electronically.



The “apodialog” telephone service has been available to our customers since 1996 and is an important cornerstone of our service range. Although we have adapted opening hours to the actual hours of use and, therefore, ceased to provide a service during the night, growth occurred in all areas. By the end of 2003, more than 56,000 customers took advantage of the opportunity of having a contact person answer questions and accept instructions regarding

their current account. This contact person is also able to provide information on term deposits and various types of savings and savings programmes. Moreover, “apodialog” is also included in the “apobrokerage” service package so that customers can order securities on the German stock exchange not only using the StarMoney software, but also by telephone.

The apodialog service also accepts orders for traveller's cheques and foreign banknotes that are delivered to the customer at short notice by courier. "apodialog" also provides a hotline service to deal with questions and problems involving PC banking and this hotline was used 38,780 times in the past year. 292,600 of the 382,740 calls regarding telephone banking were accepted within 30 seconds. Consequently the 70 % target set for this area was considerably exceeded.



Internet banking is becoming ever more popular. Banking customers now take it for granted that they use their PC to check their balance, transfer cash and place orders for securities. Our customers have been able to arrange their banking transactions electronically for years – either online directly using the Internet or more conveniently using the special software version of "StarMoney" developed especially for the Bank. This commitment has certainly proved

worthwhile: With more than 100,000 PC banking customers, our Bank was able to increase the number of online users tenfold over the last eight years. Since PC banking should not only be simple, but primarily be secure, we recommend the use of the online service of our subsidiary DGN Service GmbH. The Internet solutions D/G/N, aponet Professional and DZN are tailored to the needs of physicians, pharmacists and dentists and guarantee professional work in a secure environment by means of comprehensive protection concepts – like virus protection programs or firewalls.

*Communications
with our customers*

As well as widening the range of services we provide as “partner to the medical professions”, further improvements in the quality of service are as important to us as ever. We assigned this task a few years ago to our Customer Communications department, which has since dedicated itself to this project with a two-pronged approach. From a quality management aspect, ideas and suggestions for improvement from customers are systematically evaluated in order to detect possible weaknesses and potentials for improvements in the interests of quality of service and customer satisfaction. From the point of view of complaint management, the Customer Communications department makes every effort to solve problems that arise between the Bank and individual customers, clarify misunderstandings and to restore good relations between customers and the Bank.





New Concepts in Consultancy Services

Paradigm shift in statutory health insurance

The Act to modernise the statutory health insurance system (GKV-Modernisierungsgesetz – GMG), which was at the focal point of health policy discussions in the year 2003, brings a paradigm shift to statutory health insurance. Medical care centres have been introduced as new organisational and competitive elements for outpatient care. They are to play a special role in the formulation of contracts for comprehensive care with the aim of achieving cooperation between various different medical service providers. The legislator has now eliminated legal and procedural obstacles and also put economic incentives in place to increase the chances of realising comprehensive health care.

Innovative forms of cooperation

We assume that an increasing number of physicians, dentists and pharmacists will take advantage of the opportunities for innovative forms of care and cooperation. In order to exploit the opportunities offered by spatial concentration on cooperation and simultaneously minimise risks, our Bank offers our customers extensive support services in the areas of financing, consulting, coaching and e-health. As the bank to the medical professions, we consider it one of our primary responsibilities to anticipate and play an active role in shaping future developments and standards in the medical environment.

*Support by apokom
and PMG*

Thus, for example, the financing or consulting and training with regard to innovative medical care structures necessarily calls for new and complex processes to define targets, make and implement decisions that cannot be realised with outdated processes and instruments. We can rely on the many years of experience of our wholly owned subsidiary “apokom Kooperations- und Organisations-Management GmbH” and on our participation in “Praxismanagementgesellschaft AG”.



In the advisory services provided by “apokom”, major emphasis is placed on the design of cooperation structures in order to realise the greatest possible synergy effect potentials. As well as opening up opportunities offered by the statutory health service, the development of business management results is at the focal point of apokom activities. apokom was able to further expand its positioning as innovative consultant in a changing environment in the year under review. The concept of offering an advisory service to members of the medical profession already during initial considerations of cooperation has proved particularly advantageous.

*Market-leading
provider*

Our Bank has also been playing a leading role in e-health activities for many years. This enabled our subsidiary DGN Service GmbH to become leading provider of secure communications for the area of health. The company can look back at successful development in view of the further increase in the number of users among health professionals of the “D/G/N” for physicians, “aponet Professional” for pharmacists and “DZN” for dentists.

*New Medisign
subsidiary*

Medisign GmbH was formed in 2004 in conjunction with the medical billing service “PVS/Privatärztliche Verrechnungs-Stellen”. Our own public-key infrastructure was established as part of this joint venture and it offers not only secure electronic authentication and communication but



also additional functions on the medesignCard. This card can be used, for example, to generate lists of transaction numbers (TAN), formerly printed for different accounts, as required. The medesignCard uses innovative technology with its own trust centre that is compatible with current e-health standards as well as open to future standards.

*Network manager
after attending the
“network academy”*

Not only past developments but also the current forms of cooperation on offer demonstrate that complex alliances require professional management of the kind that cannot normally be provided by the health professionals responsible for initiating them. In order to convey the required specialist knowledge in targeted form, the Network Academy – Management for Care Structures in the Health Sector was founded on the initiative of the German College of Physicians (Bundesärztekammer), German Association of Public Health Fund Physicians (Kassenärztliche Bundesvereinigung) and our bank in the year 2000. In a course of part-time study alongside full-time work that comprises 14 weekends of attendance and extensive web-based distance learning materials, the necessary knowledge of business management, law and organisational theory is conveyed to the studying practitioner from medicine, pharmacy or other areas of the health sector. More than 70 students in four different years have meanwhile successfully completed the course and been awarded the final certificate “Network Manager (Health Sector)”. Owing to the constant level of demand, additional courses are currently being prepared for this year.



apoconsult

seminare | beratungen | bewertungen

Ein Unternehmen der Deutschen Apotheker- und Ärztebank

*apoconsult
develops new
financial tools*

Health professionals working on a freelance basis are increasingly obliged to deal with matters of business management. Our subsidiary APO Consult GmbH (“apoconsult” for short) has, for this reason, developed a series of tools that are available to interested physicians via the Internet platform of the D/G/N. This range of services will also soon be available to dentists via the DZN and to pharmacists via aponet Professional. These financial tools make it possible to find answers to questions such as “How well is my practice doing?”, “How much income does the practice need to earn so that I have enough to live on?” or “Is it worthwhile investing in certain types of equipment?”. Another tool can be used to calculate the effect on disposable income of changes in fees and, for those selling their practice, there is a tool available called “What is my practice worth?”.

*Intensive use of the
file on those giving
up their practice*

The APO-Bank “practices for sale” file also offers those wishing to sell their practice a nationwide forum in which to seek a suitable successor. Use of this file is free of charge to the physicians or dentists buying or selling the practice. In the 2003 Financial Year, this file was put into the Bank’s own intranet and contained 250 practices for sale. It also offers a convenient way of seeking a suitable practice in the course of a meeting with a consultant.

*Cooperations are
gaining popularity*

This service acquires particular significance in view of the fact that there is an increasing tendency to take over an existing practice. Our analysis of investment behaviour at the time of establishing practices in 2003 shows that around 85 % of practice financing provided by us in West Germany is given to take-over or enter an existing practice. In East Germany, the rate is around 75 %.



*Research in the
medical sector*

In accordance with our business philosophy of providing business management support of a practical and theoretical nature to members of the medical profession, we expanded our business management research in the medical sector in the year under review and realised a variety of different measures in order to convey a fundamental knowledge of business management as part of individual advisory services. This means that customer advisers have a comprehensive database covering the whole sector of health economics available at their fingertips via the Bank's intranet as well as information about the latest developments in the health sector.

*Increasing interest
in seminars*

Around 6,300 health professionals attended the 140 further training events organised by our apoconsult subsidiary in 2003 in collaboration with the medical and dental professional associations. Very high demand was registered for seminars on the subject of "IGeL services - opening up new sources of income" and "The right way to provide patients with patient-paid services" in addition to seminars on the subject of "Success in selling your practice" or "Selling your practice for a profit". High attendance at seminars on the subjects of "professional practice management", "quality management" and "communications partners physician/dentist" demonstrate that health professionals are increasingly concerned with perfecting practice management. As a result of the unchanged tight economic situation in the health sector, the seminars on offer concentrate on matters of business management and liquidity. The highly positive response to seminars for tax consultants led us to offer this series of seminars again in 2003. At the focal point were the content and impact of the Act to modernise the health service (Gesundheitsmodernisierungsgesetz (GMG 2004)). By conveying information of this kind, the Bank is giving tax consultants effective support in the service they provide to their clients in the medical sector.



Investment Business

*Stock exchanges
have recovered in
the course of the
year*

The determining factor for capital markets in 2003 was the war in Iraq. One week before the start of fighting, the world's stock markets hit the lowest point of a downslide, that last was experienced in the 1930s. The first three months of the year under review were marked by anxiety about war and terrorism, but also about deflation and depression. There were increasing signs already by the second quarter, but primarily in the further course of the year, that the world economy, driven by the expansive fiscal and monetary policy of the USA, was on the way to recovery. This discovery proved to be the driving force for the world's stock markets which had made a remarkable recovery by the end of the year. Thus DAX gained 80 % on its lowest rates, Dow Jones Industrial Index 39 % and the EuroStoxx Index 50 %. The bond market confirmed the negative opinion that it mirrored the stock markets. By mid March, increasingly new depths in rates of yield were reached, some of which had balanced out again by the end of the year.

*Successful
asset management
strategy*

In spite of the difficult situation on the stock exchange, the repositioning of the Bank's asset management strategy and its underlying securities strategy that began in 2001, proved to be successful. A contribution toward this was made by the new customer care concept both for private customers and institutional investors. By optimising organisation structures, adding personnel and undertaking greater expansion of the IT infrastructure, it was possible to better satisfy the demands made on the quality of service in asset management. The success of this measure was expressed in a rise in income from commission from securities by almost 16.7 % to Euro 46.9 m.

<i>Growth in commission from securities</i>	The strategic positioning of the Bank in the securities business is proving highly successful even compared to competitors. A 25 % increase in commission was achieved with private customers alone. The main selling items were open-ended property funds and security funds but also increasingly certificates tailored to customers' particular wishes, such as maintaining the value of invested capital.
<i>Positive development in closed-end funds</i>	In spite of the subdued development of the economy and a renewed discussion of taxes, the sale of closed-end funds remained at the level of the previous year. There was a slight concentration of investments on foreign real estate. But there were also higher domestic property sales. This showed that we had been right in shifting our range of services towards more security-oriented and return-oriented investment projects. This development was confirmed on the market as a whole and is likely to point the way ahead in the future.
<i>Asset management in demand</i>	2003 was also a successful Financial Year for our asset management. There was a significant increase in both the volume of securities administered and the number of orders. Attractive rates of return were obtained for the strategy portfolios in a year marked by sharp price fluctuations. The markets' tendency to fluctuate more sharply over the last few years combined with phases of steep and short-lived upward and downward movements has unsettled many investors. That is why wealthy private clients are increasingly seeking the advice of asset managers. The portfolio is then tailored to suit the needs of the individual investor. In view of the low interest rates on capital markets and volatile stock exchanges, the focus is on maintaining value and achieving long-term optimisation.



*Service for
institutional
customers*

The highly negative effect of geopolitical factors on the development of capital markets and a heavy burden on the risk assets of the institutional clients that we administer also resulted in this accounting period in greater investment in fixed-income bonds as an assumed “safe harbour”. The focus of the new commitment was once again on so-called “structured bond products”. By actively controlling cash flow and using options to terminate, it was possible to raise interest income from these bonds temporarily in contrast to the comparably low rates of interest on the capital market.

*Risk-adapted
investment
structure*

Our offer to assist decision-makers in company pension schemes in optimising strategic asset allocation continued to meet with great interest. This service involves not only regular valuation of all investment segments and presentation of the relevant reserve items, but also the mutual elaboration of a risk-adjusted investment structure. Additional personnel with an understanding of actuarial methods were assigned to this business sector and the consultancy software used was extended technically for the purpose of optimisation.

*New master fund
mandates*

We also gained additional master fund mandates. As a result, the volume of special funds within our depositary bank function increased further. It is particularly advantageous for our institutional investors if they assign the depositary bank function both for master funds and for the direct investment to our Bank, because this satisfies the requirements for strategic asset allocation advisory services by our securities experts.

apoasset

*Flexible and
specialised:
apoasset*

Our Apo Asset Management GmbH subsidiary, “apoasset” for short, is specialised in consultancy for special and public funds as well as portfolio management and has been able to extend its business activities and



increase its results overall. The wisdom of a small and flexible company concentrating on just a few highly specialised products has been confirmed by a series of top placements.

*Positive
development in
fund of funds*

Yet another positive development has been registered for the “APO-Dachfonds” fund of funds. Its performance benefited from both the strict selection of target funds as well as a very early concentration on the major trends on the stock and bond markets. Worth mentioning with regard to stocks, in addition to the good performance of “APO Trend Selekt”, is the continuing and convincing development of the generic certificate designed and controlled by apoasset. This product, which expresses the particular capability of the APO-Bank Group when it comes to matters affecting the market for health services, has meanwhile been accepted far beyond the clientele of our Bank. In addition, apoasset succeeded in transferring this concept to the special funds for institutional investors.

*APO Rendite Plus
with good results*

Good results and significant overall increases in volume were registered in the case of bond funds, in the institutional sector and in the publicly offered fund “APO Rendite Plus” that invests entirely in corporate bonds. The “APO Rendite Plus” concept was more than confirmed by a dividend of 6.7 % in the autumn after the end of the fund’s first complete Financial Year. Another positive development was seen in the money market fund administered by apoasset.

*Technical
communications
improved*

With a view to the continuing popularity of the Master KAG and Master depositary bank concept, apoasset has also been successful in implementing the S.W.I.F.T. communications standards which are the requirements for an efficient exchange of communications with a growing number of capital investment companies and depositary banks.



*aik constantly
positive*

APO Immobilien-Kapitalanlagegesellschaft mbH (aik), a subsidiary that concentrates on property investment business and on professional property-asset management for the pension funds of the freelance professions, can look back on a constantly positive development ever since it started business at the beginning of 1999. At least one new property fund is launched on average each year and the real property



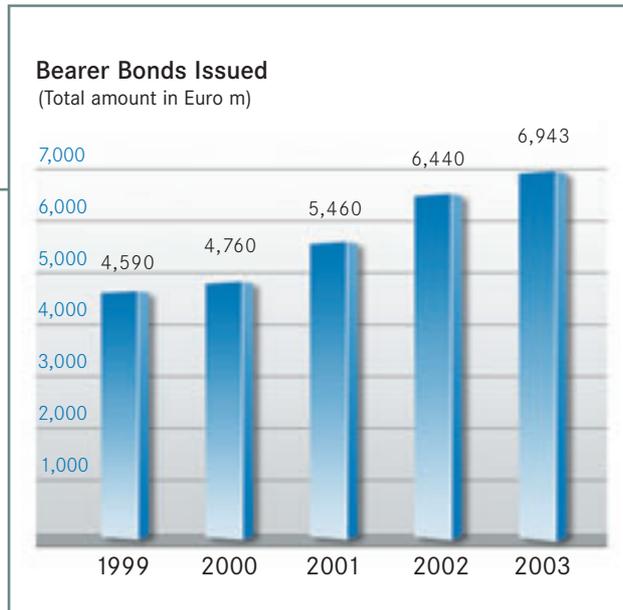
assets are extended in each case by 75 %. The Financial Year ended was particularly successful with an increase in real property assets administered by 78 % compared to the figure for the previous year. As a result, the real property assets administered attained a level of Euro 670 m.

*Successful
acquisitions in
Germany and other
countries*

In the year under review, the new “joint fund” concept was successfully implemented. As a result, aik offers smaller and medium-size pension funds the opportunity to invest in a national or international real property portfolio and exploit the advantages of the special fund for institutional investors. Seven pension funds from different professions and federal states have opted for aik’s first joint fund. In addition to the funds already administered, another “individual fund” was launched for a dentists’ pension fund. 13 professional pension funds are currently being administered by aik in seven special property funds.

*Excellent overall
performance*

In spite of the continuing difficult situation on the market in the year under review, considerable letting successes were also achieved in property management. A total of 89 new lease contracts were concluded for a total leased area of 15,000 m² and annual rental income of Euro 2.1 m. The overall performance of all properties acquired by aik in the year under review was a remarkable 6.87 %.



Our Bank's issuing activities on the international capital market increased in line with the expansion of the lending business. As a result, long-term issues for Euro 2.26 bn were placed with international investors in the 2003 Financial Year. We have continued to expand the group of investors with the emphasis on Europe. The outstanding volume of the "European Medium Term Note Program" stood at Euro 4.7 bn at the end of the Financial Year.

*Placements also
with private
customers*

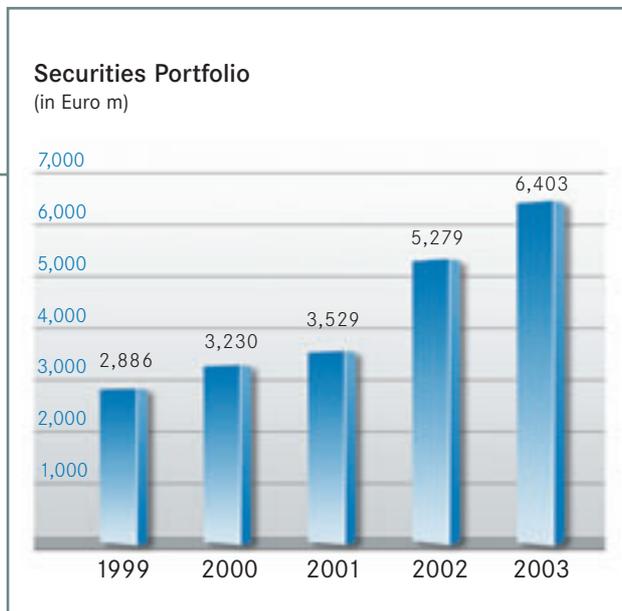
Placements with private customers on the scale of one billion Euro complete the range of investment opportunities on offer. With a volume remaining approximately stable, the various terms to maturity reflect the interests of the customers. The first-time issue of a silent partnership has been dealt with in the section entitled Equity Capital.

*Commercial Paper
Program*

The decision to add a "European Commercial Paper Program" to the shorter term range of issues provides permanent liquidity safeguards at attractive rates of interest. Another advantage is a higher degree of flexibility for liquidity control.



Securities portfolio augmented The portfolio of securities held by the Bank was expanded by Euro 1.12 bn to Euro 6.40 bn for the investment of free variable liquidity at identical rates of interest. The liquidity reserve is controlled in strict compliance with a narrowly defined security concept. All securities were valued according to the strict lower of cost or market principle.





Banking Operations

Development and implementation of strategic projects

Those areas of our Bank responsible for banking operations performed not only back office tasks, but were also involved to a high extent in the development and implementation of strategic projects. These projects focused on measures to reinforce sales but also involved efforts to increase the efficiency of internal processes. The general aim of the plans was to improve income while limiting the rise in costs. Apart from further developing overall bank control it was also necessary to realise a series of projects to comply with statutory requirements.

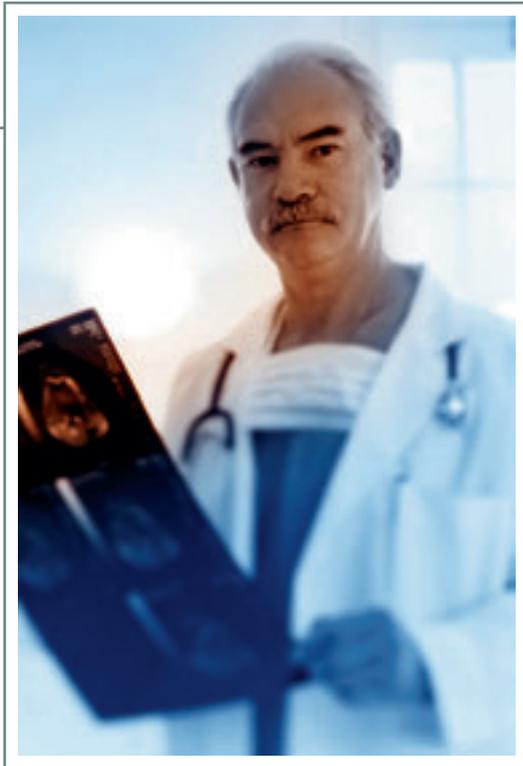
Even more services from Trading Operations

In the Trading Operations department, services associated with asset management mandates from pension funds were expanded in the year under review. This made it possible to establish a controlling process which ensures that the capital investments are made in accordance with § 54 of the German Insurance Supervision Act (VAG) and the investment ordinance and, furthermore, that customer-specific requirements and instructions can be monitored on a daily basis. A modern software program was installed for this purpose that will also satisfy many future requirements.



Forms are becoming more user-friendly

Furthermore, other forms used for securities trading were revised to make them more customer-friendly. Particularly worth mentioning as examples are letters for capital transactions and the annual depositary account statement. The securities contract note and the income statement were



added in the current year. The frequently very short-term changes in income tax law and in investment law were implemented in good time.

The Bank's strategy for IT and organisation development elaborated in 2000 represents the planning basis for strategic projects. The aim of the "Strategy Roadmap" was achieved by the end of 2003. The focus on the year under review was on projects implemented to optimise processes and support sales. New or more sophisticated components with names like "EKK Plus" and "APO Office Plus" have made major contributions to optimisation. They are used for automated process support for credit processing. Both new business and active customer care were made easier as a result and capacity reserves

to deal with future requirements resulting from more new customers in the future were also realised.

"apoworkplace"

The most important data processing systems of the Bank are combined under one standardised presentation and navigation interface "apoworkplace", so that it is possible to operate the versatile DP systems without requiring specialist technical knowledge. One particular challenge consisted of preparing around 2,000 employees for the exact day of introduction of new procedures and the handling of the same. A company-wide uniform

password registration procedure was also introduced. It allows employees a convenient entry into the applications required for everyday work.

User-friendly securities platform

Extensive modernisation and improvements were undertaken in the securities systems to further improve quality and processing. Also of great importance was the interface, user guidance and simplified access to information for order entry, order books and customer stocks. The disposition procedure was also adapted accordingly.



Latest technology in the new office

In the course of the Financial Year, the new head office building was equipped with the most modern technical infrastructure. As a result, the Bank's IT supports the basic principles of corporate culture. An innovative internal controller has been implemented that allows lighting and air-conditioning to be controlled at the workplace using the computer.

Efficient facility management

The implementation of facility management software in 2003 has laid the foundation for efficient facility management in the future. This software includes various modules such as space management, inventories, move management, maintenance and much more. We have also launched a nationwide invitation to tender for technical and infrastructural facility management services in order to keep these services in one place and minimise costs. Implementation of the resulting projects is planned for the second quarter of 2004.

*Modernisation of
branches*

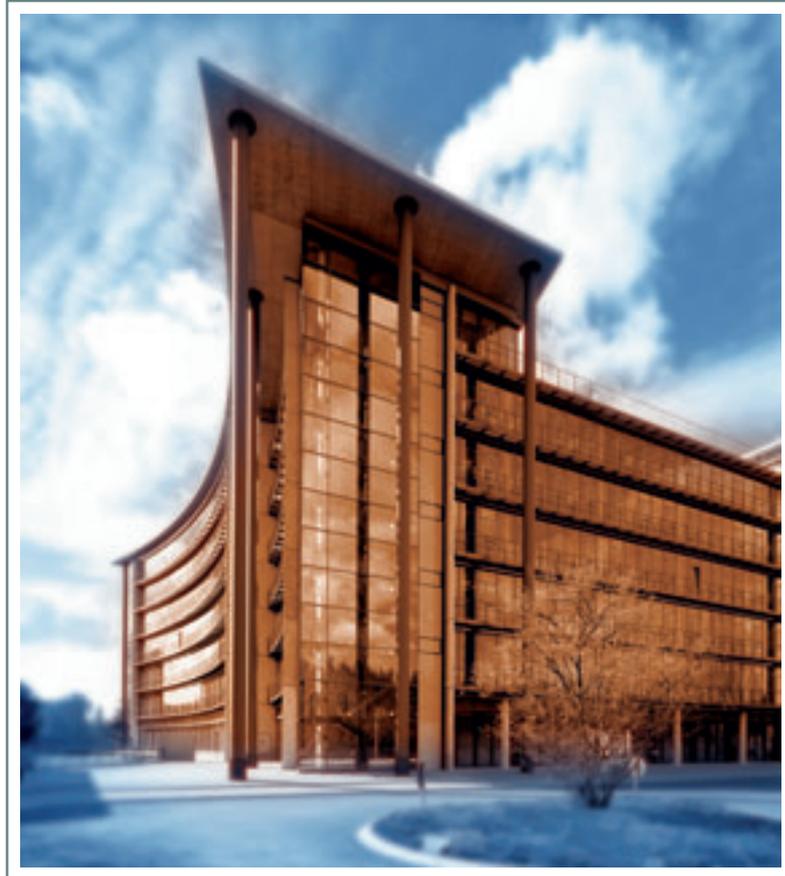
During modernisation of branches in 2003, the main focus was on necessary and value-preserving maintenance measures. There was extensive modernisation of the main hall, service and office areas in our Osnabrück branch. We rented additional space for the Regional Central Credit Office (RKS) South in Munich to satisfy its greater needs for personnel and equipment in lending.

*Hamburg and
Essen in new
homes*

Modern and purpose-built office spaces were leased and extended for our Hamburg branch in the direct proximity of the former location. It was possible to move into the new location in February of this year. A new location for our Essen branch was found at Weststadt Carrée. A start has been made to the furnishing and fitting of the leased areas; the move to the new premises is scheduled for the second quarter of 2004. As already mentioned, new external offices were established in Ingolstadt and Ulm to provide even better services to customers in those regions.

*Head office in a
new building*

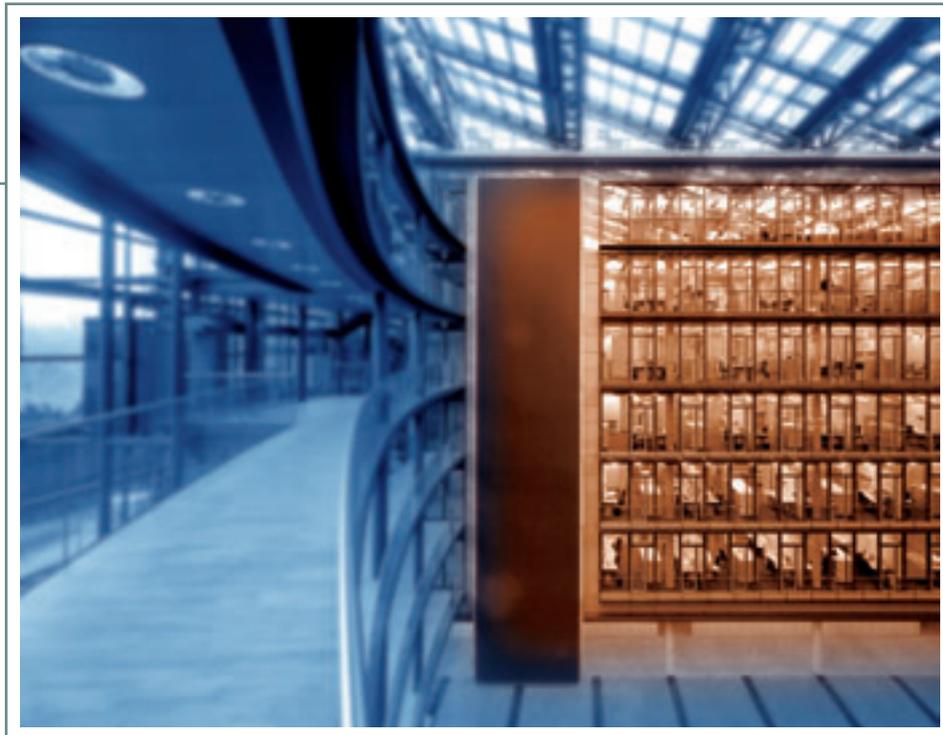
After a construction period of less than two years, head office was able to move into its new building in Düsseldorf. The entire head office, including West Düsseldorf Regional Central Credit Office, was relocated to the new premises in the middle of February 2004 together with the IT and telephone infrastructure, files and various inventory. Work was able to begin at all workplaces on the morning of Monday, 16 February 2004, even although work continued to be done at all former locations in some cases up until Friday evening. After RKS Dortmund and RKS Cologne both moved in at different times, the entire West RKS has been accommodated in the new building since the beginning of March 2004. The subsidiaries aik, apoasset and DGN Service have also moved into the new building or will move in during the second half of 2004.



*Combined offices
facilitate
communications*

The combined-office design was consistently implemented in the new building with transparent dividing corridor walls from the ground floor to the sixth floor. After the initial conversion phase, the advantages of this open-plan type of office are already obvious and lie particularly in the promotion of communications. Care was taken in layouts for both rooms and building areas to ensure that undisturbed work or shared work on departmental tasks were equally possible.

Special areas are popular with staff Not only the office areas, but also the special areas of the new building have been used to the full since mid February. These include the new canteen for employees, the congress and conference centre, the service areas on the first floor, including the central archive and the multi-purpose hall.

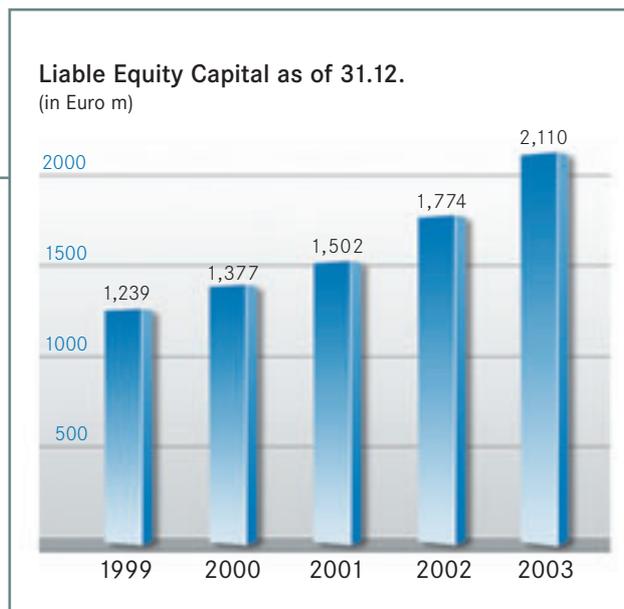




Equity Capital

*Equity considerably
increased*

With a view to international standards, we have been able to further increase the equity ratio, and the core capital ratio in particular, in spite of the very positive increase in the number of lending operations. This was achieved with a package of measures that included the negotiation of a silent partnership in addition to a dynamic expansion of business credit and the strengthening of equity out of own funds.



With the aid of a very successful advertising campaign, the Bank gained more than 6,000 new members in the Financial Year ended. The number of members rose on balance by 3,798 to 97,432. As a result of the entry of new members and the subscription of further shares by existing Bank shareholders, members' capital contributions rose by Euro 149.2 m. As a result, the Bank disposed of members' capital contributions for remaining members of Euro 645 m as of 31 December 2003.

We are quite aware that the subscription of member shares is almost certainly also due to the attractive returns for the members of our Bank. But we also assume that the rising number of members and members' shares can be taken as a sign of lasting confidence on the part of health professionals in the certainty and continuing prosperous development of their profession's own bank.

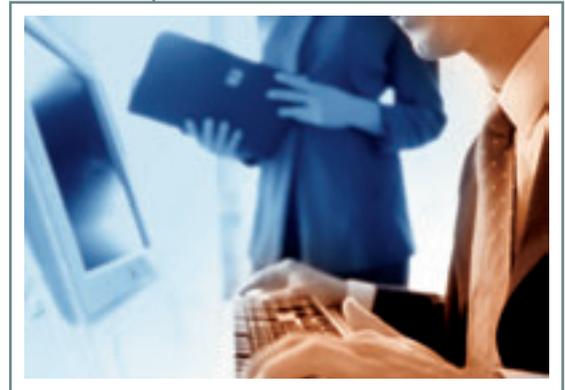
Silent partnership negotiated In the course of the aimed increase in core capital, as the first primary cooperative bank, we have negotiated a silent partnership in the amount of Euro 150 m for the first time after obtaining the approval of the Annual General Meeting in June 2003. Alongside placement on the international capital market, a major part of the issue was acquired by professional pension funds associated with our Bank. Within a short time, demand had exceeded the volume of emissions, which also reflects the attractiveness of the Bank from the point of view of investors.

Liabile equity exceeded Euro 2 billion Independently of growth in equity from new members and the subscription of further shares by existing shareholders, the Bank strengthens its capital base whenever reasonable and necessary from funds that it generates itself. Supervisory Board and Board of Directors shall propose to the Annual General Meeting that a sum of Euro 37 m from the balance sheet profit of Euro 71.62 be allocated to the open reserves and a comparably high dividend of 6 % be distributed. As a result, the Bank will dispose of liable equity capital of Euro 2.16 bn after implementing the proposals for allocation to the reserves and distribution of the dividends.

Appropriation of profits

	€
Accounting profit	71,622,500.18
Legal reserves	18,500,000.00
Other reserves	18,500,000.00
6% Dividend	34,586,051.61
Carried forward for new account	36,448.57

Our Staff



New structural projects

In the year 2003, we carried out two major structural projects with the aim of delegating administrative tasks out of the branches and into our subsidiary APO Data-Service GmbH (“apodata” for short). The manpower capacities freed by shifting these tasks will then be deployed for more sales-oriented tasks. To this purpose, we have created a new position called “Team Assistant”. The idea is to ensure that each team of customer advisers is assigned an assistant to take over tasks from customer advisers, arrange appointments and review meetings. At the same time, it shall also be ensured that a contact person in each team is available to our customers at all times.

100 new jobs for Team Assistants

A total of 100 new Team Assistant jobs were been advertised. As a result of intensive staff training courses that have been taking place for many years, it was possible to fill 95 % of these positions with the Bank’s own employees. The fact that we are now reaping the benefits of investments in staff further training measures confirms the success of the measures introduced and implemented on a major scale over the last few years. In view of the fact that the delegation of tasks to apodata resulted in the loss of some jobs, we entered into agreements with some employees to cancel their contracts of employment or arrange for them to take early retirement. These mutually agreed settlements in accordance with the prior agreements made with the central works council dispensed with the need for terminations on operational grounds.



*Internal
communications
improved*

An employee survey in 2001 identified an improvement in communications throughout the whole Bank as a matter of importance. This led us to start a bank-wide communications campaign and initially train all management executives in matters of communications. All other employees were subsequently introduced to the subject in the form of in-house training courses. As a result we have made it clear that all employees, including all management executives, share responsibility for and must make a contribution towards achieving lasting improvements in communications. We subsequently defined standards for meetings that must be applied during discussions, meetings and project sessions in future throughout the whole Bank. These measures were also based on the knowledge gained from the employee survey and applied consistently.

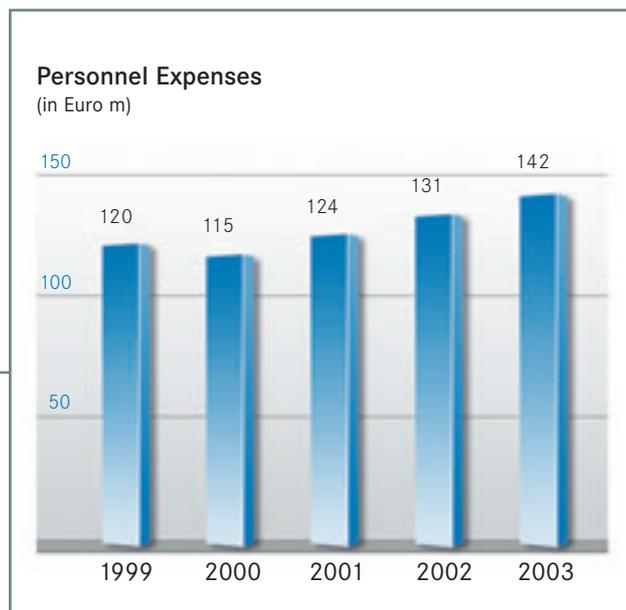
*Systematic
encouragement of
junior staff*

Target-oriented development of management potential and encouraging junior staff are decisive factors for forward-looking corporate development. The Bank uses a target-group-specific programme that systematically promotes career development in higher positions. The aim is to fill management vacancies from our own ranks in future whenever possible.

New measures

In Management Group I (promotion of junior managers), the potential of young managers is tested in an Assessment Center from a very early date. These employees are then prepared for their future management duties using a structured development plan. Owing to the very positive experiences with this procedure, the Bank is currently in the process of developing a Management Group II. The purpose of this is to fill future vacancies also at department/area/regional manager level with candidates from among our own employees. Furthermore, the potential of particularly successful management staff should be developed now in order to have a settling effect on their current position. Subjects for a wider systematic development are, inter alia, general management and strategic management.

Personnel expenses have risen again Personnel expenses increased by 8.8 % to Euro 142.2 m in the year under review. The rise in personnel costs is primarily due to wage increases from collective bargaining, new appointments or the assignment of more staff to head office. Decisive for the new appointments were statutory requirements resulting for example from the “Mindestanforderungen an das Kreditgeschäft” (minimum requirements on lending business), “Mindestanforderungen an das Betreiben von Handelsgeschäften” (minimum requirements for trading activities of banks) and “Basel II”. In addition to the cost increases resulting from personnel measures, a considerable part is accounted for by the allocation of reserves for the part-time employment for pre-retirement employees offered to employees for the first time in 2003. The number of employees rose in the 2003 Financial Year by just under 2 % to 1,914.



Risk Report

Risk management as core competence Risks are inherent in banking business. In the management of credit risks, market risks and operative risks, we are increasingly faced with challenges to which we respond by continuing to develop our approaches to risk management. We addressed these challenges and further developed risk management as a core skill in the Financial Year to enable us to handle risks in a responsible and target-oriented manner in the future also.

Ability to bear risks The basis of our risk management is the ongoing identification, measurement and monitoring of all risks arising from the business operations of the Bank. The Board of Directors has defined a general upper limit for the whole Bank that takes account of potential counterparty default risks, market price risks and operational risks and which is oriented on the Bank's ability to assume risks in conjunction with the earnings position of the Bank. Equity items or hidden reserves are not included in the calculation of ability to assume risks.

The Bank was able to bear all potential risks calculated in this way in the year under review and to satisfy the members' dividend rights including the tax due on the same.

Aims of Basel II The aim of the new Basel Capital Accord is to safeguard the stability of the banking system and achieve bank supervision that is more sensitive to risks. Already in preceding years, an extensive bankwide project was launched to implement the anticipated rules of the new Basel Capital Accord and the project manager reported at regular intervals to a steering committee also comprising members of the Board of Directors. The Bank is aiming to implement the internal ratings-based approach (IRB). Our aim is not only to further improve risk management and risk controlling

functions but also to minimise the equity burden for the Bank. Test calculations, also those done as part of our participation in the Quantitative Impact Studies (QIS) performed by the Bank's supervisory office, confirm these expectations.

Implementation projects

The Basel II Project is divided up into six part-projects. The existing rating procedure was developed further in the part-project "APO-Rate", so that an internal rating procedure could be implemented at the end of 2003 for the majority of customers in the Retail Portfolio. The analyses performed in the year under review confirm the excellent distinguishability and precision of estimation of the default probability of the internal rating procedure. For this reason, we assume that it is suitable for the Basel II IRB approach. Another part-project involved the development of procedures for estimation of the parameters of relevance for the internal rating approach (default probability, loss in the event of default etc.), incorporated into the data processing system and then tested mathematically and statistically. The part-project "Operational Risk" concentrates on the creation of a loss database in which "Operational risk case studies" can be systematically documented and evaluated. Another part-project deals with the development of a new data regime required for Basel II. The examination and (possibly) adjustment of the former datastock in accordance with the requirements of Basel II is undertaken in the part-project "Data Adjustment". The part-project "Column II and III" ensures that the Basel requirements that go beyond the minimum equity requirements regarding supervisory law examination methods and market transparency are fulfilled.

Minimum requirements of lending business

The Federal Supervisory Office for Financial Services (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)) developed minimum standards for lending business with the "Mindestanforderungen an das Kreditgeschäft" (MaK). They prescribe the underlying conditions for the organisational structure and structuring of operations of all banks. The pre-existing quality standards "Mindestanforderungen an das Betreiben von Handelsgeschäften" (minimum requirements for the trading activities of banks

(MaH)) and minimum requirements for the internal audit function of credit institutions (Mindestanforderungen an die Ausgestaltung der Internen Revision (MaIR)) were supplemented by the MaK for the lending business.

Core elements of the MaK are the separation of powers between the front office and back office with the aim of making well-considered credit decisions after weighting up risk aspects. Requirements are made of the credit processes which result in an efficient organisation of operations in line with the risks. Another emphasis lies in the identification, control and monitoring of risks in individual cases and with regard to the portfolio. For the implementation of the MaK, all preparations and organisational measures for the scheduled implementation on 30 June 2004 or 30 December 2005 (IT requirements) of this statutory rule were undertaken as part of a project.

The separation of functions between the front office and back office had already been largely implemented by introducing the regional credit offices at the beginning of 1996 for lending business with health professionals. For the other areas of lending business such as corporate clients, counterparties from commerce and issuers of liquid investment stocks or participations, the organisational structure and the structuring of operations were designed in conformity with MaK and will be implemented in good time.

The general principles of credit risk evaluation and limitation, risk guidelines and principles for the assessment of product risks were combined in the "Credit risk strategy of the Deutsche Apotheker- und Ärztebank" passed by the Board of Directors in February 2004, and defined with binding effect for all employees of the Bank and its majority shareholdings. This MaK-compliant strategic position paper makes the underlying principles and guides for the business activities of the Bank transparent to all employees. We anticipate that this will be of considerable benefit to the Bank.

Organisation of risk management Risk management describes the identification, measurement and control of the risks assumed. This requires the use of modern processes, but also suitable mathematical and statistical processes and methods to quantify these risks permanently. For the purpose not only of avoiding conflicts of interest, but also because of the complexity of the tasks involved and the transparency required by banking supervisory law, we have assigned these tasks to different organisational units: The Board of Directors is responsible for passing the credit risk strategy of the Bank and for implementing the risk guidelines for all types of risks. The department of “Corporate Planning/Treasury” is responsible for controlling the market and liquidity risks on the basis of the framework conditions passed by the Board of Directors. The “central credit office” is responsible for controlling all counterparty default risks.

Organisation of risk controlling Responsibility for measuring risks, reporting risks and for assuring the quality of risk data for all types of risks lies with the specialist department “Risk Controlling”. Riskcontrolling is part of the Controlling section which reports to the Board of Directors regardless of the company division bearing the risk. The tasks of this area include not only implementation of the various methods of risk measurement but also the provision of data and ongoing risk measurement including a test of the reliability of the models selected. Another main task consists of the development and provision of a regular reporting system to supply analyses of the risks entered into for all tiers of management.

Internal auditing subjects the organisational units involved in the risk management process and the agreed processes, systems and individual risks to a regular in-depth examination.

As a supervisory body, the Supervisory Board and its Auditing Committee regularly meet to discuss the current risk situation as well as measures for risk control and limitation and are largely involved in decisions of major importance. This is also being done with effect from this year by means of the quarterly risk report as per MaK.

Types of counterparty default risks Counterparty default risks are understood as the potential losses that may arise as a result of the complete or partial default of a borrower or contractual partner. A distinction is made between borrowers (“classic” credit risk), business partners in trade and treasury (counterparty risk) or issuers of securities (issuer’s risk). The counterparty default risk is limited and monitored in each area by means of individual and portfolio caps. This takes account of both individual risks and also the group exposure as well as the combined financial risks.

Volume in Euro m including contingent liabilities as of 31 December 2003

	Loans to private customers/ branch business	Loans to organisations and major clients	Receivables from financial instruments	Participations and shares in affiliated undertakings	Total
Credit limits	18,853	1,507	23,556	61	43,977
thereof used	16,260	1,270	8,933	61	26,524

Credit risks

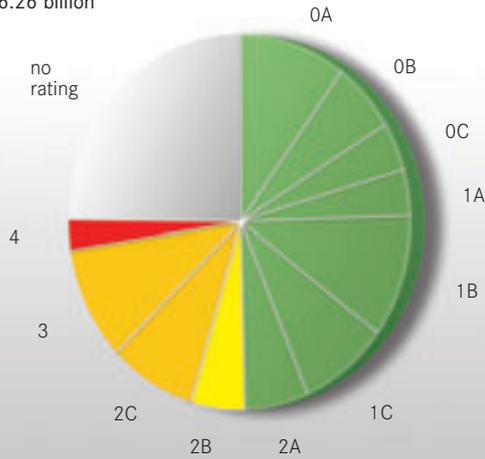
“Central Credit Office” is responsible for monitoring the risks of loans to customers. The control of counterparty risks is arranged by the responsible six regional credit offices and is done in collaboration with the branches. The customers’ loan applications subject to preliminary examination in the branches are processed in the regional credit offices and assigned the assessment of the back office. On the basis of capital-bearing calculations prepared for each individual customer that take account of the previously available or forecast income figures and the degree of debt of the customer, a check is made using further parameters as to whether the customer’s investment wishes appear feasible financially. Many years of experience in dealing with the medical profession are an indispensable requirement to arrive at a balanced credit assessment during this examination. The subsequent decision is made – dependently of rating and size class – in a combined business competence of front office and back office.

Over the last few years, a computerised test of creditworthiness was developed to support decision-making by determining the default probabilities of customers based on historical data and taking account of quantitative models that reflect the expert knowledge of the Bank. The credit check was developed into an internal rating system as part of the Basel II project. At the end of 2003, further rating methods were added to those already implemented, so that a single rating method is used for all retail customers of the Bank except for a few borrowers.

The charts show the rating class distributions in private customer/branch business portfolio on the basis of the level of borrowing or number of borrowers at the end of 2003.

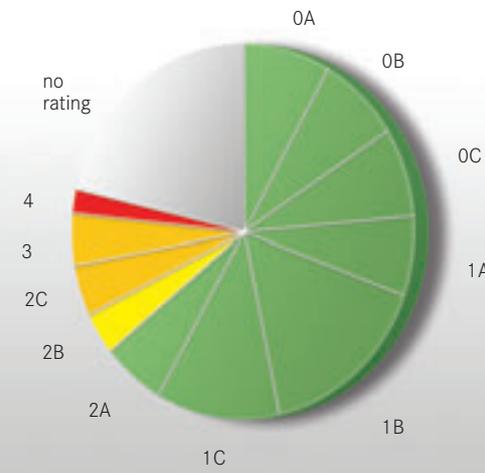
Volume distribution (€ m)

Loans taken by private customers/branch business total € 16.26 billion



Distribution of borrowers

Borrowers in private customer/branch business total 104,000



Rating-class

Rating-class	Meaning
0A	Commitments impeccable as regards creditworthiness. No risk factors (normal credit)
0B	Commitments good as regards creditworthiness with individual risk factors (normal credit)
0C	Commitments good as regards creditworthiness with individual risk factors (normal credit)
1A	Commitment with low risks (normal credit)
1B	Commitment with greater risks (high-intensity credit)
1C	High-risk commitments (problem credit)
2A	High-risk commitments (problem credit)
2B	High-risk commitments (problem credit)
2C	High-risk commitments (problem credit)
3	Defaults (Basel II definition)
4	Defaults (Basel II definition)

*Counterparty/
issuer risks* The default risk of counterparties and issuers refers to all counterparty risks not already included in customer lending business and participating interests. These risks are limited and controlled centrally in the “Risk Controlling” area. Default risks are controlled based on assessments by external rating agencies and the latest financial data of the companies. Except for one item at a level of Euro 15 m, the risk profile of the portfolio with default risks of Euro 8,933 m (as of 31.12.2003) was classified as investment grade. This item has meanwhile been cleared in full.

From July 2004, these risks will also be subject to a decision-making and risk-assessment process in accordance with the requirements of MaK. Non-market related risk management will also be taken over by the “Central Credit Office”.

*Portfolio control
of credit risks* As part of the bank-wide “Basel II” project, we developed further advanced methods specially tailored to the needs of the Bank for the analysis and control of the credit risk at portfolio level. For selected portfolios, the credit risk portfolio model Credit-Metrics is currently being introduced as control instrument. The quantitative processes and methods already implemented help to recognise risk concentrations and eliminate them as necessary. These control instruments have been further improved by the introduction of advanced methods. In the area of “Risk Controlling”, the “Credit Risk Controlling” group is involved especially in the further development of methods to control credit risks at portfolio level and the advanced requirements of Basel II.

Market price risks We understand market price risks as the potential loss that can arise as a result of a change in interest rates, share prices, exchange rates, prices and volatility on the markets for our investment items. We have ensured that commercial transactions are performed only within the limits of clearly defined rules on competence. Products may only be traded after passing through an introduction process. We have limited the type, scope and risk potential of the transactions by an internal bank limit system. This system is permanently monitored and controlled. When defining the limits, the Bank's own risk-bearing ability is taken into account.

The "Company Planning/Treasury" division is responsible for the control of the fixed-interest and variable-interest transactions for the whole Bank. To this purpose, extensive computer-aided simulation calculations are set up on the basis of and on the assumption of various interest rate scenarios using corresponding Treasury software in order to illustrate and analyse the effects of market risks and arrange suitable hedging measures by deploying "financial instruments" to control and limit market risks.

Monitoring counterparty default and market price risks We have ensured the monitoring of counterparty default risks and market price risks using suitable processes. We have continued to strengthen the specialist areas concerned in terms of personnel and equipment in order to be able to satisfy the demands made at all times.

The limits are determined on the basis of sensitivities in relation to risk potential or as volume limits. The limits set for market price and counterparty default risks (counterparties and issuers) were adhered to at all times in the year under review.

Analysis of Limit Exploitation 2003 on the balance sheet date
(maximum 100 % in each case)

	31.03.2003	30.06.2003	30.09.2003	31.12.2003
Market price risks				
Currency risks				
- Foreign currency/foreign notes and coins/precious metals	67.20 %	62.13 %	24.18 %	34.48 %
Risk of changes in interest rates				
- Money dealings	11.83 %	36.99 %	35.28 %	7.42 %
- Liquidity reserve	59.81 %	60.52 %	61.19 %	56.04 %
Counterparty default risks				
Issuer's risk certificated	59.00 %	61.32 %	67.12 %	71.17 %
Uncertificated credit risk	34.95 %	40.88 %	35.71 %	29.92 %
Replacement risk	39.41 %	43.67 %	45.96 %	46.73 %
Settlement risk	22.68 %	55.85 %	40.48 %	37.36 %

Country risks Country risks are of secondary importance for the Bank; they are entered into without hedging only for EU countries and the USA.

Liquidity risks The liquidity risk represents the risk that the Bank fails to meet its present and future payment obligations at all, in full or on time. The "Corporate Planning/Treasury" division is responsible for controlling the liquidity risk. Major instruments for the control of the liquidity risk are represented by the European Medium Term Note Program and the Commercial Paper programme. The liquidity reserve of the Bank was significantly extended as in previous years. Simultaneous diversification optimises the credit risk in the portfolio.

Operative risks We understand operative risks as the risks of losses that occur as a result of the failure or inappropriateness of internal processes, humans and systems or through external events. Further progress was made in establishing the use of a new control instrument for operative risks in accordance with the requirements of Basel II. Risk controlling coordinates the

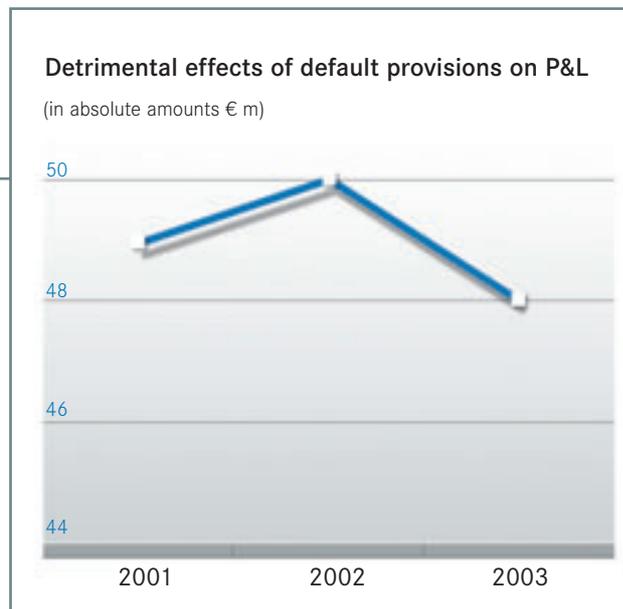
whole process by recording all cases of damages that occur in the business areas in one centralised damages database.

*Investment
portfolio risks*

In view of the significance of the strategic investments in supporting the core transactions of the Bank, investment portfolio management was further extended. The responsible specialist departments and investment committee continually monitor the development of the investments and report to the Board of Directors. The Supervisory Board and its Economic and Financial Committee were informed at regular intervals of developments in the investments and involved in decisions.

*Risk provisioning
and special risk
developments*

As in past Financial Years, the Bank made sufficient provision for all credit risks as of 31 December 2003. The graphic shows the detrimental effects on the P&L of the bad debt provisions since 2001:



No particular risks developed in the loan portfolio or portfolio of equity participations in the Financial Year. In spite of undiminished growth, risk expenditure remained stable due to a consistently strengthened risk management.

No major additional risks arose after the balance sheet date. For the 2004 Financial Year, we also expect that risk provisioning expenditure for the loan portfolio will remain stable.

Rating

Deutsche Apotheker- und Ärztebank has subjected itself to critical review and credit analysis by the renowned and world famous rating agencies Moody's and Standard & Poor's since 1998 and 1999 respectively. Contrary to the general trend prevailing in the German banking industry in the more recent past, the previous long-term rating of the APO-Bank of "A2" (Moody's) and "A-" (Standard & Poor's) was confirmed again by both agencies in the 4th quarter of 2003 – in both cases with a stable outlook.

Major reasons for this constantly good credit rating are the stable underlying financial data and the good risk profile of our Bank, the capability for the future of its focused business model and the Bank's participation in the security systems of the German cooperative banking sector. The estimation of the rating agencies and the confidence in the long-term credit-worthiness of the Bank is also reflected in the – yet again extended – base of international investors.

Outlook

There were no significant economic events after the closing of the Financial Year.

Profitability and equity in focus

We continued our efforts to orient the profitability and capital base of the Bank on international standards with the same degree of intensity. Great importance was still assigned to maintaining the good quality of assets.

Successful development of business also in 2004

The success of this business policy is increasingly visible in the current year. For the 2004 Financial Year we anticipate another significant rise in net interest income. As before, the reason for this is quality-based growth in the lending business and the associated cross-selling products. We also assume that commission income will exceed the 2003 level. We anticipate a rise in costs compared to the previous year, since we have planned for a greater rise in costs of materials for strategic projects in the course of investments in the future.

Further improvement in results

Based on these prerequisites that accord with the results of the first quarter of 2004, the planned operating profit before provision for risks will be around 10% higher than in the previous year and, therefore, reach a level of just under Euro 230 m.

Further improvement in cost-income ratio

As a result, the cost-income ratio improved from 59% in 2003 to 57% in 2004. The interest margin is likely to remain stable at the same level.

Stable Risk Situation In 2004 the risk provisioning for the lending operations will continue to exhibit the same stable development as in previous years. In spite of the huge growth in lending operations, the core capital ratio will remain around the level achieved in the previous year, especially as we have contributed to this through a dynamic allocation to reserves.

Good description anticipated for 2004 If we describe the 2003 Financial Year as “more than satisfactory”, then, as things look today, this assessment will almost certainly apply to the current year 2004.

Report of the Supervisory Board

In performance of its duties in accordance with the statutes and Articles of Association, the Supervisory Board ensured that it was regularly kept informed in the course of the Financial Year by the Board of Directors of all significant events at its regular meetings, meetings of the Personnel Committee, the Economic and Financial Committee and the Credit Committee.

Discussed were fundamental matters of business policy in the investment and lending sector and in the other service areas as well as the development of results and important individual events. Special consideration was given to the effects on the Bank of changes in the underlying economic conditions in the medical sector. The transactions presented for approval on the basis of provisions in statutes and in the Articles were discussed in depth.

Furthermore, the general economic situation of the medical professions, the promotional measures designed by the Bank in this connection to stabilise the financial base of its clients and the projects and measures within the framework of internal optimisation and the strategic and future orientation of the Bank were the subject-matter of detailed discussions.

The firm of auditors, PwC Deutsche Revision AG Wirtschaftsprüfungsgesellschaft, performed the audit of the Annual Financial Statements and of the Management Report for the 2003 Financial Year. According to the unqualified auditor's opinion, they conform to the law and the Articles. The Supervisory Board has acknowledged the results of the audit with approval.

The Supervisory Board has examined the Annual Financial Statements and Management Report and, after completing its subsequent examination, found them to be correct and approves the proposal of the Board of Directors for the appropriation of profits.

The proposal accords with the provisions of the Articles of Association.

In accordance with the 1976 Co-Determination Act (Mitbestimmungsgesetz), a Supervisory Board was elected with equal participation of employees. The constituent meeting of the newly elected Supervisory Board took place on 27 June 2003.

For this reason, the Supervisory Board resolved in its meeting in the Financial Year to apply the “Corporate Governance Code of the Deutsche Apotheker- und Ärztebank” and adapted the same to satisfy new requirements. The currently valid code and the mutual declaration of conformity by the Board of Directors and the Supervisory Board are reproduced in this Annual Report.

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

Dr. med. Ulrich Oesingmann

Re-election is possible.

The spokesman of the Board of Directors, Mr Werner Wimmer, Diplom-Betriebswirt, is leaving the Board of Directors on reaching the age limit on 30 June 2004. The Supervisory Board takes the opportunity of Mr Wimmer’s forthcoming retirement to express its sincere thanks to him for his great commitment towards the further development of our Bank.

In particular, the Supervisory Board wishes to acknowledge Mr Wimmer’s achievements as spokesman of the Board of Directors. By influencing the decisions made, he helped the Bank to prepare for the requirements of a changing banking environment.

In the almost 40 years of his valuable efforts, more than 20 years of which were spent with responsibility as a member of the Board of Directors, he has made a major contribution to the success of our Bank.

Düsseldorf, May 2004

The Supervisory Board
Dr. med. dent. Wilhelm Osing
Chairman

Corporate Governance Code of the Deutsche Apotheker- und Ärztebank

Annual Declaration of Conformity based on § 161 Stock Corporation Act (AktG)

1. Introduction

The Corporate Governance Code of the Deutsche Apotheker- und Ärzte-Bank (hereinafter “Bank”) represents the major statutory regulations on the management and control of the Bank and contains recognised national and international standards for good and responsible company management. It is intended to promote the confidence of the shareholders (members), investors, customers, employees and the public in the management and supervision of the Bank as registered cooperative and contribute towards transparency in operations.

The Code of the Bank is based on the recommendations of the government commission “Deutscher Corporate Governance Kodex”. The Bank undertakes to adhere to this Code while complying with the requirements of cooperative law which the Bank must take account of as a registered cooperative.

By introducing and publishing the code, the Bank voluntarily assumes its regulatory content, which is equally accepted by the Supervisory Board and the Board of Directors.

The Bank shall monitor adherence to the Code and report on the same. The contents themselves will be reviewed at regular intervals and further developed in order to maintain the permanent validity of the Code even in a changing economic environment with changing underlying conditions.

The Supervisory Board is comprised of members from among the shareholders and employees. Employee representatives are elected in accordance with the provisions of the Co-Determination Act and its associated rules of election.

2. Members, Elected Representatives, Annual General Meeting

2.1 Members, Elected Representatives

2.1.1

The rights of shareholders (hereinafter “Members”) in the affairs of the Bank will be exercised by representatives of members in the Annual General Meeting as long as the number of members exceeds the number of 3,000. Election to the Annual General Meeting takes place every 4 years. One representative and one deputy representative are elected for a number of members defined in the Articles of Association. Representatives are elected in a general, direct, equal and secret election.

2.1.2

Every member has one vote independently of the amount of his share (member’s capital contribution).

2.2 Annual General Meeting

2.2.1

The Board of Management presents the Annual Financial Statements and Consolidated Financial Statements to the Annual General Meeting. It decides on the appropriation of profits and on approval of the actions of Board of Directors and Supervisory Board and elects shareholders to the Supervisory Board.

Furthermore, the Annual General Meeting decides on the Articles of Association and the objects of the Company, on alterations of the Articles of Association and on major corporate measures.

The Bank has a statutory obligation to be audited by the association of auditors to which it belongs. The association of auditors is Rheinisch-Westfälischer Genossenschaftlicher Prüfungsverband.

The association of auditors uses an external firm of auditors to audit the Bank.

2.2.2

If the shareholding is increased, all members are entitled to subscribe.

2.2.3

Every member is entitled to attend the Annual General Meeting. Each elected representative is also entitled to speak at the Annual General Meeting on items of the Agenda and to ask pertinent questions and submit pertinent proposals.

2.2.4

The chairperson of the Annual General Meeting assures that the Annual General Meeting proceeds promptly.

2.3 Invitation to the Annual General Meeting, Proxies exercising Voting Rights

2.3.1

The Annual General Meeting of members must be called once a year by the Board of Directors stating the agenda.

At least one tenth of representatives are entitled to require a meeting to be called and for items to be added to the agenda.

The Board of Directors submits the reports and documents required for the Annual General Meeting by law, including the annual report, to the representatives and publishes the same together with the agenda on the Bank's website.

2.3.2

The Bank notifies all domestic and foreign financial service companies, members and associations of shareholders who have asked for the same within a period of no longer than one year of the calling of the Annual General Meeting together with the documents of invitation, if requested, by electronic means.

2.3.3

The Bank assists the elected representatives entitled to vote in exercising their rights personally. It also supports the deputy representatives. The Articles of Association prevent representatives and deputy representatives being represented by proxies and they are not bound to vote in accordance with the instructions of their voters.

3. Interaction of Board of Directors and Supervisory Board

3.1

The Board of Directors and Supervisory Board work in close cooperation for the benefit of the Company.

3.2

The Board of Directors consults the Supervisory Board with regard to the strategic orientation of the company and discusses the status of strategy implementation with the Supervisory Board at regular intervals.

3.3

The Articles of Association or the Supervisory Board determine that the consent of the Supervisory Board is required for transactions of fundamental importance. These include decisions or measures that fundamentally change the net worth, financial position and income position of the company.

3.4

Ensuring that the Supervisory Board receives all the information that it needs is the combined responsibility of Board of Directors and Supervisory Board.

The Board of Directors informs the Supervisory Board at regular intervals of all matters of relevance to the company of planning, business development, risk situation and risk management. It details departures of the course of business from budgets and targets stating the reasons.

In addition to the duties of reporting and information required by law, the Board of Directors regularly reports to the Supervisory Board on:

- The development of business results
- The definition of planning aims and departures from the same
- Strategic orientations and their implementation
- The development of the major organisational measures and projects of the Bank
- Major developments in the area of participations
- The results of the audit of the Financial Statements in the presence of the auditors

The Board of Directors normally submits its reports to the Supervisory Board in written form.

Documents requiring decisions, in particular the Annual Financial Statements, Consolidated Financial Statements and auditor's report are sent to the members of the Supervisory Board as far as possible in good time prior to the meeting.

3.5

Good corporate management requires frank discussion both between Board of Directors and Supervisory Board and within the Board of Directors and the Supervisory Board. The comprehensive protection of confidentiality is, therefore, of crucial importance.

All Board members ensure that the employees involved by them are equally bound by the duty of confidentiality.

3.6.

The representatives of the shareholders and the employees prepare the meetings of the Supervisory Board in separate sessions, if necessary, and together with members of the Board of Directors whenever appropriate.

The Supervisory Board meets whenever necessary and without the Board of Directors if it resolves to do so.

3.7

Board of Directors and Supervisory Board observe the rules of proper corporate management. If their members deliberately breach the duty of care incumbent upon a prudent and diligent business manager or Supervisory Board member of a cooperative, they are liable to pay damages to the Bank.

The Bank has arranged D&O insurance for the Board of Directors and the Supervisory Board.

3.8

Loans granted by the Bank to members of the Board of Directors or the Supervisory Board are governed by the regulations of the Banking Act (Kreditwesengesetz) and require the consent of the Supervisory Board.

3.9.

Board of Directors and Supervisory Board report annually on the Corporate Governance of the Bank in the annual report. This includes the explanation of any departures from the recommendations contained in this code.

4. Board of Directors

4.1 Duties and Responsibilities

4.1.1

The Board of Directors manages the Bank under its own responsibility. At the same time, it is bound by the objects of the cooperative banking sector which includes the economic promotion and support of members, in particular of health professionals and their organisations.

4.1.2

The Board of Directors determines the strategic orientation of the Bank, agrees on it with the Supervisory Board and ensures that it is implemented.

4.1.3

The Board of Directors must ensure adherence to the statutory provisions and endeavours to ensure that group companies comply with them.

4.1.4

The Board of Directors is aware of its high degree of responsibility for risk management and risk controlling. For this reason, it makes particularly high demands of both in order to be able to detect developments that could endanger the Bank at an early date and to be able to respond to the same.

4.2 Composition and Remuneration

4.2.1

The Board of Directors comprises several persons and has a spokesperson. The Board of Directors is subject to rules of procedure that regulate the work done in the Board of Directors which are drafted in mutual agreement with the Supervisory Board.

4.2.2

The General Committee of the Supervisory Board determines a reasonable sum for the remuneration of members of the Board of Directors taking account of any group emoluments and based on an assessment of performance.

The criteria used to determine the reasonableness of remuneration include, inter alia, the duties of the member of the Board of Directors, his performance or the economic situation, success and future prospects of the Bank taking account of the circumstances prevailing in a comparable environment.

The Supervisory Board plenum shall deliberate on the structure of the remuneration system of the Board of Directors following a proposal by the General Committee and review this system at regular intervals.

4.2.3

The remuneration of the members of the Board of Directors includes fixed and variable elements. Variable remuneration includes recurring annual components that depend on business performance and, where appropriate, special payments and components with long-term incentive effects.

Because of the Bank's legal status as a cooperative bank, the components with long-term incentive effect are not in the form of stock options or comparable structures.

No subsequent modification of the targets set is possible.

The principles of the remuneration system as well as the specific organisation of a remuneration system comparable to a stock option plan will be announced in the annual report.

4.2.4

The total of all remuneration paid to members of the Board of Directors is shown in the Notes to the Annual Financial Statements. The performance-related portion of total remuneration is quoted as an average percentage.

4.3 Conflicts of Interests

4.3.1

The members of the Board of Directors are subject to a comprehensive prohibition on working for competitors while working for the Bank.

4.3.2

Board of Management members and employees may not ask for or accept for themselves or for any other persons any gifts or other benefits from third parties in connection with their professional duties or grant any unjustified advantages to third parties.

This rule is implemented and monitored according to the banking supervisory law provisions in accordance with the minimum requirements for the trading activities of banks and the compliance directives of the Bank to which the members of the Board of Directors and employees of the Bank are subject.

4.3.3

The members of the Board of Directors are obliged to serve the interests of the Bank. No member of the Board of Directors may pursue his own personal interests when making decisions or exploit for himself business opportunities that belong to the Bank.

4.3.4

Each member of the Board of Directors must disclose any conflict of interests to the Supervisory Board without delay and must also notify his fellow Board members. All transactions between the Bank and members of the Board of Directors and other persons close to them or companies to which they have close personal links must comply with the usual banking standards. Transactions of major importance require the consent of the Supervisory Board.

4.3.5

The members of the Board of Directors may undertake sideline activities, in particular mandates as Supervisory Board members outside the Bank only if they obtain the consent of the Supervisory Board.

5. Supervisory Board

5.1 Duties and Responsibilities

5.1.1

It is the duty of the Supervisory Board to advise the Board of Directors in managing the business of the Bank and to supervise the same. It must be involved in decisions of fundamental importance for the Bank.

5.1.2

The Supervisory Board appoints the members of the Board of Directors and enters into contracts of service with them in the name of the Bank via the General Committee. It terminates the contracts of service of members of the Board of Directors while adhering to the contractual or statutory period of notice. Termination of the contracts of services cancels the membership of the Board of Directors. The Annual General Meeting resolves by a three-quarters majority of all validly cast votes on the revocation of the appointment of members of the Board of Directors.

Together with the Board of Directors, the Supervisory Board ensures that long-term provision has been made for succession. It must assign the task of preparing the appointment of members of the Board of Directors to the General Committee.

First-time appointments to the Board of Directors are not normally made for the maximum possible duration of the appointment of five years.

The age limit for members of the Board of Directors is normally 63 years, however, 65 years maximum.

5.1.3

The Supervisory Board has given itself rules of procedure.

5.2 Duties and Powers of the Supervisory Board Chairperson

The Supervisory Board chairperson coordinates the work in the Supervisory Board and chairs its meetings.

The chairperson prepares the meetings of the Supervisory Board and chairs the meetings of the General Committee which deals, inter alia, with contracts for members of the Board of Directors.

The Supervisory Board chairperson maintains regular contact with the Board of Directors, in particular with its spokesperson with whom it discusses the strategy, development of the business and the risk management of the bank. The Supervisory Board chairperson will be informed of important events that are of major significance for assessment of the position and developments as well as for managing the Bank without delay by the spokesperson for the Board of Directors.

If necessary, he will then notify the Supervisory Board and call an extraordinary meeting of the Supervisory Board.

5.3 Formation of committees

5.3.1

The Supervisory Board of the Bank forms special-subject committees. These are used to increase the efficiency of the work of the Supervisory Board and deal with complex matters. The chairpersons of each of the relevant committees regularly report to the Supervisory Board on the work done by the committees.

5.3.2

The Supervisory Board of the Bank has formed a

- General Committee
- Mediation Committee
- Audit, Credit and Risk Committee (Audit Committee)
- Economic and Financial Committee
- Personnel Committee

The Supervisory Board chairperson chairs the General Committee.

5.3.3

The General Committee regulates internal affairs of the Board of Directors, in particular the contracts with the members of the Board of Directors and internal Supervisory Board matters.

The Mediation Committee prescribed by the Co-Determination Act submits proposals to the Supervisory Board if the two-thirds majority required for the appointment or removal of members of the Board of Directors is not obtained.

The Audit Committee is particularly concerned with matters of accounting, auditing of the Annual Financial Statements, the required impartiality of the auditors, the audit mandate for the auditors of the Annual Financial Statements, the selection of particular items for audit and the agreement on fees as well as the internal auditing of the Bank in accordance with the minimum requirements on the structuring of internal auditing. Furthermore, it deals with market risks and lending matters of the Bank and issues of risk management. It is also responsible for consenting to loans granted to persons or companies closely associated with the Bank. The chairperson of this committee is neither the Supervisory Board chairperson nor a former member of the Bank's Board of Directors.

The Economic and Financial Committee deliberates on major investment decisions or participations of the Bank. It makes the final decision in urgent cases on investments/participations up to an amount defined by the Supervisory Board.

The Personnel Committee is responsible for personnel and social affairs.

5.4 Composition and Remuneration

5.4.1

For proposals for the election of Supervisory Board members, care is taken to ensure that the Supervisory Board members always possess the knowledge, skills and practical experience required to perform the duties and are sufficiently impartial.

Furthermore, the international operations of the Bank and potential conflicts of interest are taken into account.

The Annual General Meeting elects the Supervisory Board members who are known to it personally. When selecting the candidates, particular emphasis is placed on specialist knowledge, the continuity of representation of the professions and implementation within the professional policy of the medical professions. In the interests of giving priority to these specific selection criteria of the Bank, no age limit has been defined.

5.4.2

Independent advice and monitoring of the Board of Directors by the Supervisory Board is also made possible by the fact that no more than two former members of the Board of Directors belong to the Supervisory Board and that Supervisory Board members have no Board memberships of or advisory duties with major competitors of the Bank.

5.4.3

Each Supervisory Board member ensures that he has enough time to perform his responsibilities. Anyone who is a member of the Board of Directors of a stock-listed company may not hold more than five Supervisory Board mandates in stock-listed companies outside the group.

5.4.4

The election or re-election of Supervisory Board members at different times and for different periods in office takes account of the need for change.

5.4.5

The remuneration of Supervisory Board members is defined by a resolution of the Annual General Meeting. It takes account of the responsibility and level of activity of Supervisory Board members as well as the economic position and success of the Bank. Consideration is also given to the positions of chairperson and vice-chairperson in the Supervisory Board.

Members of the Supervisory Board receive fixed remuneration. Performance-related remuneration is not permitted by the regulations of the Cooperative Societies' Act (Genossenschaftsgesetz). Supervisory Board members also receive attendance fees and refunds of expenses. The total emoluments of all Supervisory Board members are shown in the Annual Report as one sum subdivided into fixed emoluments, attendance fees and refund of expenses.

5.4.6

If a member of the Supervisory Board attends fewer than half of the meetings of the Supervisory Board in one Financial Year, this is noted in the Report of the Supervisory Board.

5.5 Conflicts of Interests

5.5.1

Each member of the Supervisory Board is obliged to serve the interests of the Bank. No member may pursue his own personal interests when making decisions or exploit business opportunities that belong to the Bank for himself.

5.5.2

Each Supervisory Board member reports conflicts of interests to the Supervisory Board, in particular those resulting from a consultancy or a Board position among customers, suppliers, lenders or other business partners.

5.5.3

The Supervisory Board notifies the Annual General Meeting in its report of any conflicts of interests and how they have been dealt with.

For important and not merely temporary conflicts of interests that lie in the person of a Supervisory Board member, the Annual General Meeting may exclude the Supervisory Board member from the cooperative, thereby leading to the loss of the person's Supervisory Board mandate.

5.5.4

Consultancy agreements and other contracts for services or work and services require the consent of the General Committee.

5.6 Efficiency review

The Supervisory Board reviews the efficiency of its activities at regular intervals. In order to review the results to which the matters examined by the Supervisory Board have led, the Board of Directors reports to the Supervisory Board soon after the implementation of measures proposed

by the Supervisory Board. Furthermore, the Board of Directors presents an annual outline of cooperation between the Supervisory Board and the Board of Directors to the General Committee.

6. Transparency

6.1

The Bank will give its members equal treatment as regards information. The information provided for financial analysts and similar addressees can be checked on the Internet shortly after publication.

6.2

Information published in foreign countries because of the relevant capital market law regulations is also published in Germany without delay.

6.3

In the course of ongoing public relations work, the dates of the major regular publications (inter alia, annual report, interim reports, Annual General Meeting) are published in a “financial calendar” with sufficient advance notice.

6.4

Information about the bank published by the bank is also accessible via the Bank’s website. The website is clearly structured. Publications are also made in English.

7. Accounting and Auditing the Annual Financial Statements

7.1 Accounting

7.1.1

Shareholders and third parties are informed primarily by the Annual Financial Statements. They are informed during the Financial Year by interim reports. The Annual Financial Statements and interim reports are prepared in accordance with the commercial law provisions of the national regulations of the Commercial Code (HGB) that also form the basis for taxation.

7.1.2

The Annual Financial Statements are prepared by the Board of Directors and audited by the auditor of the Annual Financial Statements and by the Supervisory Board. They are made accessible to the public within 45 days of completion of the statutory audit.

7.1.3

The Annual Financial Statements will contain specific details of incentive systems of the Bank that are comparable to stock option programmes or similar securities-based incentive systems.

7.1.4

The Bank publishes a list of third companies in which it has a participation that is not of minor importance for the Bank. This does not include trading portfolios of the Bank for which no voting rights are exercised. The following details are given: name and registered office of the company, amount of the share, amount of equity and result of the last Financial Year.

7.1.5

Because of the Bank's legal status as a cooperative, the Bank has no closely related persons for the purposes of the applicable accounting regulations.

7.2 Audit of the Annual Financial Statements

7.2.1

Because of the Bank's legal status as a cooperative, it is subject to a compulsory audit by the Rheinisch-Westfälischer Genossenschaftlicher Prüfungsverband. The audit association must observe the statutory rules passed to avoid conflicts of interests. Members of the Board of Directors and the Supervisory Board, employees and members of the cooperative to be audited may not audit the cooperative.

The association's right to audit the Bank is suspended if a member of its Board of Directors or a particular representative of the association is a member of the Board of Directors or the Supervisory Board, liquidator or employee of the cooperative to be audited or is or has been in the period in which the audit takes place or in the two preceding Financial Years. The audit must then be done by another audit association or firm of auditors on appointment by the central association.

7.2.2

The Supervisory Board agrees that the audit association defined by statute shall report on all major findings and occurrences that arise during performance of the audit of the Annual Financial Statements.

7.2.3

The Supervisory Board agrees that the auditor of the Annual Financial Statements shall notify it or note in the auditors' report any matters discovered during performance of the audit of the Annual Financial Statements that reveal any inaccuracy with regard to the declaration on the Code given by the Board of Directors and the Supervisory Board.

7.2.4

The auditor of the Annual Financial Statements attends the meetings of the Supervisory Board on the Annual Financial Statements and Consolidated Financial Statements and reports on the essential results of his audit.

Annual Declaration of Conformity based on § 161 Stock Corporation Act (AktG)

The Board of Directors and the Supervisory Board of Deutsche Apotheker- und Ärztebank eG (APO-Bank) declare that the recommendations of the government commission “German Corporate Governance Code”, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) on 4 July 2003 were complied with, but for the following exceptions:

1) The Bank undertakes to adhere to this Code while complying with the requirements of the Cooperative Societies’ Act (Genossenschaftsrecht) which the Bank must apply as a registered cooperative (Introduction to the Code).

This has led to deviations from the recommended standard of the Code primarily in the following regulatory areas:

- Shareholders and General Meeting (Article 2 of Code)
- Takeover offers (Article 3.7 of Code)
- Performance-related compensation of the Supervisory Board (Article 5.4.5 of Code)
- Audit of Annual Financial Statements (Article 7.2 of Code)

2) If the company takes out a D&O (directors’ and officers’ liability) insurance policy for the Board of Directors and the Supervisory Board, a suitable deductible shall be agreed (Article 3.8 of the Code).

No deductible has been agreed as yet for the Directors’ & Officers’ insurance for the Board of Directors and the Supervisory Board.

We are of the opinion that a contribution deductible from the claims settled under the D&O insurance is not conducive to providing an ad-

ditional incentive for Board members to act in accordance with their responsibilities.

Moreover, the Board member continues to have criminal law liability in the event of grossly negligent acts or breach of trust, without prejudice to the terms of the D&O insurance.

3) The chairperson of the Supervisory Board shall outline the underlying principles of the compensation system and any changes thereto to the General Meeting (Article 4.2.3 of the Code).

The underlying principles of the compensation system and any changes to them are published in the Annual Report. This is available to the Annual General Meeting at the time of adopting the Annual Financial Statements.

4) Compensation of the members of the Board of Directors shall be reported in the Notes of the Consolidated Financial Statements subdivided according to fixed, performance-related and long-term incentive components. The figures shall be individualised (Article 4.2.4 of Code).

The remuneration paid to members of the Board of Directors is shown in summarised form in the Notes to the Annual Financial Statements. The performance-related portion of total remuneration is quoted as an average percentage. These details are important for the assessment of whether the division of the remuneration into guaranteed and performance-related portions is reasonable and the necessary performance incentives are created for members of the Board of Directors. There are currently no remuneration components with long-term incentive effects, such as stock options or similar arrangements.

5) Compensation for members of the Supervisory Board should also take account of the exercising of the Chair and membership of committees (Article 5.4.5 of Code).

The chairpersons and committee members currently receive no additional remuneration.

6) Compensation for the members of the Supervisory Board should be shown individually in the Notes to the Annual Financial Statements and subdivided according to components (Article 5.4.5 of Code).

The Annual General Meeting defines the amount of fixed remuneration. Performance-related remuneration is not permitted by the regulations of the Cooperative Societies' Act (Genossenschaftsgesetz). We consider the information on the overall remuneration of the Supervisory Board to be adequate.

7) The Consolidated Financial Statements and interim reports shall be prepared under observance of internationally recognised accounting principles (Article 7.1.1 of Code).

The extent to which consolidated Financial Statements should be prepared according to internationally recognised accounting standards is currently under examination.

Düsseldorf, 21 November 2003

For the Supervisory Board

Dr. med. dent. Wilhelm Osing

The Board of Directors

Werner Wimmer
Gerhard K. Girner
Jürgen Helf
Günther Herion
Günter Preuß
Werner Albert Schuster

We pay our respects to our departed members

Former bank director Bruno Nösser

*Honorary Member of the Deutsche Apotheker- und Ärztebank
Holder of the Award by the German Medical Board and
Golden Badge of Honour of the German Dentist's Board*

Bruno Nösser was greatly committed to the success of our Bank for more than 30 years. While a member of the Board of Directors from 1983 to 1995, he had devoted particular efforts to the development of business relations with the professional associations of the medical sector. He constantly supported professional autonomy in the establishment of freelance structures in the former East German states. Owing to his special skills, his conscientiousness, his committed efforts and his open and straightforward manner, he enjoyed a high degree of confidence and esteem.

Dr. rer. nat. Goetz Alberti, Pharmacist

Ingo Dinger, Pharmacist

Dr. rer. nat. Heinrich Morf, Pharmacist

Dr. med. Wolfgang-Eberhard Paeske

Dr. med. Hans-Heinrich Zeil

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

We shall continue to honour them in our thoughts.

Financial Statements for 2003

Balance Sheet

Profit and Loss Account

Notes

Assets

Previous year
in € thousand

	€	€	€	€	
1. Cash reserves					
a) Cash on hand			20,866,812.96		19,812
b) Cash in central banks			100,023,358.17		91,029
Including: with Deutsche Bundesbank	100,023,358.17				(91,029)
c) Cash in post office giro accounts			0.00	120,890,171.13	0
2. Debt instruments of public agencies and bills of exchange eligible for refinancing with central banks					
a) Treasury bills and non-interest-bearing treasury notes and similar debt instruments of public agencies			0.00		0
Including: eligible for refinancing with Deutsche Bundesbank	0.00				(0)
b) Bills of exchange			0.00	0.00	0
Including: eligible for refinancing with Deutsche Bundesbank	0.00				(0)
3. Loans and advances to banks					
a) Due on demand			153,794,654.94		88,649
b) Others			1,176,236,563.74	1,330,031,218.68	1,423,531
4. Loans and advances to customers				16,837,222,063.76	15,311,397
Including: secured by mortgages	2,555,488,131.75				(2,299,944)
Municipal loans	249,663,525.88				(202,620)
5. Debt securities and other fixed-interest securities					
a) Money market papers					
aa) of public issuers		0.00			0
Including: eligible as collateral with Deutsche Bundesbank	0.00				(0)
ab) of other issuers		1,467,291,359.30	1,467,291,359.30		871,021
Including: eligible as collateral with Deutsche Bundesbank	0.00				(0)
b) Bonds and debt securities					
ba) of public issuers		100,304,975.65			113,493
Including: eligible as collateral with Deutsche Bundesbank	100,304,975.65				(113,493)
bb) of other issuers		3,426,351,589.84	3,526,656,565.49		2,856,245
Including: eligible as collateral with Deutsche Bundesbank	2177,076,194.84				(1,818,469)
c) Own debt securities			99,802,148.75	5,093,750,073.54	107,673
Nominal amount	97,177,211.34				(105,364)
6. Shares and other non-fixed-interest securities				1,309,738,364.29	1,330,786
7. Participating interests and capital shares in cooperatives					
a) Participating interests			7,360,957.33		3,594
Including: in banks	277,406.64				(222)
in financial services institutions	0.00				(0)
b) Capital shares in cooperatives			6,248,794.13	13,609,751.46	6,254
Including: in cooperative banks	6,240,102.26				(6,240)
in financial services institutions	0.00				(0)
8. Shares in affiliated undertakings				47,765,803.47	45,514
Including: in banks	3,599,733.82				(3,600)
in financial services institutions	1,292,236.21				(1,292)
9. Trust assets				2,899,697.87	3,033
Including: loans for third-party accounts	162,177.24				(295)
10. Compensation claims against the public sector, including debt securities from their exchange				0.00	0
11. Intangible assets				0.00	0
12. Tangible assets				209,696,325.10	181,116
13. Other assets				569,769,751.23	391,800
14. Prepayments and accrued income				61,074,900.82	52,902
Total assets				25,596,448,121.35	22,897,849

Liabilities

	€	€	€	€	Previous year in € thousand
1. Liabilities to banks					
a) Due on demand			1,063,250,793.80		751,868
b) With agreed term or period of notice			5,103,229,966.70	6,166,480,760.50	4,398,501
2. Liabilities to customers					
a) Savings deposits					
aa) With agreed period of notice of three months		247,306,928.63			243,524
ab) With agreed period of notice of more than three months		295,913,613.21	543,220,541.84		359,690
b) Other liabilities					
ba) Due on demand		4,132,815,538.18			3,372,961
bb) With agreed term or period of notice		5,399,677,034.63	9,532,492,572.81	10,075,713,114.65	5,385,838
3. Certificated liabilities					
a) Debt securities issued			6,891,556,898.85		6,409,068
b) Other certificated liabilities			0.00	6,891,556,898.85	0
Including: money market papers, own acceptances and promissory notes outstanding	0.00	0.00			(0)
					(0)
4. Trust liabilities				2,899,697.87	3,033
Including: loans for third-party accounts	162,177.24				(295)
5. Other liabilities				263,176,141.50	207,027
6. Deferred income and accruals				103,633,269.41	92,347
7. Provisions					
a) Provisions for pensions and similar obligations			72,800,238.00		63,037
b) Tax provisions			25,456,904.00		8,975
c) Other provisions			19,928,754.95	118,185,896.95	21,270
8. Special items with a reserve element				0.00	0
9. Subordinated liabilities				237,804,232.13	217,252
10. Participating certificate capital				379,968,427.72	349,968
Including: due within two years	112,484,213.86				(0)
11. Fund for general banking risks				42,000,000.00	42,000
12. Equity capital					
a) Subscribed capital			804,452,719.80		507,513
b) Capital reserves			0.00		0
c) Revenue reserves					
ca) Legal reserves		219,221,584.96			202,471
cb) Other revenue reserves		219,732,876.83	438,954,461.79		202,983
d) Accounting profit			71,622,500.18	1,315,029,681.77	58,523
Total liabilities				25,596,448,121.35	22,897,849
1. Contingent liabilities					
a) Contingent liabilities					
from rediscounted, settled bills		0.00			0
b) Liabilities					
from guarantees and indemnity agreements		278,205,085.24			254,981
c) Collateral furnished for third-party liabilities		0.00	278,205,085.24		0
2. Other obligations					
a) Obligations under optional repurchasing agreements		0.00			0
b) Placement and underwriting obligations		0.00			0
c) Irrevocable loan commitments		1,112,234,842.48	1,112,234,842.48		809,214

Profit and Loss Account

for the period from 1 January 2003 to 31 December 2003	€	€	€	€	Previous year in € thousand
1. Interest income from					
a) lending and money market transactions		953,942,942.08			954,214
b) fixed-interest securities and debt register claims		140,226,519.95	1,094,169,462.03		176,039
2. Interest expenses			727,366,026.86	366,803,435.17	773,393
3. Current income from					
a) shares and other non-fixed-interest securities			31,941,596.54		2,379
b) participating interests and capital shares in cooperatives			471,363.85		1,651
c) shares in affiliated companies			161,056.94	32,574,017.33	143
4. Income from profit pooling, profit transfer agreements or partial profit transfer agreements				0.00	0
5. Commission income			118,225,297.40		102,403
6. Commission expenses			38,118,850.14	80,106,447.26	22,145
7. Net income from financial transactions				8,952,668.76	5,390
8. Other operating income				10,448,836.79	12,265
9. Income from release of special items with a reserve element				0.00	0
10. General administration costs					
a) Personnel expenses					
aa) Wages and salaries		114,370,835.81			109,888
ab) Social security contributions and expenses for pensions and benefits, including: for pensions	9,293,937.86	27,857,714.15	142,228,549.96		20,770 (4,974)
b) Other administration costs			124,708,283.93	266,936,833.89	121,713
11. Depreciation and value adjustments in respect of intangible and tangible assets				16,333,216.42	15,304
12. Other operating expenses				11,807,423.49	13,830
13. Write-offs and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks			53,417,042.20		63,382
14. Income from write-ups of receivables and specific securities and write-backs of provisions for credit risks			0.00	-53,417,042.20	0
15. Write-offs and value adjustments in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets			5,532,630.19		4,011
16. Write-ups in respect of participating interests, shares in affiliated undertakings and securities treated as fixed assets			504,734.37	-5,027,895.82	40,030
17. Expenses from the absorption of losses				0.00	0
18. Transfers to special items with a reserve element				0.00	0
19. Profit on ordinary activities				145,362,993.49	150,078
20. Extraordinary income			0.00		0
21. Extraordinary expenditures			0.00		0
22. Extraordinary profit/loss				0.00	(0)
23. Taxes on income			73,398,991.69		49,201
24. Other taxes not indicated in item 12			353,610.89	73,752,602.58	367
24a. Transfer to fund for general banking risks				0.00	42,000
25. Distributable profit				71,610,390.91	58,510
26. Profit carried forward from the previous year				12,109.27	13
				71,622,500.18	58,523
27. Withdrawals from revenue reserves					
a) From the legal reserves			0.00		0
b) From other reserves			0.00	0.00	0
				71,622,500.18	58,523
28. Allocations to revenue reserves					
a) To the legal reserves			0.00		0
b) To other revenue reserves			0.00	0.00	0
29. Accounting profit				71,622,500.18	58,523

A. General information

- No remarks.

B. Explanation of the accounting, valuation and translation methods

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

Loans and advances from 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 deferred income and accruals. Identifiable credit risks arising in loans and advances to customers are covered by individual value adjustments. A global value adjustment was carried out in respect of latent credit risks with consideration given to tax guidelines. Additional provisions were made for the specific risks of the business with credit institutions.

All securities were valued according to the strict lower of cost or market principle.

Securities procured in connection with interest rate swaps were combined with these into one valuation unit. Securities with a nominal volume of € 1.6 bn on the balance sheet date were hedged by asset swaps.

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

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

Tangible assets were carried at cost of acquisition less scheduled depreciation. Non-scheduled depreciation of € 503,452 was required for office and business equipment from the head office that were no longer required.

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

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

We made provisions for all current and accrued pension rights in accordance with actuarial principles applying the fiscal interest rate. Adequate provisions were also made for other uncertain liabilities.

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

Fixed assets were valued at historical costs.

Foreign currency receivables and liabilities and cash transactions not completed by the balance sheet date were always translated using the mean spot rate. We used the forward price on the balance sheet date to convert incomplete forward transactions. Gains from currency translation were reported as income.

C. Statement of Fixed Assets 2003 (EURO, rounded)

	Acquisition/ production costs	Additions	Write-ups	Transfers (+ / -)	a) Disposals b) Subsidies	Depreciation (cumulative)	Book values on balance sheet date	Depreciation in Financial Year
	€	€	of the Financial Year		€	€	€	€
Intangible assets	0	0	0	0	a) 0 b) 0	0	0	0
Tangible assets:								
a) Land and buildings	218,572,837	40,697,958	0	10,113	a) 9,289,641 b) 0	69,568,150	180,423,117	4,470,842
b) Office furniture and equipment	107,409,078	10,210,601	0	-10,113	a) 6,068,404 b) 0	82,267,954	29,273,208	11,862,374
a.	325,981,915	50,908,559	0	0	15,358,045	151,836,104	209,696,325	16,333,216

	Acquisition costs	Changes (netted)	Book values on balance sheet date
	€	€	€
Long-term securities	17,520,555	-5,298,423	12,222,132
Participating interests and capital shares in cooperatives	9,847,839	3,761,912	13,609,751
Shares in affiliated undertakings	45,514,293	2,251,511	47,765,804
b.	72,882,687	715,000	73,597,687
Total of a and b	398,864,602		283,294,012

D. Notes to the Balance Sheet and the Profit and Loss Account

I. Balance Sheet

- Loans and advances to banks include € 65,377,797 of receivables from the relevant central institution of cooperative banks (Westdeutsche Genossenschafts-Zentralbank eG).

- The receivables shown in the balance sheet have the following maturities:
(Previous year's figures in brackets)

	Accrued interest	up to three months	more than three months to one year	more than one year to five years	more than five years
	€	€	€	€	€
Other loans and advances to banks (A 3b) (excluding building society deposits)	302,818,761 (204,407,811)	623,125,796 (1,040,048,473)	191,662,819 (105,445,000)	56,129,188 (51,129,188)	2,500,000 (22,500,000)
Loans and advances to customers (A 4)	1,657,722 (3,004,168)	338,742,409 (330,968,624)	573,806,149 (601,056,374)	4,003,800,216 (3,463,987,145)	9,643,673,022 (8,756,317,024)

- Loans and advances to customers (A 4) include receivables with indefinite maturities of € 2,275,542,546 (previous year: € 2,156,063,627).
- Of the debt securities and other fixed-interest items (A 5) shown in the balance sheet, € 1,873,072,456 (previous year: € 1,090,106,380) will mature in the Financial Year following the year under review.
- The receivables include the following amounts that are receivables from affiliated undertakings or associated companies:

	Receivables from				
	Affiliated undertakings		Associated companies		
	Financial Year	Previous Year	Financial Year	Previous Year	
	€	€	€	€	
Loans and advances to banks (A 3)		0	0	171,150,043	165,176,473
Loans and advances to customers (A 4)		3,413,294	2,560,423	58,252,880	60,586,284
Debt securities and other fixed-interest securities (A 5)		0	0	0	0

- The following items include:
(Previous year's figures in brackets)

	negotiable	quoted	unquoted	negotiable securities not valued at the lower of cost or market
	€	€	€	€
Debt securities and other fixed-interest securities (A 5)	5,093,750,074 (3,948,431,866)	3,566,787,333 (3,334,600,267)	1,526,962,741 (613,831,599)	0 (0)
Shares and other non-fixed-interest securities (A 6)	1,536,031 (9,005,384)	1,536,031 (9,005,384)	(0) (0)	0 (4,911,255)
Participating interests and capital shares in cooperatives (A 7)	2,595,006 (2,595,006)	2,481,828 (2,481,828)	113,178 (113,178)	
Shares in affiliated undertakings (A 8)	0 (0)	0 (0)	0 (0)	

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

The list has been deposited at the Amtsgericht – Genossenschaftsregister (Local Court – Register of Cooperatives), Mühlenstrasse 34, 40213 Düsseldorf, and can be inspected there.

Consolidated financial statements were not prepared in view of § 296 (2) German Commercial Code (HGB) since the results for the whole Group are of minor importance for the provision of a fair picture of the Group's net worth, financial position and profit situation.

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

Treuhand Hannover GmbH, Steuerberatungsgesellschaft

DAPO International Finance N.V., Amsterdam

- The trust transactions shown in the balance sheet are loans for third-party accounts totalling € 162,177 and contributions to capital held in trust totalling € 2,737,521.

- Asset item 12 (tangible assets) includes:

Land and buildings used in the course of own business	€ 173,026,980
Office furniture and equipment	29,273,208

- The premium reported under “Other assets” in the 2002 Annual Financial Statements for Swaptions exercised (€ 21,012 thousand) was reported in the balance sheet item Prepayments and accrued income (with € 241,000) in the 2003 Annual Financial Statements.

- “Other assets” include the following larger amounts:

Capitalised premiums from options	€ 544,979,166
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- Deferred items include discount amounts from assumed liabilities of € 59,306,588.
- Assets with a book value of € 120,000,000 were transferred in the course of repurchase agreements. The amount received for the transfer was shown as a liability.
- Subordinated assets are included in the items “Loans and advances to banks” (€ 51,129,188), “Shares and other non-fixed-interest securities” (€ 790,681) with a total of € 51,919,869 (previous year: € 69,906,128).
- Assets include foreign currency items with a value of € 91,828,288.
- Liabilities to banks include € 261,938,486 of liabilities to the relevant central cooperative bank (Westdeutsche Genossenschafts-Zentralbank eG).

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

(Previous year's figures in brackets)

	Phase limita- tion of interest	up to three months	more than three months to one year	more than one year to five years	more than five years
	€	€	€	€	€
Liabilities due to banks, with agreed term or period of notice (L 1b)	260,437,130 (246,319,080)	498,493,082 (443,035,309)	351,952,211 (282,705,795)	1,939,807,399 (1,569,464,596)	2,052,540,145 (1,856,976,831)
Savings deposits with agreed period of notice of more than three months (L 2ab)	0 (0)	121,549,298 (152,063,367)	123,458,229 (150,745,370)	48,909,164 (51,983,534)	1,996,922 (4,897,241)
Other liabilities to customers with agreed term or period of notice (L 2bb)	58,570,408 (64,391,781)	2,637,862,536 (2,859,156,667)	130,099,907 (383,416,541)	1,581,801,465 (1,032,326,263)	991,342,719 (1,046,546,453)
Other certificated liabilities (L 3b)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Of the debt securities issued (L 3a), € 2,535,091,110 (previous year: € 1,668,720,366) will mature in the 2004 Financial Year.

- “Other liabilities” include the following larger single amounts:

	€
Premiums from derivatives carried as liabilities	203,411,295
Interest, participating certificates and contributions of silent partners	28,243,515

- Deferred income and accruals (L 6) include discounts deducted on the payment of receivables totalling € 98,199,624.

- Details of liability item 9 (subordinate liabilities):
Expenses of € 12,059,790 were incurred in the financial year.

There is no obligation to make premature repayment.

Subordination has been arranged as follows:

In the event of the insolvency or liquidation of the bank, the liabilities are repayable only after all higher-ranking creditors have been satisfied. These liabilities have maturities of 8, 10 and 25 years.

Subordinate liabilities carry the following rates of interest:

Subordinate bearer bonds with a variable rate of 6-month Libor plus 0.4 % to 0.6 % and six-month Euribor plus 1 % and fixed interest rate of 5.2 % and 5.3 %.

Subordinate note loans with fixed interest rates of 4.76 % to 7.55 %.

New subordinate bearer bonds with an aggregate nominal amount of € 20,000,000 were issued in the year under review.

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

	Liabilities to			
	affiliated undertakings		associated companies	
	Financial Year	Previous Year	Financial Year	Previous Year
	€	€	€	€
Liabilities to banks (L 1)	1,257,986	883,643	631,561,220	191,180,639
Liabilities to customers (L 2)	824,669,064	525,246,874	33,345,389	30,321,426
Certificated liabilities (L 3))	65,649	2,077,349	207,060,602	212,983,318
Subordinated liabilities (L 9)	0	0	0	0

- Liabilities include foreign currency items with an equivalent value of € 1,062,967,381.

- The members' capital contributions shown under "Subscribed capital" of liability item 12a

	€
Contributions of silent partners	150,000,000
Members' capital contributions	
a) of remaining members	645,268,300
b) of departing members	8,499,252
c) of terminated member's capital shares	685,168
Compulsory contributions due on shares in arrears	€ 21,817,891

- The revenue reserves (L 12c) developed as follows in the course of the Financial Year:

	Legal reserves	Other revenue reserves
	€	€
Status as of 1 January 2003	202,471,585	202,982,877
Transfers from the accounting profit of the previous year	16,750,000	16,750,000
Transfers from the distributable profit of the previous year	0	0
Withdrawals	0	0
Status as of 31 December 2003	219,221,585	219,732,877

- Unrealised reserves in the amount of € 17,347,280 were assigned to liable equity capital as per 31 December 2003 in accordance with § 10 (4a) Banking Act (KWG).
- The volume of unsettled forward transactions affected by a settlement risk or currency, interest rate and/or other market price risk arising from open items, and in the event of counterparty default, also from closed items, amounted to € 57,876 m (previous year: € 51,635 m): Included therein are the following types of transactions:

Interest rate swaps
 Interest rate/currency swaps
 Currency swaps
 Caps
 Swap options
 Forward rate agreements
 Forward exchange transactions
 Index options

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

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

€ m	Nominal Value		Market Value		Credit Equivalent	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Interest risks						
Time to maturity						
- up to 1 year	26,062	25,831	157	161	157	162
- over 1 year up to 5 years	21,052	15,959	519	381	563	425
- over 5 years	8,370	8,020	276	213	397	328
	55,484	49,810	952	755	1,117	915
Currency risks						
Time to maturity						
- up to 1 year	1,852	898	25	18	43	23
- over 1 year up to 5 years	312	812	6	27	22	68
- over 5 years	0	0	0	0	0	0
	2,164	1,710	31	45	65	91
Share and other price risks						
Time to maturity						
- up to 1 year	228	101	1	2	11	7
- over 1 year up to 5 years	0	14	0	0	0	1
- over 5 years	0	0	0	0	0	0
	228	115	1	2	11	8
Total: in aggregate	57,876	51,635	984	802	1,193	1,014

The nominal amount of the derivatives assigned to the trading portfolio was € 3,304 m as of 31 December 2003, with a market value of € 6 m and a credit equivalent of € 6 m.

• The following liabilities (incl. Eurex and clearing transactions) are secured by transfer of assets:	€
Liabilities due to banks	2,376,810,486

II. Profit and Loss Account

- The income of the bank is generated primarily in Germany.
- Income taxes are payable on the profit from ordinary activities.

E. Other details

- The total remuneration paid to the Board of Directors in the Financial Year was € 2,519,273; the performance-related portion of the aggregate remuneration was 38 %.
- The total remuneration for members of the Supervisory Board was € 322,664, which was divided up as follows: Annual remuneration € 211,500; attendance fees € 33,750; loss of income allowance € 69,300; daily allowances € 8,114.
- The total remuneration for former members of the Supervisory Board and their surviving dependants was € 769,442.
- Pension provisions for former members of the Board of Directors and their surviving dependants as of 31 December 2003 were € 8,384,536.

• The following liabilities had been assumed on the balance sheet date for:	€
Members of the Board of Directors	1,622,254
Members of the Supervisory Board	10,523,307

- During the year under review, members of the Board of Directors held seats on the Supervisory Boards of the following joint-stock companies or comparable organisations pursuant to § 267 (3) German Commercial Code (HGB):

ARZ Apotheken-Rechenzentrum GmbH, Darmstadt
 Apothekerversorgung als Einrichtung der Apothekerkammer Mecklenburg-Vorpommern KdöR, Schwerin
 Bank für Wirtschaft und freie Berufe AG, Vienna
 Betriebskrankenkasse für Heilberufe KdöR, Düsseldorf
 DAPO International Finance N.V., Amsterdam
 Deutsche Ärzte Finanz Beratungs- und Vermittlungs-AG, Cologne
 Deutsche Ärzteversicherung AG, Cologne
 Treuhand Hannover GmbH, Steuerberatungsgesellschaft
 ZA Zahnärztliche Abrechnungsgesellschaft Düsseldorf AG, Düsseldorf
 ZA Zahnärztliche Abrechnungsgesellschaft eG, Düsseldorf

- Financial liabilities of € 75,828,928 have not been shown in the balance sheet or referred to in the Notes but are of significance for the assessment of financial status.

Total liability obligations arising from the acquisition of equity interests	€
for cooperatives	12,480,884
Guarantee obligation given to the protection scheme of the BVR cooperative banking sector organisation	63,348,044

- The average number of employees in 2003 was:

	Full-time	Part-time
Clerical staff	1,775	107
Non-clerical and technical staff	19	0
Total	1,794	107

48 trainees on average were also employed.

- Changes in membership

	Number of members	Number of shares	Liability amounts	€
Beginning of 2003	93,634	364,918	547,377,000	
Additions in 2003	6,025	91,860	137,790,000	
Reductions in 2003	2,227	10,261	15,391,500	
End of 2003	97,432	446,517	669,775,500	

	€
The capital shares of the remaining members increased during the Financial Year by	149,180,501
The uncalled liabilities increased during the Financial Year by	122,398,500
Amount of the capital share € 1,500, amount of the uncalled liability € 1,500	

Name and address of the auditing association:

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

Members of the Board of Directors (first name and surname)

Werner Wimmer, *Bank Director, Spokesman*
 Gerhard K. Girner, *Bank Director*
 Jürgen Helf, *Bank Director*
 Günther Herion, *Bank Director (from 1 April 2003)*
 Günter Preuß, *Bank Director*
 Werner Albert Schuster, *Bank Director*

Members of the Supervisory Board (first name and surname)

Dr. med. dent. Wilhelm Osing, *Chairman, Dentist*
 Norbert Hinke*, *Vice-Chairman, Bank Employee*
 Ralf Baumann* (from 27 June 2003), *Bank Employee*
 Dr. med. dent. Wilfried Beckmann (until 26 June 2003), *Dentist*
 Berthold Bisping** (from 27 June 2003), *Bank Employee*
 Dr. med. dent. Dieter Dahlmann (from 27 June 2003), *Dentist*
 Dr. med. dent. Wolfgang Eßer (from 27 June 2003), *Dentist*
 Wolfgang Fischer* (until 26 June 2003), *Bank Employee*
 Hans-Günter Friese, *Pharmacist*
 Wolfgang Häck*, *Bank Employee*
 Thomas Höll* (from 27 June 2003), *Bank Employee*
 Prof. Dr. med. Jörg-Dietrich Hoppe, *Physician*
 Uschi Jaeckel* (from 27 June 2003), *Trade Union Secretary*
 Britta Jansen*, *Bank Employee*
 Hermann-Stefan Keller, *Pharmacist*
 Dr. med. dent. Hans-Hermann Liepe (until 26 June 2003), *Dentist*
 Heidi Methner* (until 26 June 2003), *Bank Employee*

Dr. med. Ulrich Oesingmann, *Physician*
 Gerhard Reichert, *Pharmacist*
 Dr. med. dent. Bernhard Reilmann (until 26 June 2003), *Dentist*
 Dr. med. Manfred Richter-Reichhelm, *Physician*
 Dr. med. Wolf-Rüdiger Rudat (until 26 June 2003), *Physician*
 SR Peter Saueremann (until 27 June 2003), *Physician*
 Christian Scherer*, *Bank Employee*
 PhR Dr. rer. nat. Hartmut Schmall (until 26 June 2003), *Pharmacist*
 Michael Sell*, *Bank Employee*
 Heike Vocke* (until 26 June 2003), *Bank Employee*
 Roland Wark* (from 27 June 2003), *Bank Employee*
 Dr. med. Wolfgang Wesiack, *Physician*
 Dr. med. dent. Fritz-Josef Willmes (until 26 June 2003), *Dentist*
 OPhR Dr. rer. nat. Helmut Wittig (until 26 June 2003), *Pharmacist*

*elected by employees

**representative of management executives

Düsseldorf, 26 February 2004
 Deutsche Apotheker- und Ärztebank eG
 The Board of Directors

Wimmer

Girner

Helf

Herion

Preuß

Schuster

Report of the Auditors

We audited the Annual Financial Statements – including the accounts – and the Management Report of Deutsche Apotheker- und Ärztebank eG, Düsseldorf, for the Financial Year 1 January 2003 until 31 December 2003. Under German commercial law regulations and the supplementary rules of the Articles of Association, responsibility for the accounts and for preparation of the Annual Financial Statements and Management Report lies with the Board of Directors of the cooperative bank. It is our duty to give an opinion on the Annual Financial Statements – including the accounts and Management Report – on the basis of our audit.

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

Our audit gave rise to no objections.

In our opinion, the Annual Financial Statements, in conformity with the generally accepted accounting principles, present a true and fair view of the net worth, financial position and income position of the cooperative bank. The management report provides an appropriate presentation of the state of affairs of the cooperative bank and appropriately shows the risks of future development.

Düsseldorf, 28 May 2004

PwC Deutsche Revision

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Dr. Erner, Certified Auditor

ppa. Koschwitz, Certified Auditor

Dr./RO Eric Banthien, Hamburg
Dr. med. Johannes Baumann, Coswig
Dr. med. Werner Baumgärtner, Stuttgart
Dr. med. dent. Wilfried Beckmann, Gütersloh
Dr. rer. nat. Rainer Bienfait, Pharmacist, Berlin
Dr. med. Klaus Bittmann, Plön
Dr. jur. Dieter Boeck, Lawyer, Bonn
Dr. med. Volker Böttger, Dortmund
Dr. med. dent. Jürgen Braun-Himmerich, Nierstein
Prof. Dr. med. Wolfgang Brech, Friedrichshafen
Dr. med. vet. Ernst Breitling, Gärtringen
Dr. med. dent. Gerhard Bundschuh, Groß-Glienicke
Dr. med. Konrad F. Cimander, Wedemark
Dr. med. Eckart Claus, Grebenstein
Dr. med. Anton Coressel, Otterbach
Dr. med. Gerhard Dieter, Wehr
Dr. med. Peter Eckert, Hohenahr-Erda
Dr. med. Wolfgang Eckert, Schwerin
Dr. med. Brigitte Ende, Buseck
Dr. med. Dr. rer. nat. Klaus Enderer, Cologne
Dr. med. Stefan Engelbart, Bad Oeynhausen
Dr. med. Karsten Erichsen, Bremen
Albert Essink, Dentist, Berlin
Dr. med. Johannes Fechner, Emmendingen
Dr. med. dent. Jürgen Fedderwitz, Schlangenbad
Dr. med. Hermann Feig, Weilburg
Dr. med. Reiner Flöthner, St. Ingbert
SR Dr. med. Franz Gadomski, Saarbrücken
SR Dr. med. Günter Gerhardt, Wendelsheim
Dr. med. dent. Dietmar Gorski, Wilnsdorf
Eberhard Gramsch, Physician, Göttingen
Dr. med. vet. Karl-Ernst Grau, Sendenhorst
Dr. phil. Jörn Graue, Pharmacist, Hamburg
Dr. med. Karl Gröschel, Blankenhain
SR Dr. med. dent. Manfred Grub, Losheim
Dr. med. dent. Wolfgang Gutermann, Heidelberg
Dr. med. Manfred Halm, Dresden
Dipl.-Stomatologe Dieter Hanisch, Freyburg
Dr. med. Leonhard Hansen, Alsdorf
Dr. med. dent. Konrad Hartmann, Oberkirch
Dr. med. dent. Rudolf Hegerl, Daun
Dr. med. Andreas Hellmann, Augsburg
Dr. med. Hans-Joachim Helming, Belgig
Dr. med. Torsten Hemker, Hamburg
Dr. med. Jörg Hempel, Wiesbaden
Dr. med. Wolfgang Herz, Rastatt
Dr. med. Folkert Hinrichs, Leer
Dr. med. Rolf Holbe, Kreiensen/Greene
SR Dr. med. habil. Hans-Jürgen Hommel, Leipzig
Dr. med. Wolfgang Hoppenthaller, Siegenburg
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Dr. med. Burkhardt John, Schönebeck
Dietrich Jost, Pharmacist, Lorsch
Dipl.-Kfm. Daniel F. Just, Munich
Dr. med. Michael Kann, Ruppach-Goldhausen
Dr. jur. Ulrich Kirchhoff, Lawyer, Hanover
Dr. med. Michael Köhler, Marburg
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Dr. rer. pol. Andreas Kretschmer, Münster
Dr. med. dent. Peter Kriett, Bad Segeberg

Dr. med. dent. Peter Kuttruff, Stuttgart
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 Dr. med. Horst Labunski, Krefeld
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 Dr. rer. pol. Dirk Lepelmeier, Düsseldorf
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 Dr. med. Burkhard Lütkemeyer, Bad Essen
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 Dr. med. dent. Ute Maier, Tübingen
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 Dipl.-Ing. Hartmut Miksch, Düsseldorf
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 Dr. med. Carl-Heinz Müller, Trier
 Dr. med. dent. Wilfried Müller, Neumünster
 Dr. med. Axel Munte, Grünwald
 Dr. med. dent. Dieter Natusch, Görlitz
 Dr. med. Hubert Niessen, Geretsried
 Dipl.-Kfm. Siegfried Pahl, Haan
 Dr. med. dent. Volker von Petersdorff, Isernhagen
 Dr. med. dent. Helmut Pfeffer, Wohltorf
 Dr. med. Hans-Michael Quast, Wuppertal
 Dr. med. Horst Rebscher-Seitz, Selters
 Dr. med. Jost Reermann, Wegberg
 Dipl.-Volkswirt Manfred Renner, Planegg
 Dr. med. Klaus Rittgerodt, Königslutter
 Dr. med. Gert Rogenhofer, Regensburg
 Dr. med. Karl-Friedrich Rommel, Mechterstädt
 Dr. med. Klaus-Peter Rudzki, Ratingen
 Dr. med. Jochen-Michael Schäfer, Kiel
 Dr. med. dent. Karl Horst Schirbort, Burgdorf
 Dipl.-Kfm. Klaus Schmäing, Münster
 Dipl.-Med. Ralf-Rainer Schmidt, Leipzig
 SR Dr. med. Ulrike Schwäblein-Sprafke, Hohenstein-Ernstthal
 Dr. med. Werner Sitter, Bechhofen a. d. Heide
 Dr. med. Michael Späth, Hamburg
 Dr. med. Till Spiro, Bremen
 SR Dr. med. dent. Helmut Stein, Clausen
 Dieter Teichmann, Munich
 Dr. med. Jürgen Tempel, Wunstorf
 Dr. med. Ulrich Thamer, Gelsenkirchen
 Dr. med. Hans-Jürgen Thomas, Erwitte
 Ralf Wagner, Dentist, Heimbach
 SR Dr. med. Egon Walischewski, Koblenz
 Dr. med. Dr. med. dent. Jürgen Weitkamp, Lübbecke
 Dr. med. Harald Wirth, Darmstadt
 Dr. med. dent. Wolfgang Witzhausen, Koblenz
 Dr. med. Heiko Wohlers, Oldenburg
 Dr. med. Gerd W. Zimmermann, Hofheim am Taunus
 Dr. med. dent. Gert Zimmermann, Braunfels
 Dr. med. Maximilian Zollner, Friedrichshafen

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[Division Heads · Unit Heads at Head Office · Heads of Regional Divisions](#)

[Branch Directors · Branch Managers · Heads of Regional Credit Offices](#)

[Head Office · Branches](#)

[Regional Divisions](#)

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<i>General Managers/ Division Heads</i>	Berthold Bisping Hans Fells Johannes Henkel Stefan Kunac Jörg Voll	Sales Organisations and Major Clients Sales Management, Private Customers Sales Management, Private Customers Banking Operations Corporate Planning/Treasury
<i>Directors at Head Office</i>	Hans-Jochen Becker Holger Brettschneider Rainald Brune Reiner Caesar Siegfried Charchulla Hugo Daldrup Wolfgang Gerresheim Wolfgang Hammel Manfred Hermes Jürgen Otto Martin Pietsch Hans-Georg Schell Axel Schneider Dr. Thomas Siekmann Klaus Söhler Ulrich Sommer Claus Verfürth Uwe Zeidler Reinhold Fahlbusch Uwe Meyer-Vogelgesang	Accountancy/Taxes Controlling Treasury/Liquidity Management Health Economics Administration/Facility Management Central Credit Office New Medical Care Structures Legal Department Public Relations/Economics Auditing IT and Organisation Secretary to Directors Trading Transactions Corporate Planning Payment Transactions Securities/Institutional Clients Personnel Securities/Private Asset Management Projects/Special Tasks Projects/E-Health-Market
<i>Heads of Regional Divisions</i>	Heinz Abler Michael Brüne Christian Hübscher Peter K. Konrad Rolf Post	Northern Region Eastern Region Central Region Western Region Southern Region

<i>Branch Directors/</i>	Aachen	Heiko Drews	Leipzig	Helmut Picker
<i>Branch Managers</i>	Augsburg	Joachim Lehmann	Lübeck	Reinhard Pretzsch
	Bayreuth	Klaus Trendel	Magdeburg	Michael Goltz
	Berlin	Stefan Mühr	Mainz	Rolf Traupel
	Braunschweig	Eberhard Groß	Mannheim	Werner Gebauer
	Bremen	Andreas Kalle	Marburg	Bernd Posdich
	Chemnitz	Wilhelm Spitz	Münster	Franz-Josef Gebker
	Cologne	Werner Höhl	Munich	Bruno Höfter
	Darmstadt	Peter Lorenz	Neustadt	Otmar Herrmann
	Dortmund	Jürgen Grabensee	Nuremberg	Martin Steinkühler
	Dresden	Raimund Pecherz	Oldenburg	Dirk Müller
	Düsseldorf	Siegfried Crefeld	Osnabrück	Werner Goldkamp
	Duisburg	Markus Herzig	Potsdam	Jürgen Nitsche
	Essen	Frank Orichel	Regensburg	Frank Hillemanns
	Frankfurt	Gerhard Schork	Rostock	Ronald Hensel
	Freiburg	Jörg Jahnz	Saarbrücken	Dietmar Schmidt
	Göttingen	Michael Arndt	Schwerin	Gerrit Altenburg
	Hamburg	Peter Schlöggell	Stuttgart	Holger Lebender
	Hanover	Sieghard Bröker	Thuringia	Peter Jesse
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	Kassel	Franz-Josef Nolte	Wiesbaden	Werner Ensberg
	Kiel	Peter Geiß	Würzburg	Michael Wagner
	Koblenz	Heinz-Jürgen Mantai	Wuppertal	Carsten Ferch

<i>Heads of</i>	Berlin	Jost Vierbücher
<i>Regional</i>	Dresden	Dr. Gerald Barth
<i>Credit Offices</i>	Düsseldorf	Karl-Josef Wening
	Frankfurt	Norbert Prokasky
	Hanover	Wilfried Erxleben
	Munich	Uwe Paul

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

- 1957* The name “Deutsche Apotheker- und Ärztebank e.G.m.b.H.”, applied for in 1950, is approved and takes effect.
- 1958* Introduction of account services free of charge for creditor accounts.
- 1961* Constitution of the Annual General Meeting as a result of the rapid growth in membership which has reached 5,477.
- 1965* The tenth branch office is opened. One of the first banks in Germany to enter the real estate business.
- 1972* Membership at 22,809. There are now 16 branch offices. Number of employees up to 581. Balance sheet total exceeds DM 1 billion for the first time.
- 1979* First primary cooperative bank to issue its own bearer bonds.
- 1982* Balance sheet total exceeds DM 5 billion. Membership reaches 54,501. Now 40 branches. Number of employees at 1,135.
- 1985* First primary cooperative bank to issue participating certificates.
- 1990* Bank expands into the new federal states and sets up 10 new branches there.
- 2002* Successful developments in the anniversary year despite structural and income crisis in the banking sector.

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