

apoBank – Investor-Update.

September 2022.

Agenda.

1. **Overview.**
2. The changing health care market.
3. Business model and strategy.
4. Business performance.
5. Risk management, credit quality, funding.

apoBank – At a glance.



Largest cooperative bank.

We are member of the National Association of German cooperative Banks (BVR) and part of the BVR deposit insurance system.



Our mission.

We promote our members, in particular professionals in the healthcare sector, and in their organisations as well as corporations active in the healthcare sector.



Close to our customers.

Our 2,249 employees at 83 locations cater to the needs of our customers.



A captivating idea.

113,425 members of the bank are convinced of our mission.



Market leader.

We are market leader in payments services and lending business, our market share in start-up financing reaches 60 percent.

Rating of
apoBank:

A+

S&P

Tier 1 ratio:

16.2 %

Total assets:

66.9^{bn}

Euro

Net profit after tax:

32.8

mn Euro

as of: September 2022

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The German health economy – an overview (2020).

365 bn Euro
gross value added



Every **8th** Euro gross value added is generated in the health economy.

7.4 mn employees



Every **6th** job is located in the health economy.

Since 2011, the German health economy created more than 1 mn jobs..

In comparison: The total automotive sector counts 2 mn employees.

Sectors of value creation



196.4 bn Euro
Medical Supply



75.2 bn Euro
Industrial health care economy

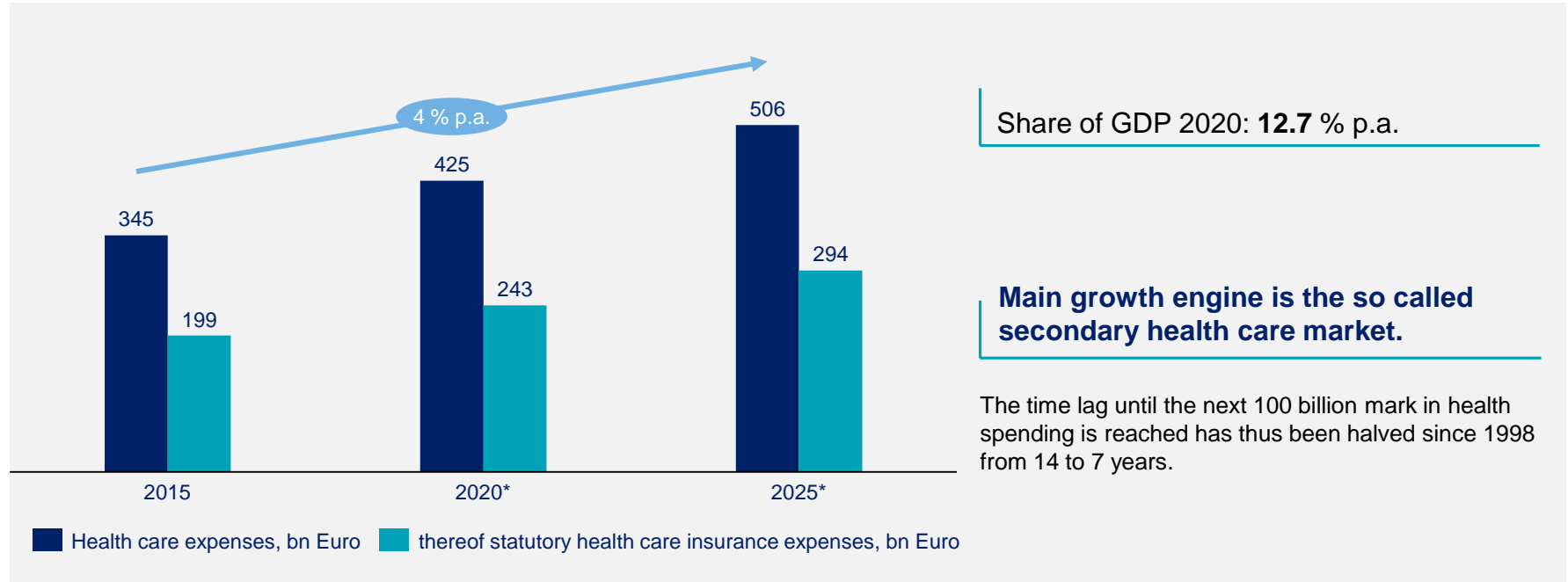


92.8 bn Euro
Further sectors



Source: Gesundheitswirtschaft, Fakten & Zahlen, Ausgabe 2021, Bundesministerium für Wirtschaft und Energie (BMWi)

Health care market as a growth engine.



Source: Statistisches Bundesamt, vdek, apoBank | *estimates and forecasts, respectively

Health care sector – Background.



Technical progress: Usage of medical-technical innovations.



Demographic development: Significant ageing of society increases weight of morbidity.



Increasing health care expenses, growing health awareness.



Future supply needs and thus growing expenses enlarge health care market sustainably.

Investors discover health care market as investment target.

1. Investors are looking for **new** investment opportunities.



2. discovering health care as a global **growth market**.



4. They are looking for **stable, cycle independent** market segments.



3. The **fragmented** health care market in **Germany** appealing for active consolidation.



5. Current focus is on **outpatient** care.



Entry points:
Hospitals or
dialysis centres



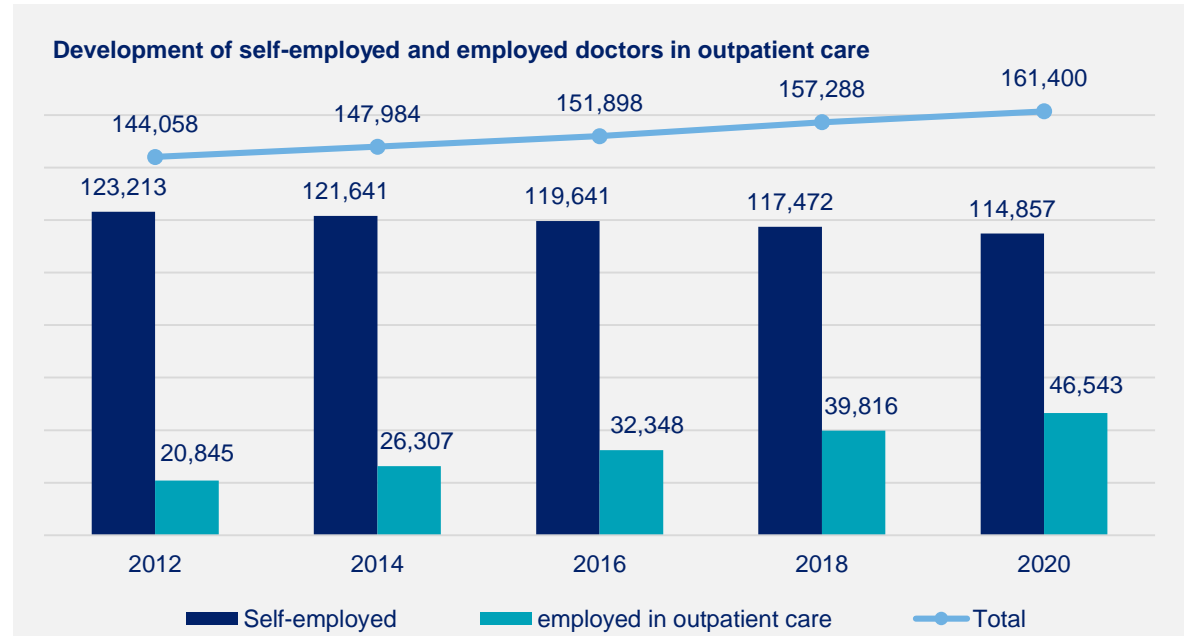
6. **Capital - and technology-intensive** disciplines offer great industrialisation potential.



Trend towards employment in the outpatient sector.



- Trends towards employment and part time work
- Young doctors prefer being on the payroll
- 59% of the employees work in part-time



Source: Ärztestatistik der BÄK.

Medical care centres as employer for salaried employees.



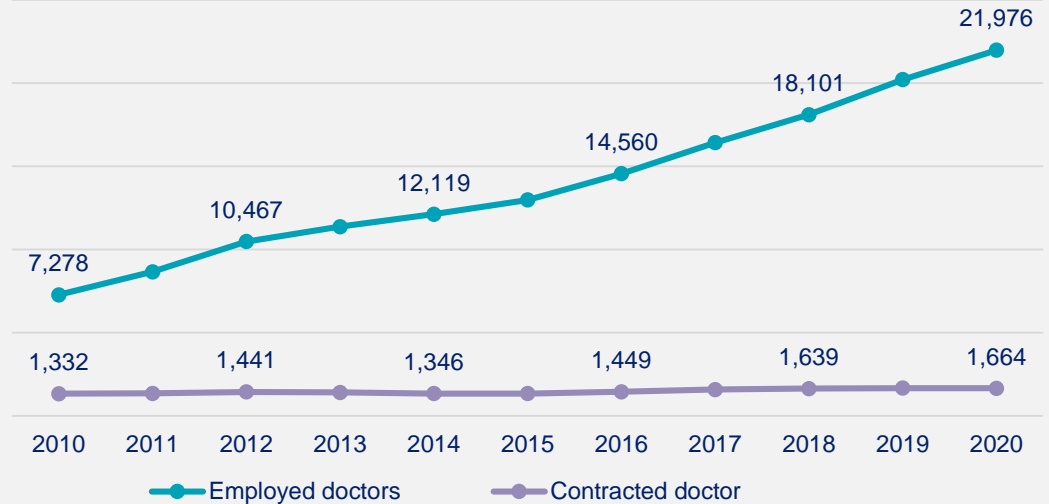
2004: Introduction of medical care centres

- Improved gearing of different medical disciplines

Advantage: Growth

- Unlimited employment of medical doctors and dentists possible, most doctors work as salaried employees

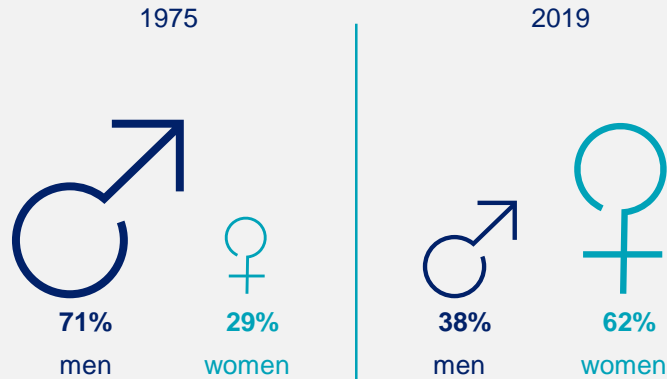
Development of medical doctors working in medical care centres



Source: MVZ-Statistik 2020, Kassenärztliche Bundesvereinigung (KBV).

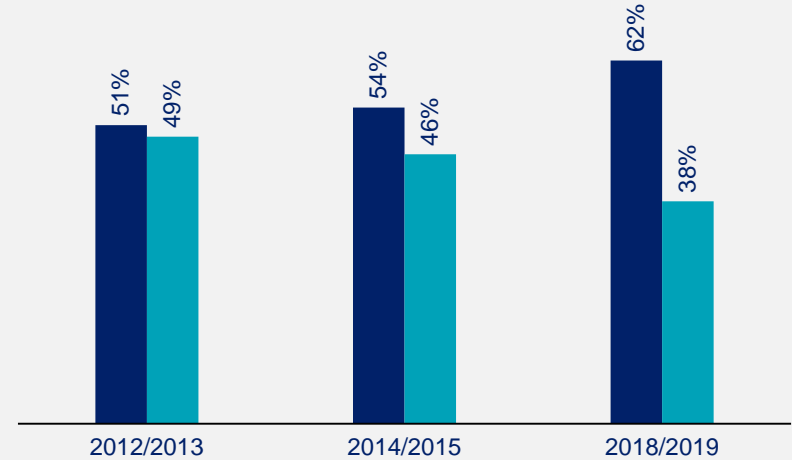
Health care market turns more female.

Share of medical students



Source: Statistisches Bundesamt.

Share of business founders



Source: apoBank / Zi.

The future of the health care market is digital.

Pandemic as a catalyst for digitalisation

While there were only just under 3,000 video consultation hours nationwide in 2019, there were almost 1.4 million in the first half of 2020. Around 203,000 video consultation hours were recorded in the first quarter, and almost 1.2 million in the second quarter.

Source: KBV-Analysis.



**Market &
players**

Dynamic
competition with
international
players



**Technologies
& trends**

New technologies
and
health apps



**Health care
politics**

E-Health-law,
DVG, PDSG,
DVPMG



**Health care
professionals**

Need for
information
of the health
professionals



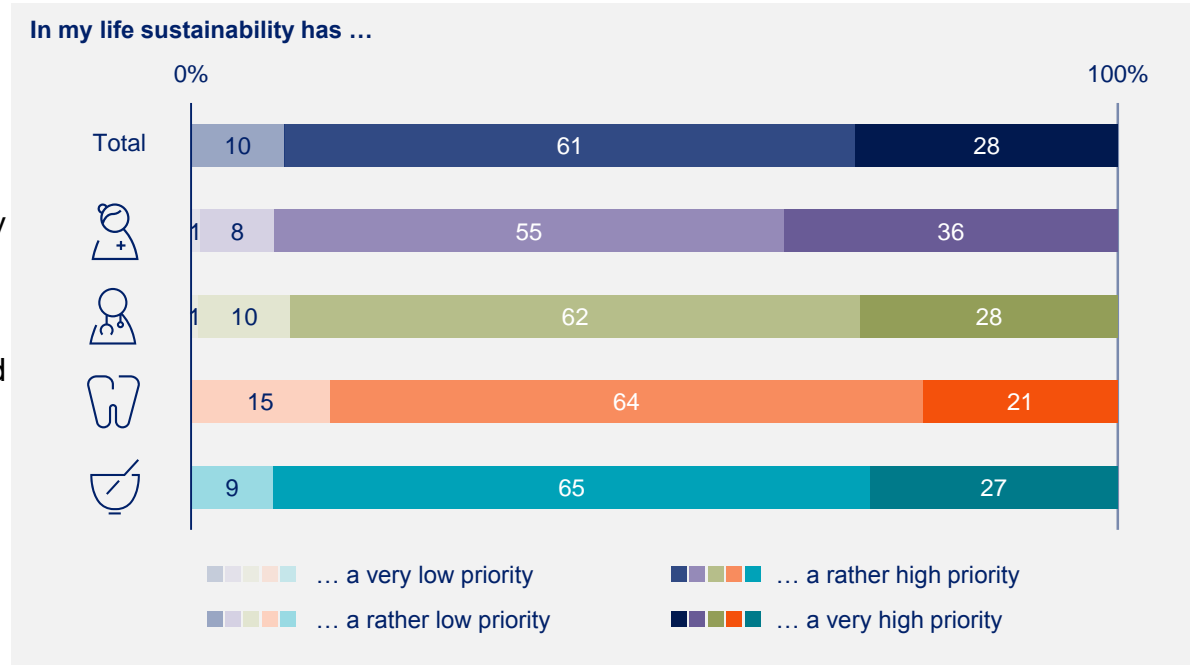
Patients

The empowered
health customer
as a driver of
digitalisation

Sustainability with high value for health care professionals.



- For the majority of health care professionals, the topic of sustainability is very important (61%)
- Ecological aspects such as waste management, energy consumption and the digital orientation of the practice or pharmacy are already taken into account today
- The health care professionals see the responsibility predominantly in politics, but also in themselves



Source: Nachhaltigkeit in Arztpraxen und Apotheken. A study by apoBank (2021).

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apoBank: Deeply rooted in the health care market.

Deep knowledge of the health care market and of health care professionals

Profound knowledge of cash flows and needs of health care professionals.

Better risk assessment than competitors.

Tailor-made solutions for health care professionals

Deep know-how on what is needed.

Unique cooperation and client access

Historically grown access to health care professionals, intensive cooperation with chambers, pension funds and professional organisations.

High reputation in particular in financing issues.

Implementation of the strategy agenda.

Increase of customer satisfaction

- Customer advisory council
- Optimisation of processes
- Enhancement of online-banking

Demand driven care model for clients

- Optimisation of sales channels
- Improving contact management

Focus on core competencies

- Financial accompaniment of health care professionals
- Alignment of corporates business

Improving profitability

- Selective growth
- Cutting costs

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Business performance in first half 2022 at a glance.



Stable net interest income and net commission income in challenging markets



Solid development of lending for start-up financings and corporate clients

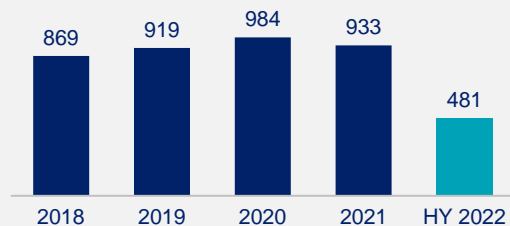


Strong new money inflow in asset management despite difficult financial markets

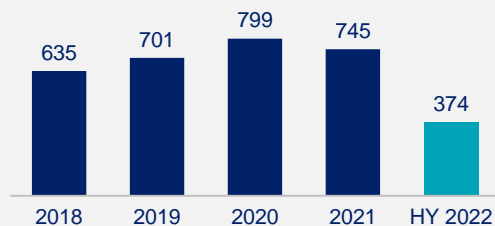
Solid revenue basis.

in mn Euro

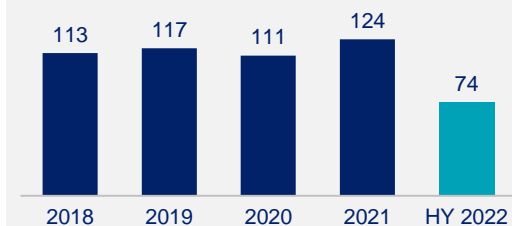
Operating revenues



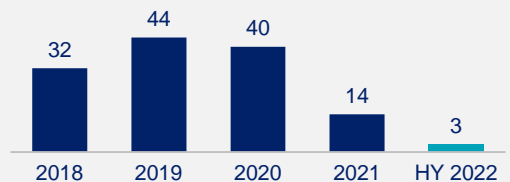
Operating expenditures



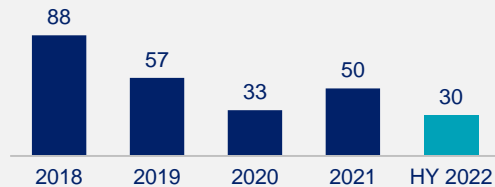
Operating result



Risk provisioning from the operating business

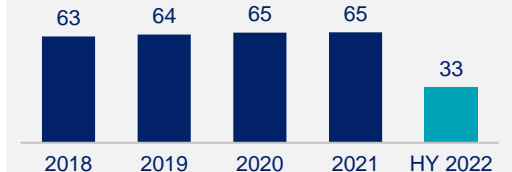


Risk provisioning with reserve character

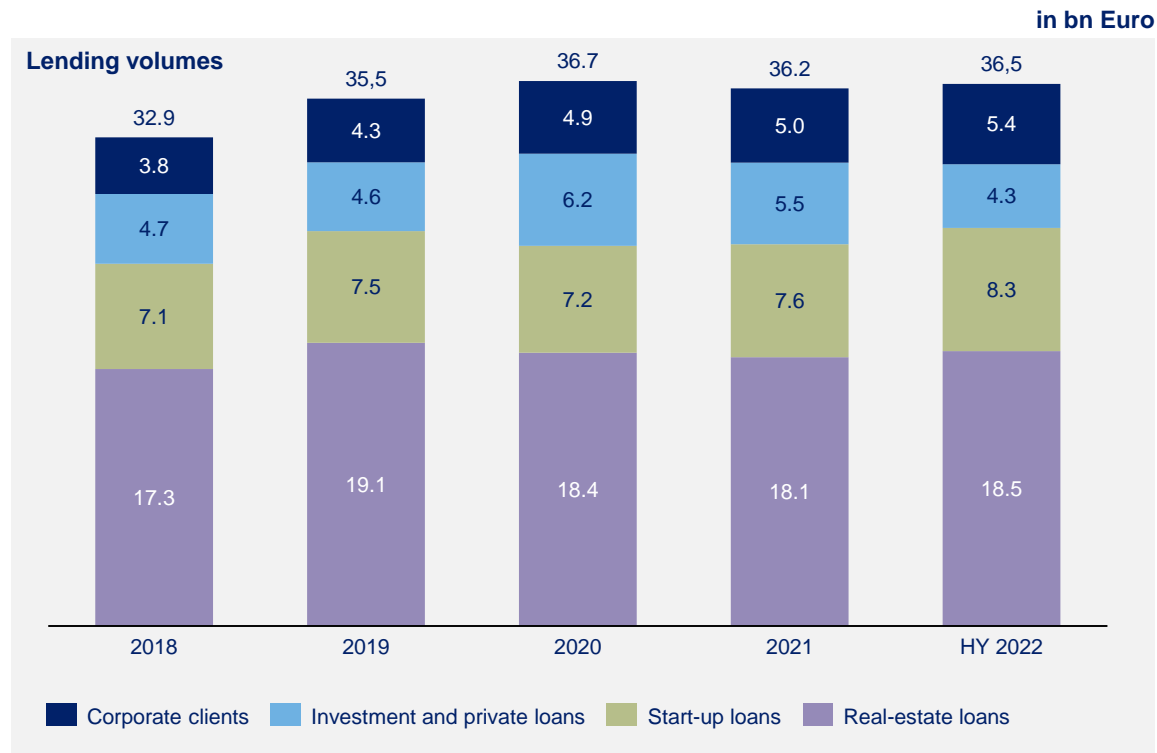
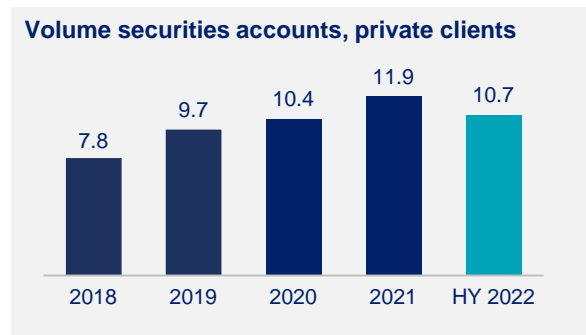
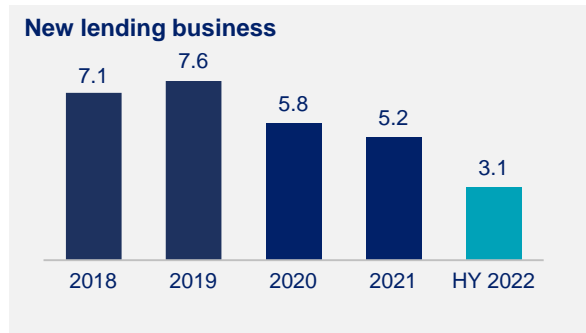


Contribution to capital position

Net profit after tax



Selective growth strategy in customer business.



Financial outlook for fiscal year 2022.



Increasing operating result with rising revenues and stable costs



Focus on core competencies in lending business and wealth creation



Expansion of house bank function for corporate clients; specialised offers for institutional clients



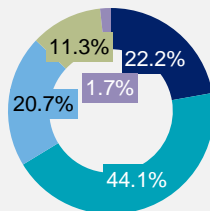
Dividend payout on previous years' level possible

Agenda.

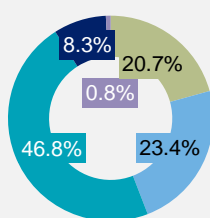
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Very good portfolio quality.

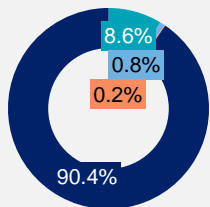
Retail clients
31.9 bn Euro



**Professional assoc.,
large corporates**
6.1 bn Euro



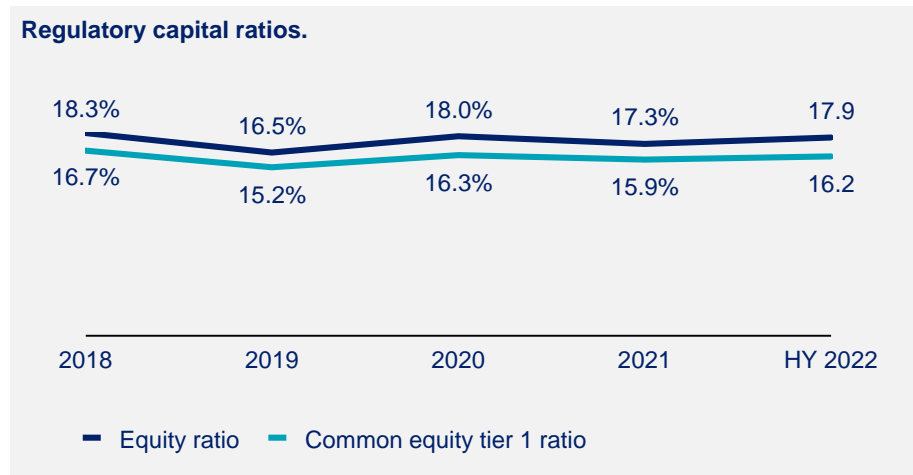
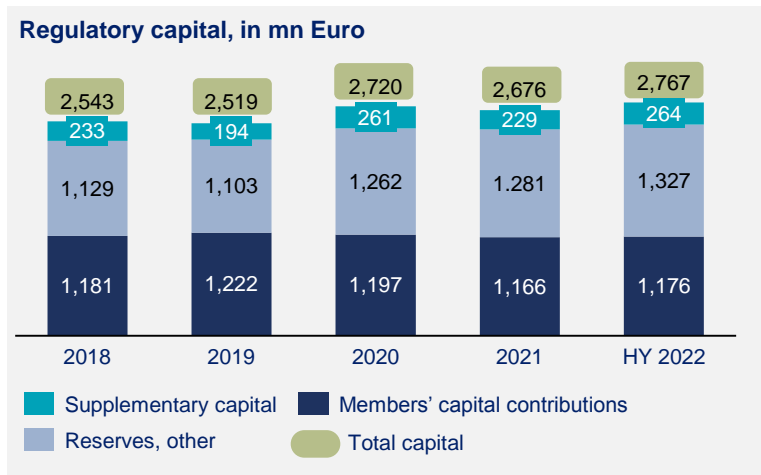
Financial instruments
8.2 bn Euro



- Steady portfolio growth, focus on retail clients as well as professional associations and large corporates
- Volume of financial instruments on low level
- 87% of retail exposure and 79% of exposure to professional associations and large corporates are investment-grade rated
- At 1.4% NPL-Ratio is at low level (2021: 1.6%)
- Forbearance Ratio: 0.8%
- Coverage Ratio: 39.0%

Mapping of internal apoBank rating classes (BVR-Masterskala) to external rating classes based on underlying default probabilities, drawdowns (claims to customers, gross, securities, off-balance sheet items)

Satisfying regulatory capital position.



- Capital ratios may be dampened in future due to further business expansion as well as Basle IV related increase in RWA

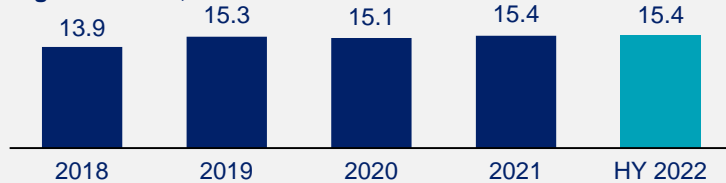
	30.6.2022	31.12.2021
Leverage ratio	3.9%	5.0%
Liquidity coverage ratio	272%	271%
Net stable funding ratio	132%	133%

Regulatory capital requirements.

	2020		2021	
	CET 1	Equity ratio	CET 1	Equity ratio
Overall capital requirement	7.7%	11.75%	9.41%	14.0%
Systemic risk buffer	0%		0.25%	
Anticyclical buffer	0%		0.75%	
Capital conservation buffer	2.5%		2.5%	
Total SREP capital requirement	5.2%	9.25%	5.91%	10.5%
Pillar 2 requirement	0.7%	1.25%	1.41%	2.5%
Pillar 1 requirement	4.5%	8.0%	4.5%	8.0%

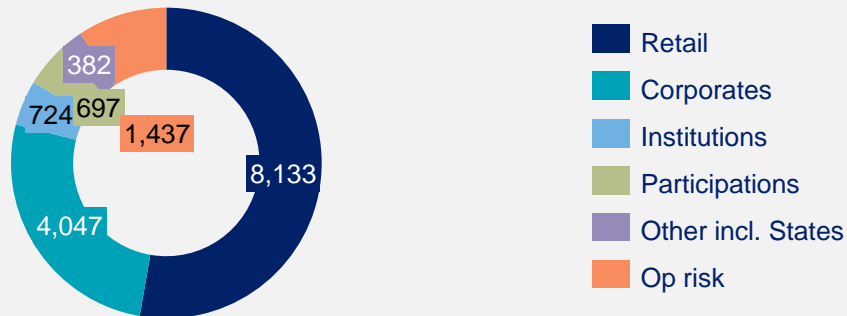
Credit risks predominant.

Risk weighted assets, in bn Euro



- Selective business growth, rising exposure in the corporate sector
- Market risks in banking book only

Distribution of RWA, in bn Euro



Diversified funding.

Targets

- Congruent funding of lending business
- Expansion of product range provides funding flexibility
- Growing investor base
- Reliable and regular issuer on capital market
- Increasing share of covered bonds

Products

- Commercial paper
- Promissory notes
- Registered bonds
- Registered covered bonds
- Benchmark bonds

Debt-Issuance-Programme (DIP):

- apoObligationen (retail)
- Bearer bonds
- Covered bonds

Features

- Fixed coupon
 - ascending / descending
- Variable coupon
 - with collar
 - callable
 - single right to cancel
 - multiple rights to cancel

Customers

- Retail clients, associations and large corporates
- Stable base of less volatile and steadily growing deposits from customers

Investors

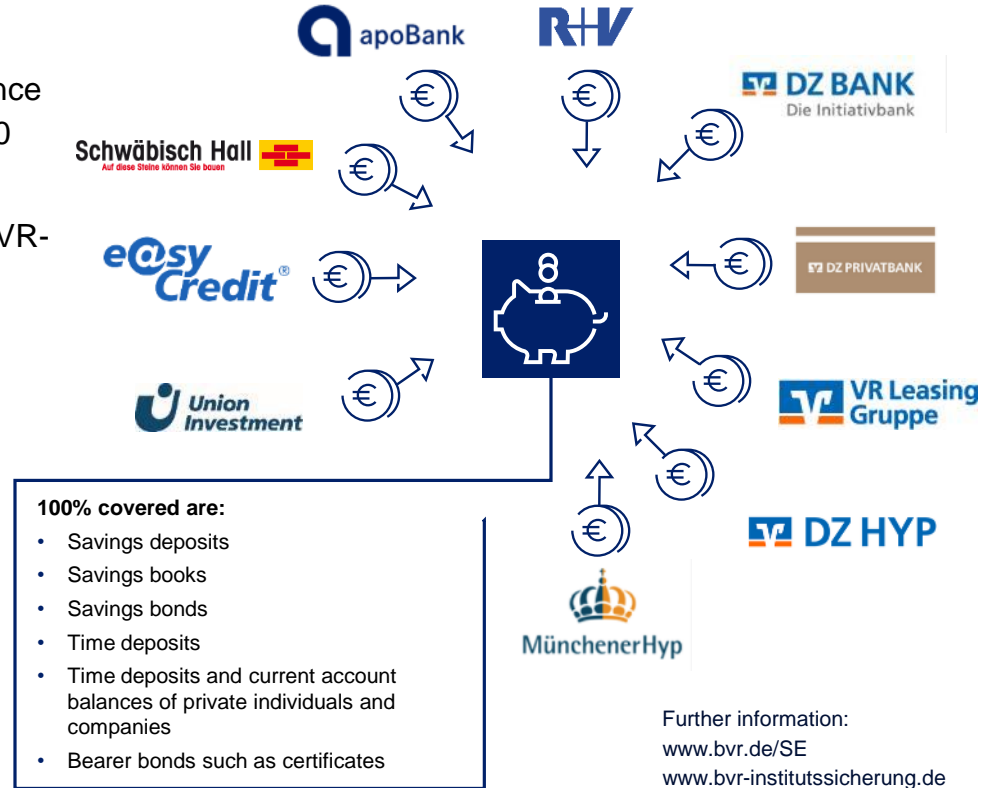
- Institutional client
- Investors from the Geno-Finanzgruppe

Partner banks

- Partner banks
- Funding of promotional loans via KfW-Group and regional promotional banks

Part of a strong cooperative group.

- BVR Institutssicherung GmbH guarantees in accordance to EU-regulation deposits in a volume of up to 100,000 Euro per head/client
- A voluntary additional guarantee mechanism by the BVR-Sicherungseinrichtung safeguards the existence of member institutes (Institutsschutz) that enter financial distress
- The Institutsschutz covers:
 - all deposits and
 - bearer bonds held by customers



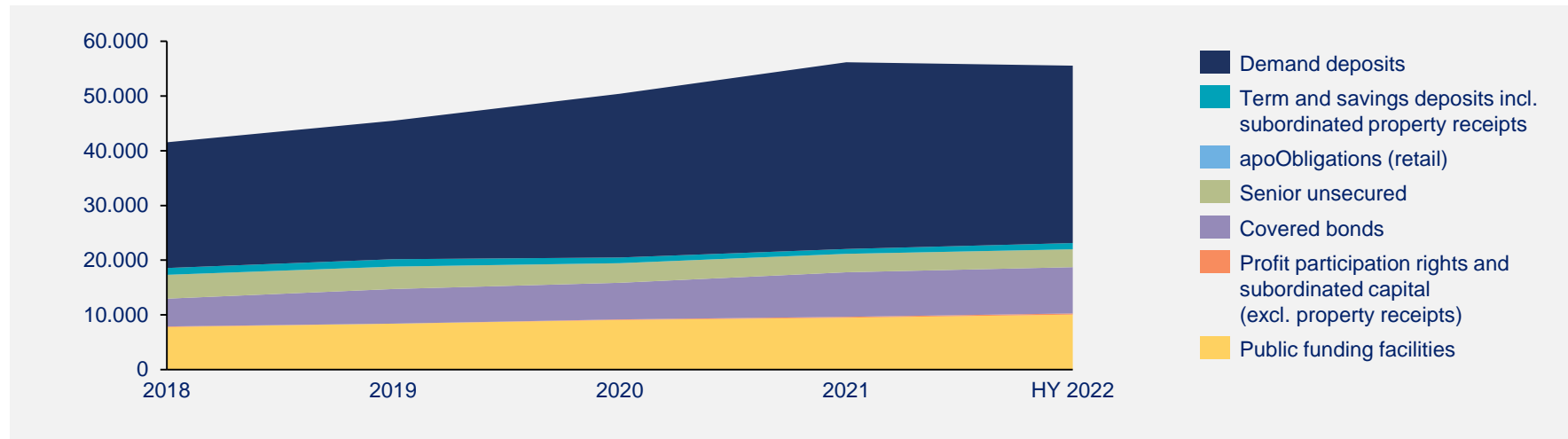
Good ratings.

Standard & Poor's		Fitch Ratings (group rating) ¹⁾	
Issuer credit rating	A+	Issuer Default Rating long-term	AA-
Short-term debt	A-1	Issuer Default Rating short-term	F1+
Covered bonds (Pfandbriefe)	AAA	Outlook	stable
Senior unsecured (preferred)	A+		
Senior subordinated (non preferred)	A		
Outlook	stable		

¹⁾ Group rating for cooperative FinanzGruppe

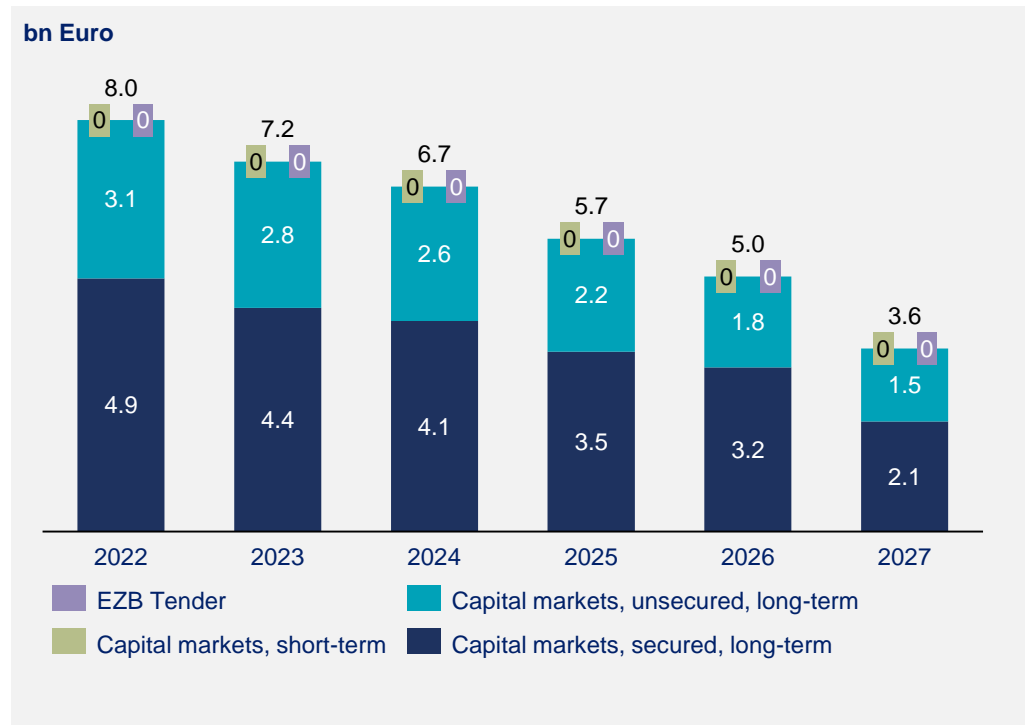
Stable funding sources.

in mn Euro



2018	2019	2020	2021	6/2022	
5,125	6,326	6,710	8,179	8,449	Covered bonds
6,218	7,151	8,604	9,159	9,271	Cover assets (incl. stipulated liquid asset cover)
1,093	825	1,894	980	822	Over-collateralisation

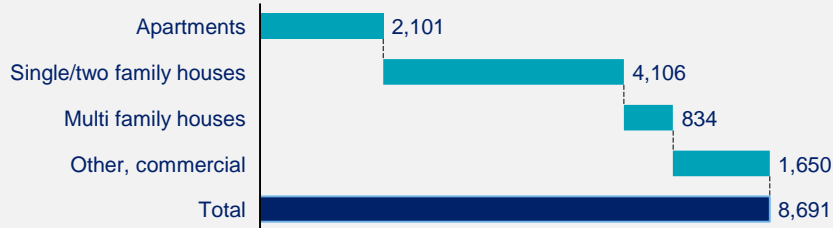
Capital markets funding.



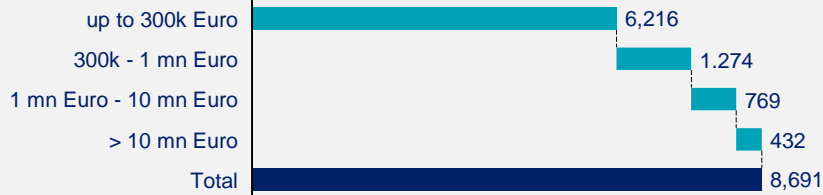
- Significant decline in capital market refinancing after TLTRO repayment in 2022
- Lower long-term issues, especially due to redemption of own covered bonds, which previously served as TLTRO collateral
- Share of capital market funding in total assets falls from 14% to 7%.

Highly granular cover pool.

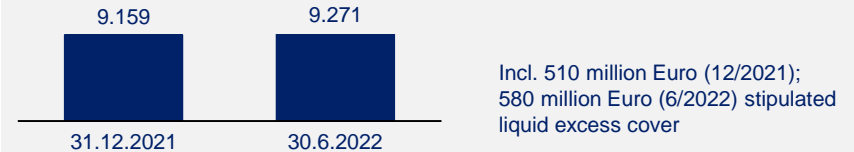
Cover pool by type



Cover pool by size



Cover pool, in mn Euro



- Focus on high quality, residential mortgages
- Very granular cover pool, only domestic exposure
- Non-performing loans (debt in arrears, cancelled, impaired) and customers, which do not meet the required rating, are not included in the cover pool according to internal rules and are automatically excluded from the cover pool in agreement with the trustee
- Internal apoBank rules regarding the matching cover are stricter than the requirements by law
- Voluntary public commitment for an extended collateralisation for mortgage Pfandbriefe

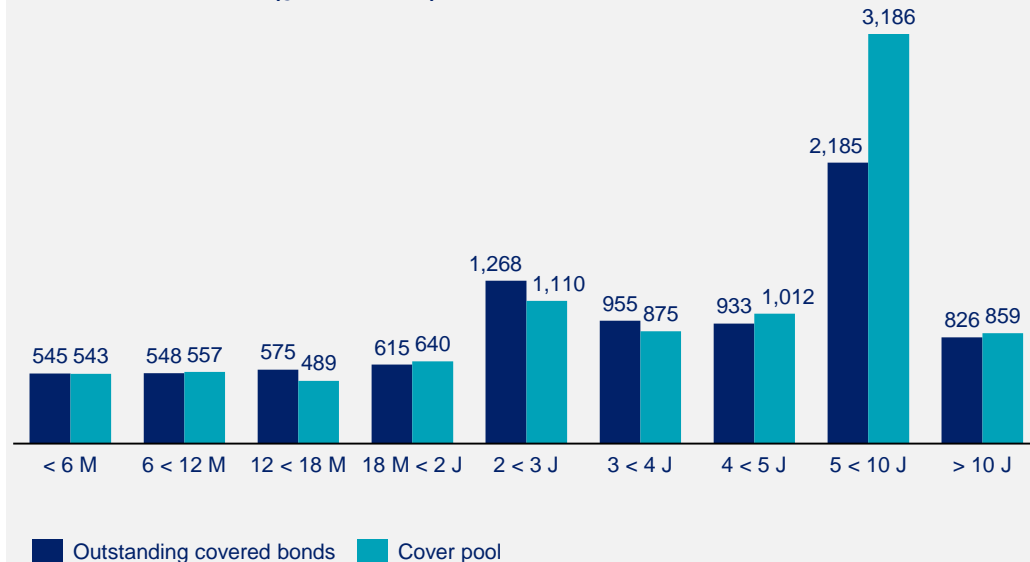
High quality cover pool.

§28 PfandBG	31.12.2021	30.6.2022
Seasoning	5.5 years	5.7 years
Average weighted loan-to-value	54.9%	54.7%

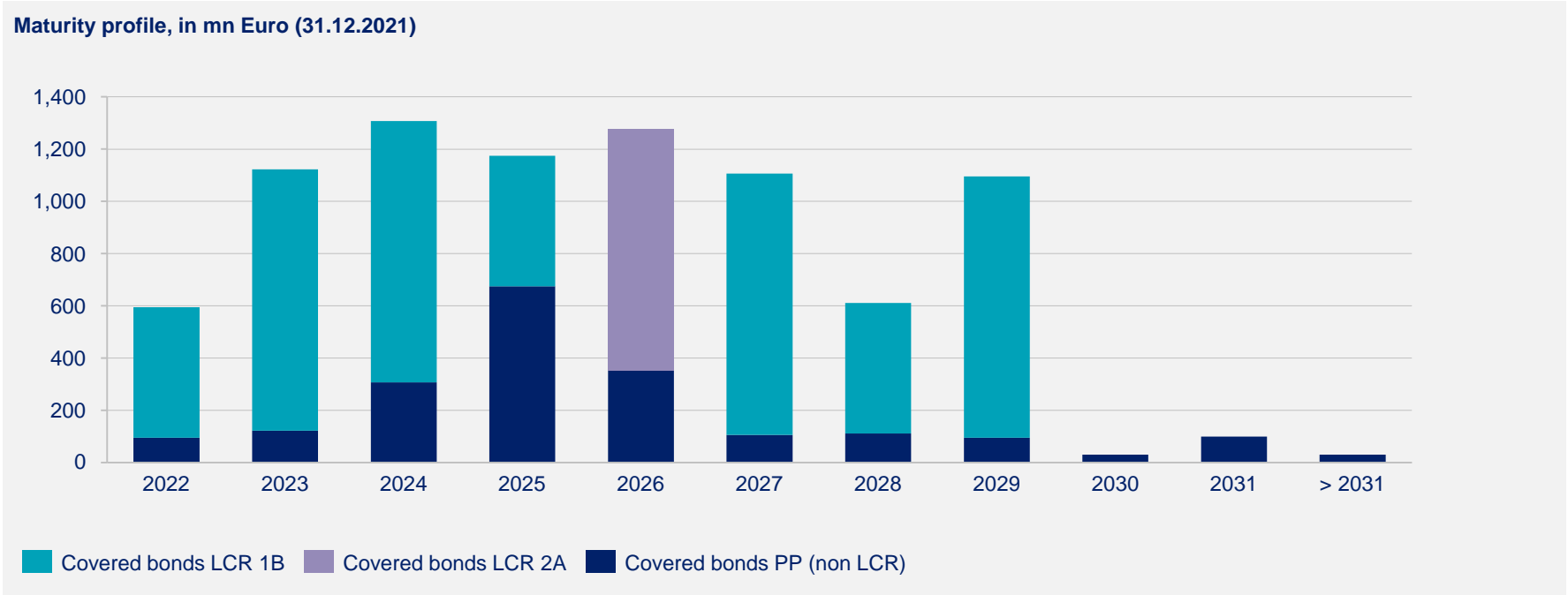
S&P analysis (AAA rating)	31.12.2021	30.6.2022
Available over-collateralisation	11.98%	10.30%*
Over-collateralisation consistent with current AAA rating	5.10%	6.01%*
Unused notches	4	4

* Cashflow analysis as of 30.3.2022

Maturity structure and fixed-interest period, in mn Euro, 30.6.2022 (§28 PfandBG)



Benchmark issues (Pfandbriefe).



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Financial communication



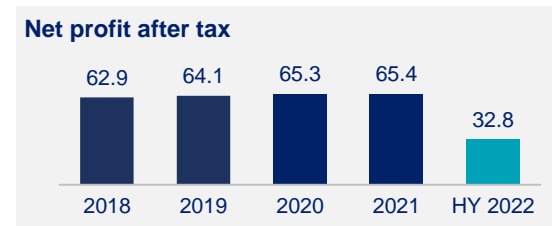
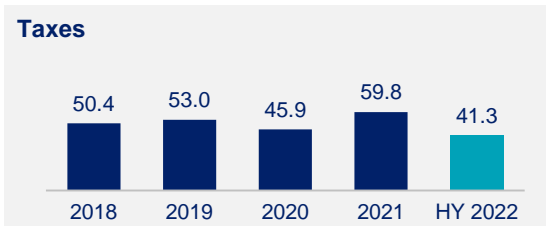
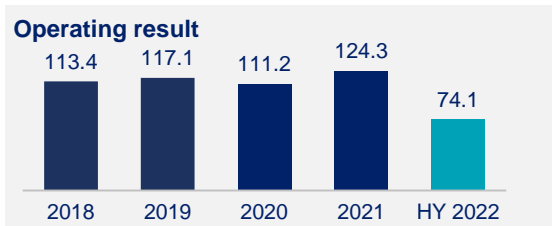
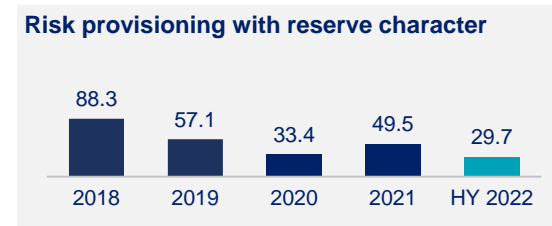
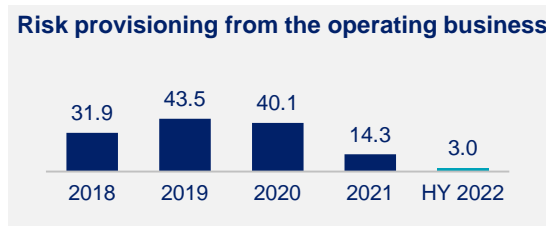
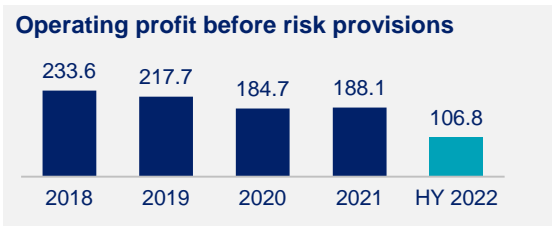
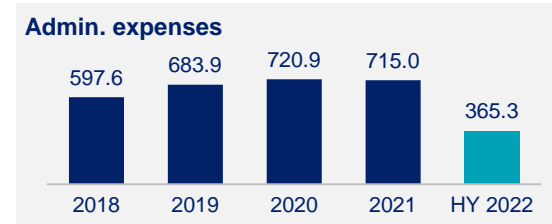
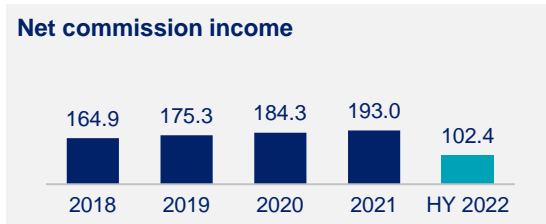
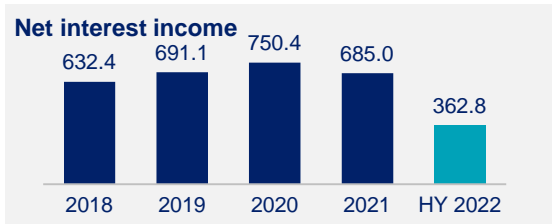
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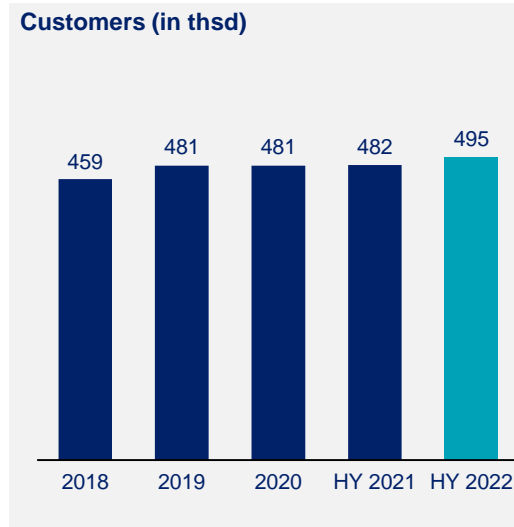
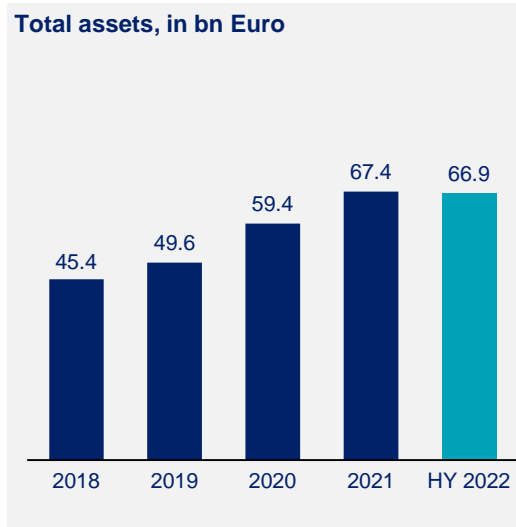
barbara.zierfuss@apobank.de

Development of P&L.

in mn Euro



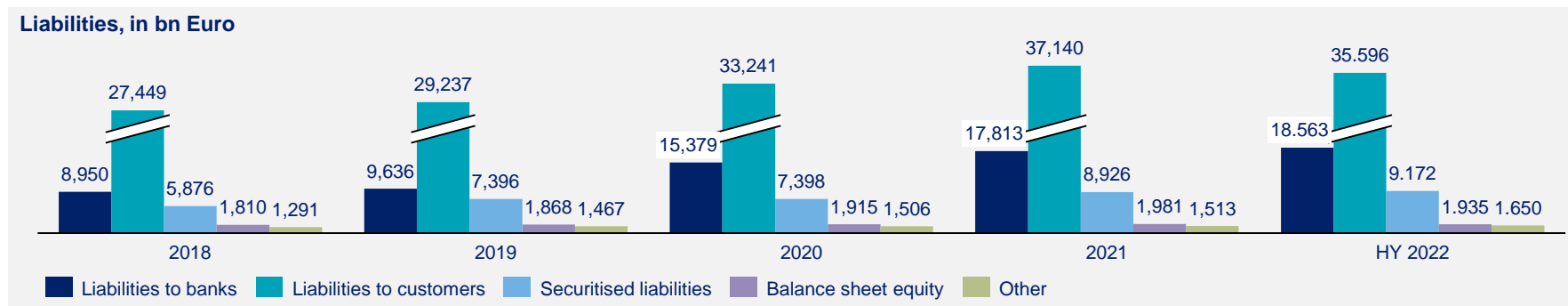
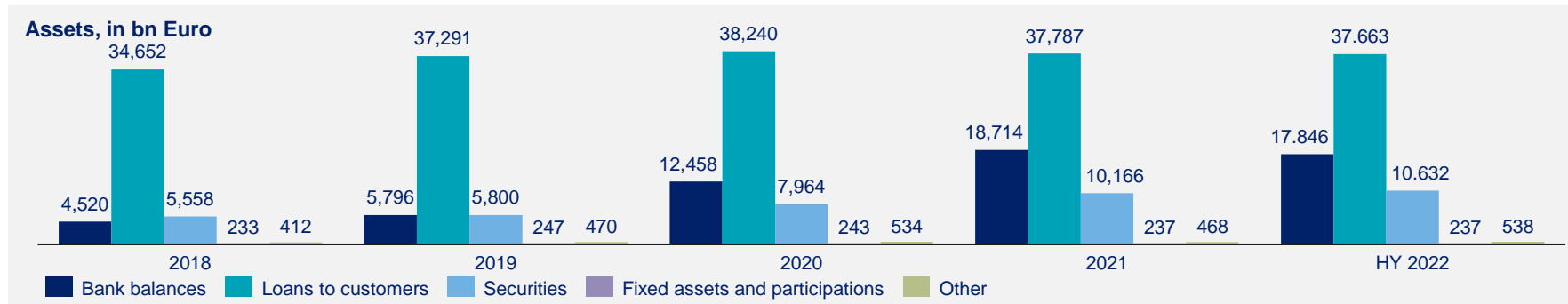
Continuously growing customer business.



12/2021 not available



Balance sheet structure.



Sustainability: Our target picture 2024.

Sustainability is also health protection!

Cornerstones of our strategy

- Frameworks, such as the United Nations Development Goals (SDGs) or the Paris Climate Agreement, guide us
- We accompany our customers on their path to greater sustainability
- Climate neutrality in business operations by 2030 and across all business activities by 2045 (net zero emissions) Sustainability an integral part of our business and risk strategy
- Involvement of our stakeholders
- Transparent communication on implementation progress

Our strategy

What we stand for. What we want to achieve.



Our fields of action.



Risk management and steering: Conduct ESG risk driver analysis to identify key environmental and climate risk drivers, participate in Climate Stress Test 2022, successively expand our sustainability metrics also with a view to EU taxonomy



Financing in the health care market: exclusion of loans to companies that massively damage the environment or disregard human rights; development of an ESG scoring system for new lending business, training of consultants as certified sustainability experts



Investment in the customer business: minimum standard: refraining from direct investments in agricultural commodities and exclusion of controversial weapons as well as companies that violate the principles of the UN Global Compact – for all new products and services used at apoBank and also for all existing products and services by 2025; expansion of investment production which have a focus on sustainability, i.e. as of 1 August 2022 apoVV SMART; additional sustainability filter for fund products and services that are labeled as explicitly sustainable, Signing process for UN PRI started

Our fields of action (cont.).



Own investment incl. new investments: Preference for ESG bonds over conventional bonds with comparable risk/return profile, minimum standards similar to investments in customer business (fully implemented).



Employees: Diversity, further training, health protection and the reconciliation of work, family and private life, increasing the proportion of women in management positions.



Business operations: Reduction of our carbon footprint: (2021: 23% compared to 2020, 48% compared to 2017), For third-party suppliers and an order volume of more than 250,000 euros, verification of compliance with/consideration of aspects relating to employee and environmental concerns as well as human rights.

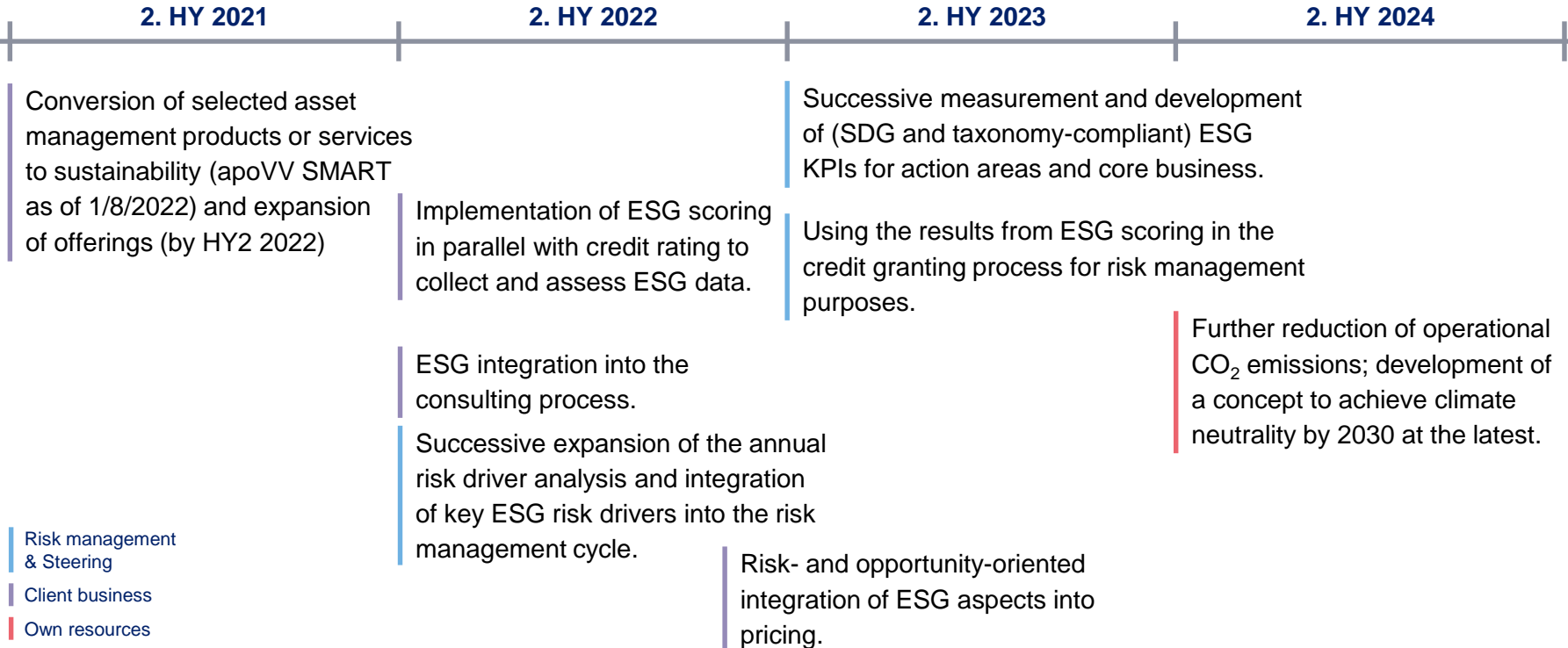


Social commitment: At the headquarters location in Düsseldorf, at branch locations nationwide and via the apoBank Foundation worldwide



Communication: extensive information at www.apobank.de/nachhaltigkeit. Rating by ISS-ESG: Prime (specialised financial services provider); Rating by Fair Finance Guide Germany

Main regulatory and strategic measures.



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