

apoBank – The Leading Bank in the German Healthcare Market.

November 2019

Weil uns mehr verbindet.



Agenda.

1

Business model and strategy.

2

The changing healthcare market.

3

Business performance.

4

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 their organisations as well as corporations active in the healthcare sector.



Close to our customers.

Our 2,452 employees at 85 locations cater to the needs of our customers.



A captivating idea.

470,300 customers, of which are 114,452 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:

AA-
S&P

Tier 1 ratio:

15.0% %

Total assets:

48.0
bn Euro

Net profit after tax:

31.9
mn Euro

New lending business:

3.7
bn Euro

June 2019

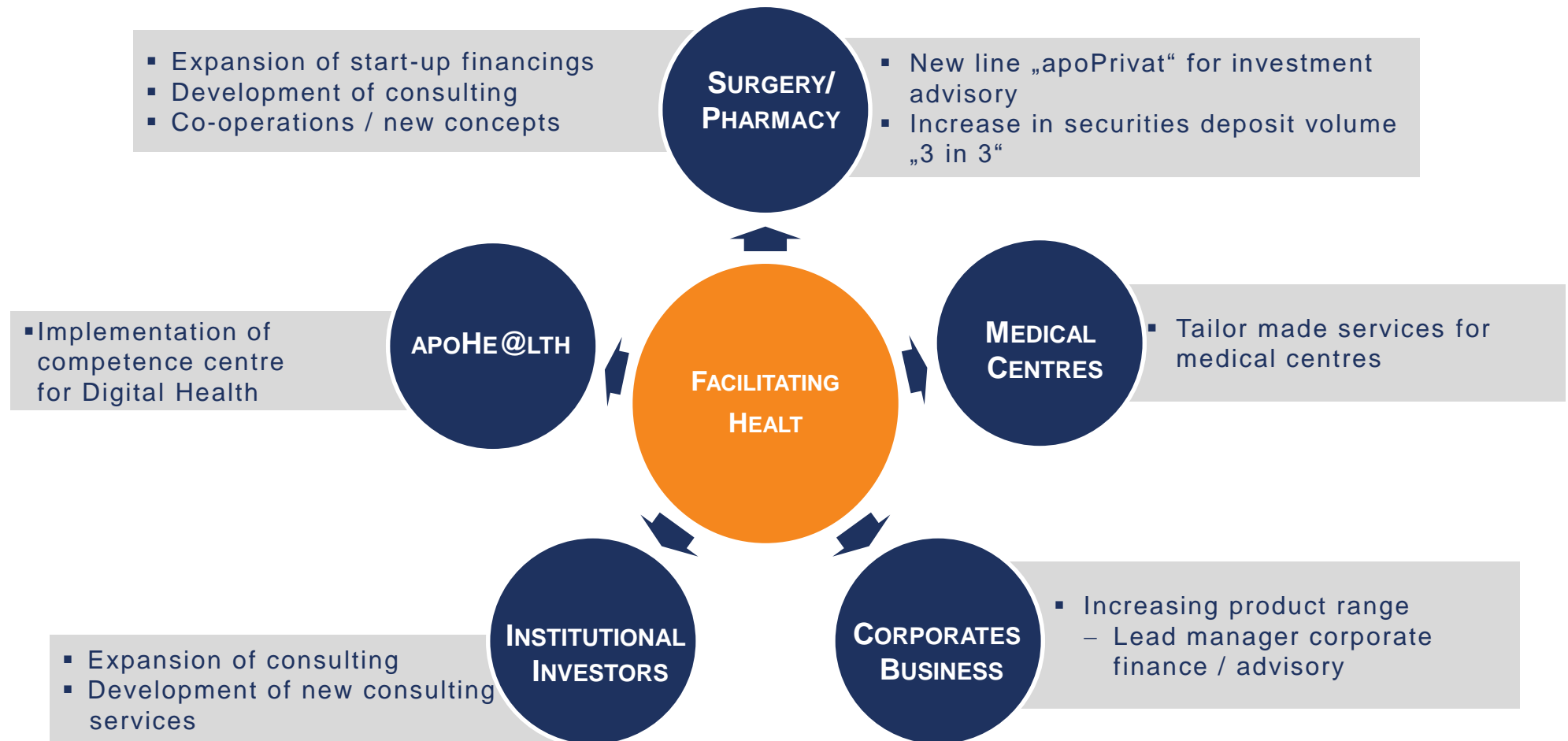
Leading bank in German healthcare market.



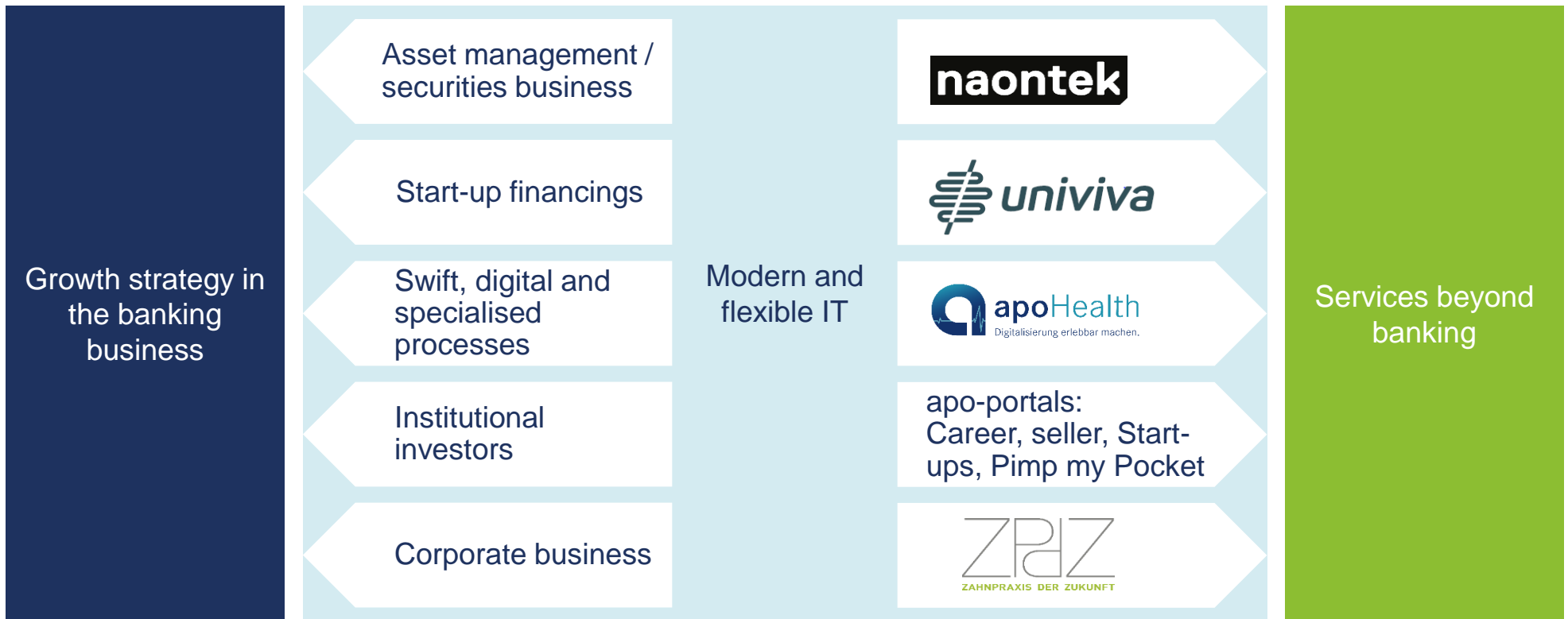
Client base.



Strategy: Focussing on market opportunities.



Strategic outlook: Facilitating health



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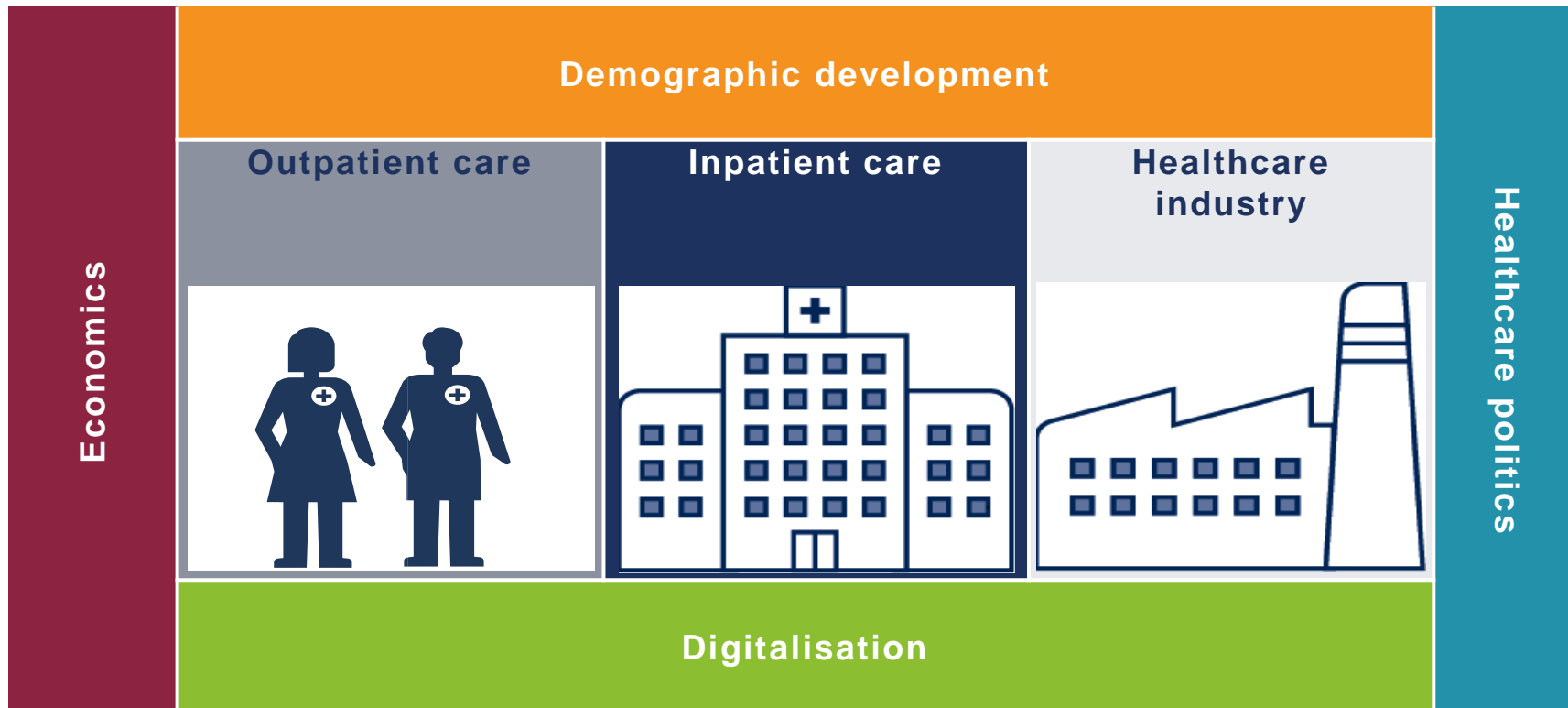
Business performance.

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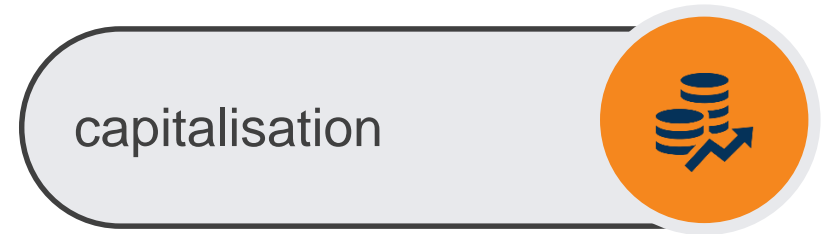
Risk management, credit quality, funding.



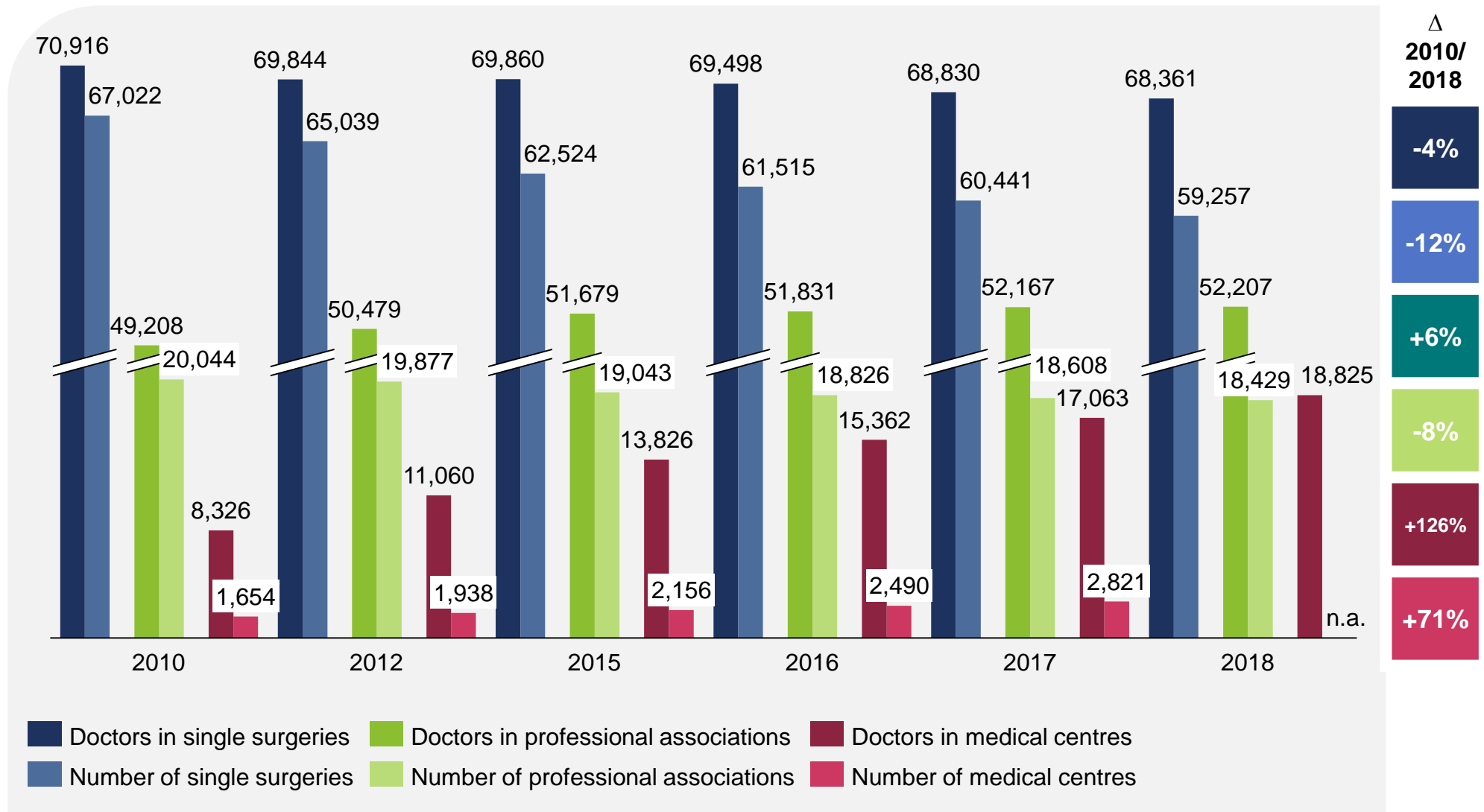
Driving forces in the healthcare market.



The healthcare sector is changing.



Larger units with increasing importance.



Framework conditions of the industrialisation process.

Change in values:

Young healthcare professionals increasingly attach importance to work-life-balance and are less adverse to jobs in larger medical care centres

Demographics:

Senior surgery owners are increasingly confronted with problems of finding successors; offers to take over their surgery seats are interesting



Driving factors

Legislation:

Healthcare legislation facilitates to implement medical centres covering similar specialists, serving as door opener in particular for dental medical services

Patient demands:

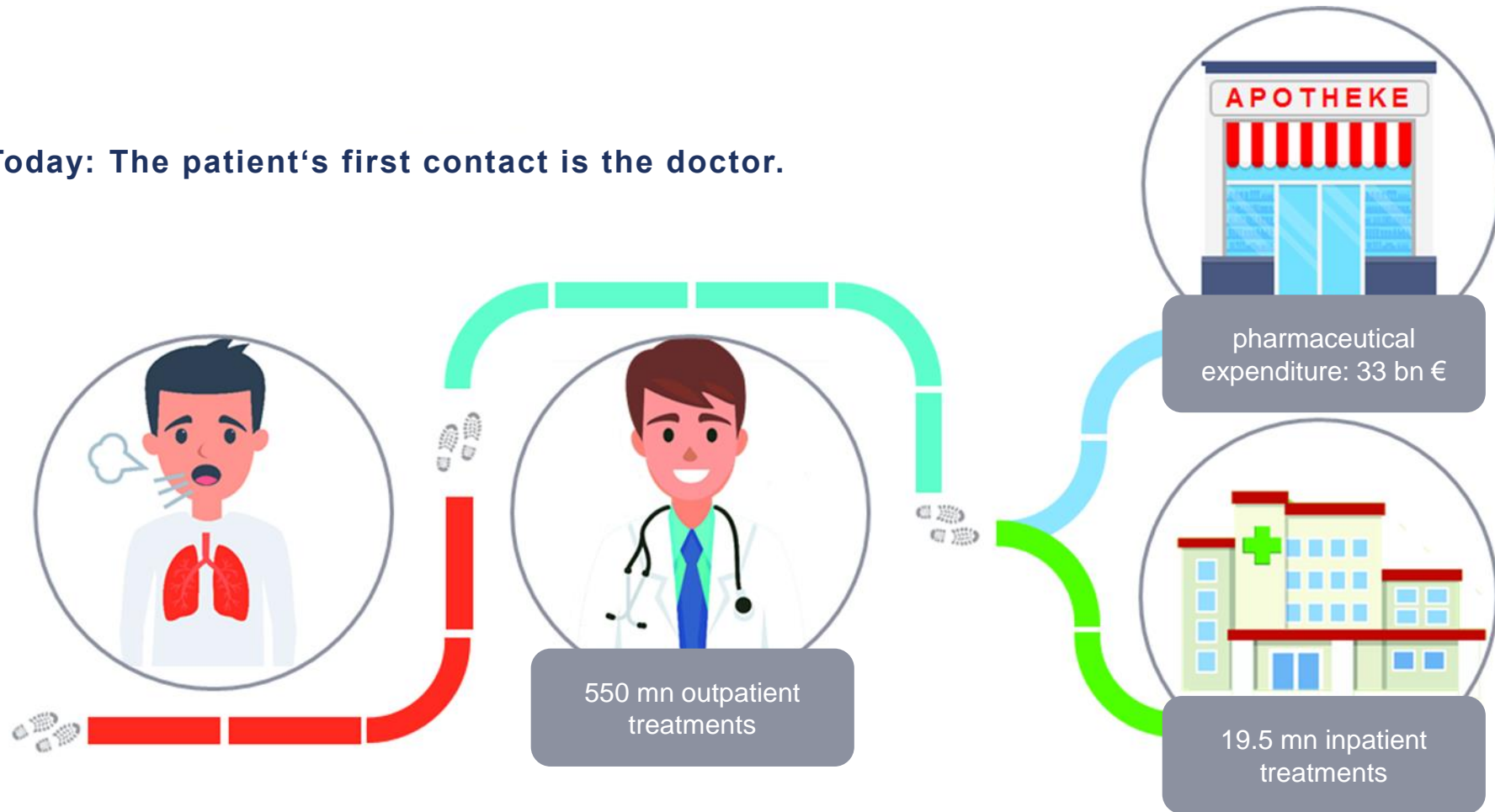
Larger medical units offer transparent services, longer opening hours and modern equipment/facilities

Industrialisation/capitalisation: The investors' view.



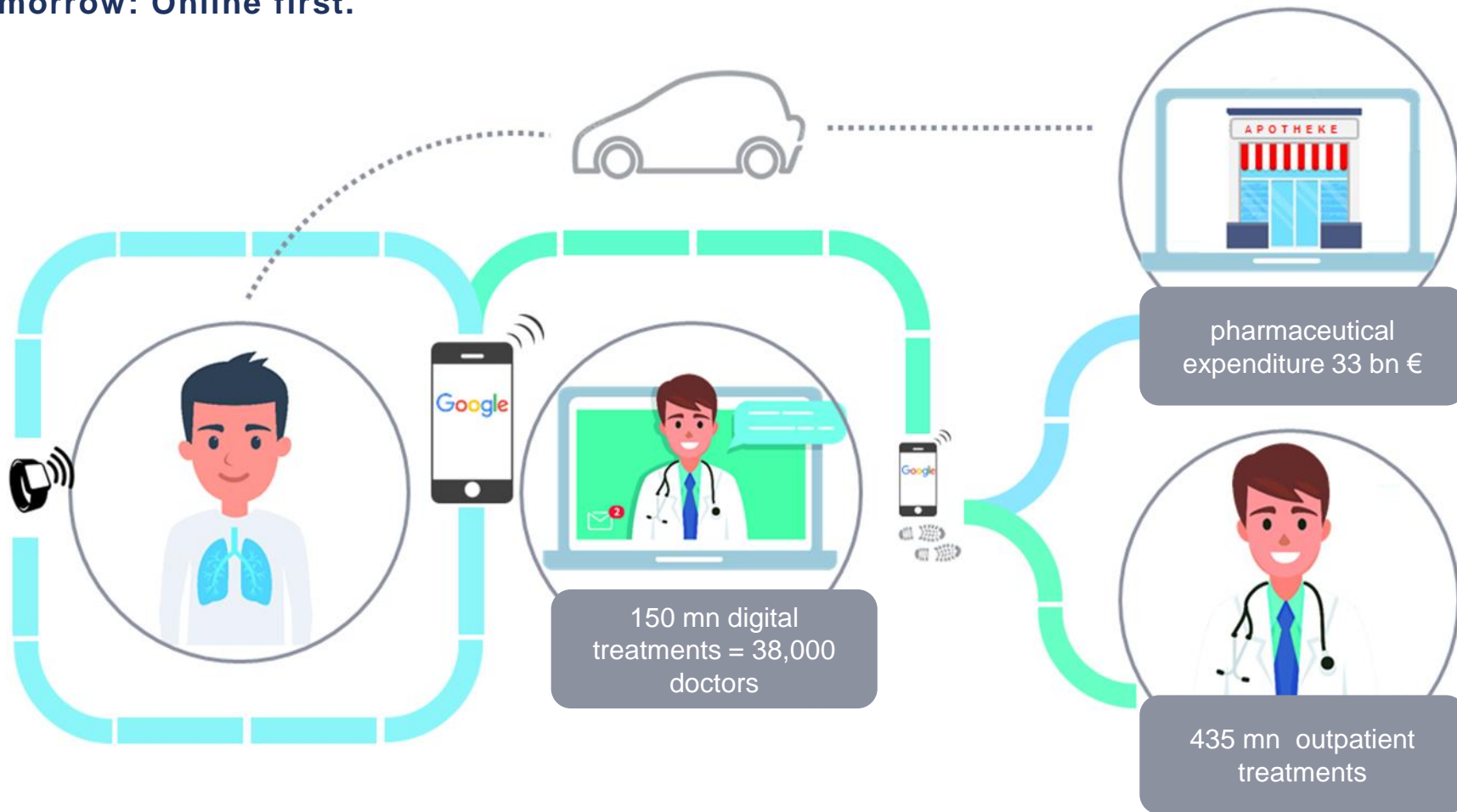
Digitalisation changes structures in the healthcare market.

Today: The patient's first contact is the doctor.



Digitalisation changes structures in the healthcare market.

Tomorrow: Online first.



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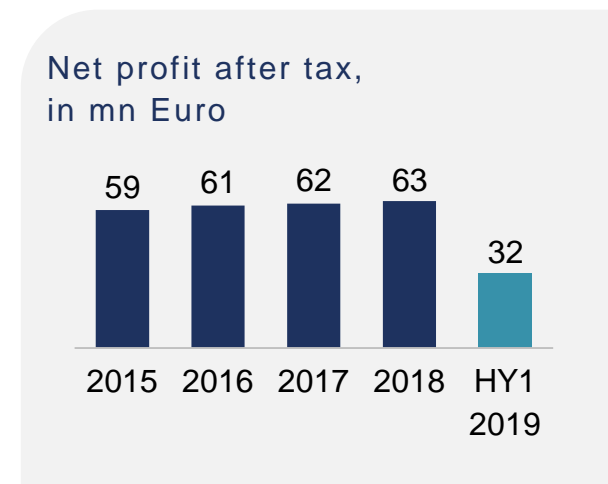
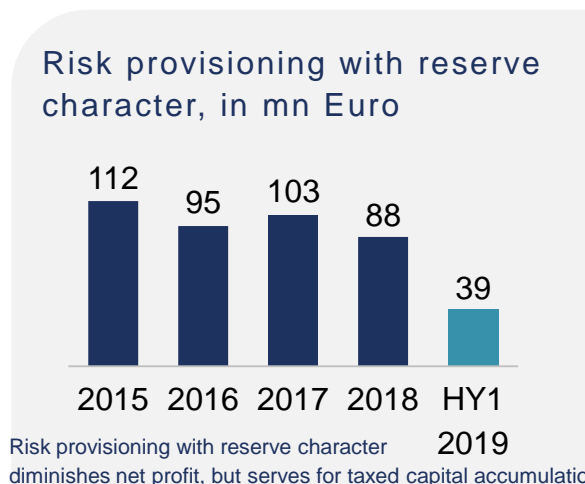
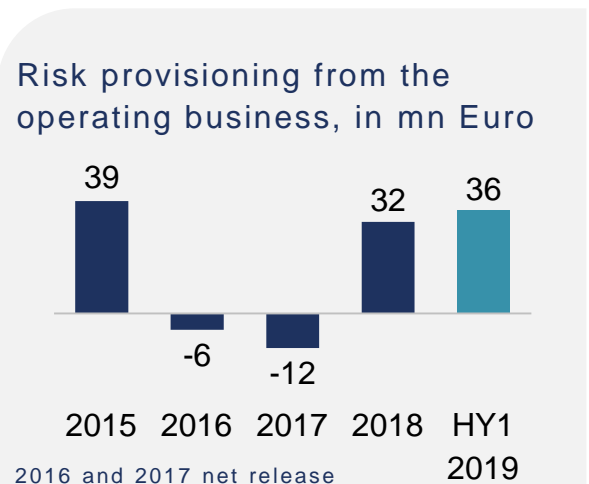
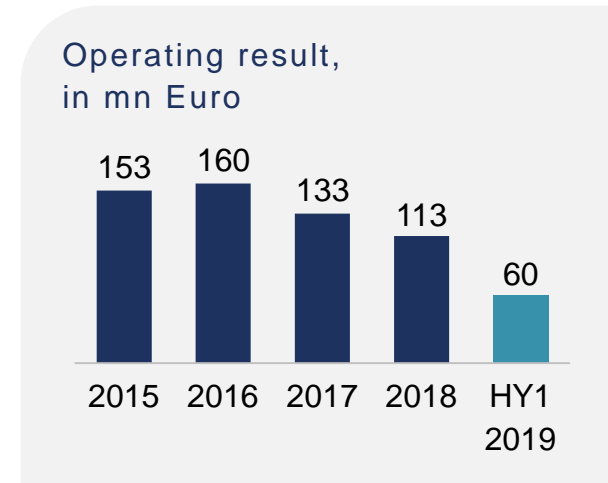
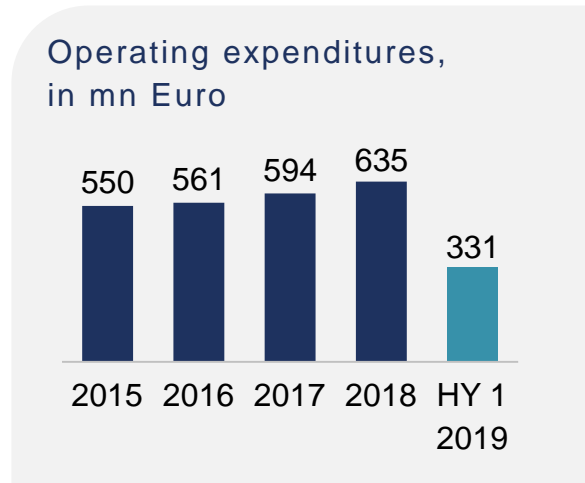
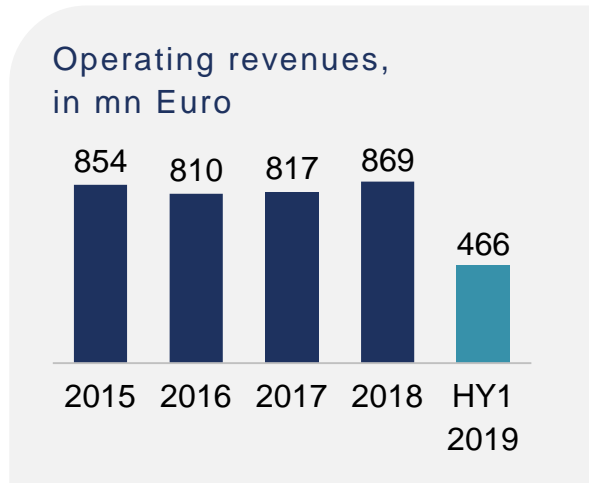
3

Business performance.

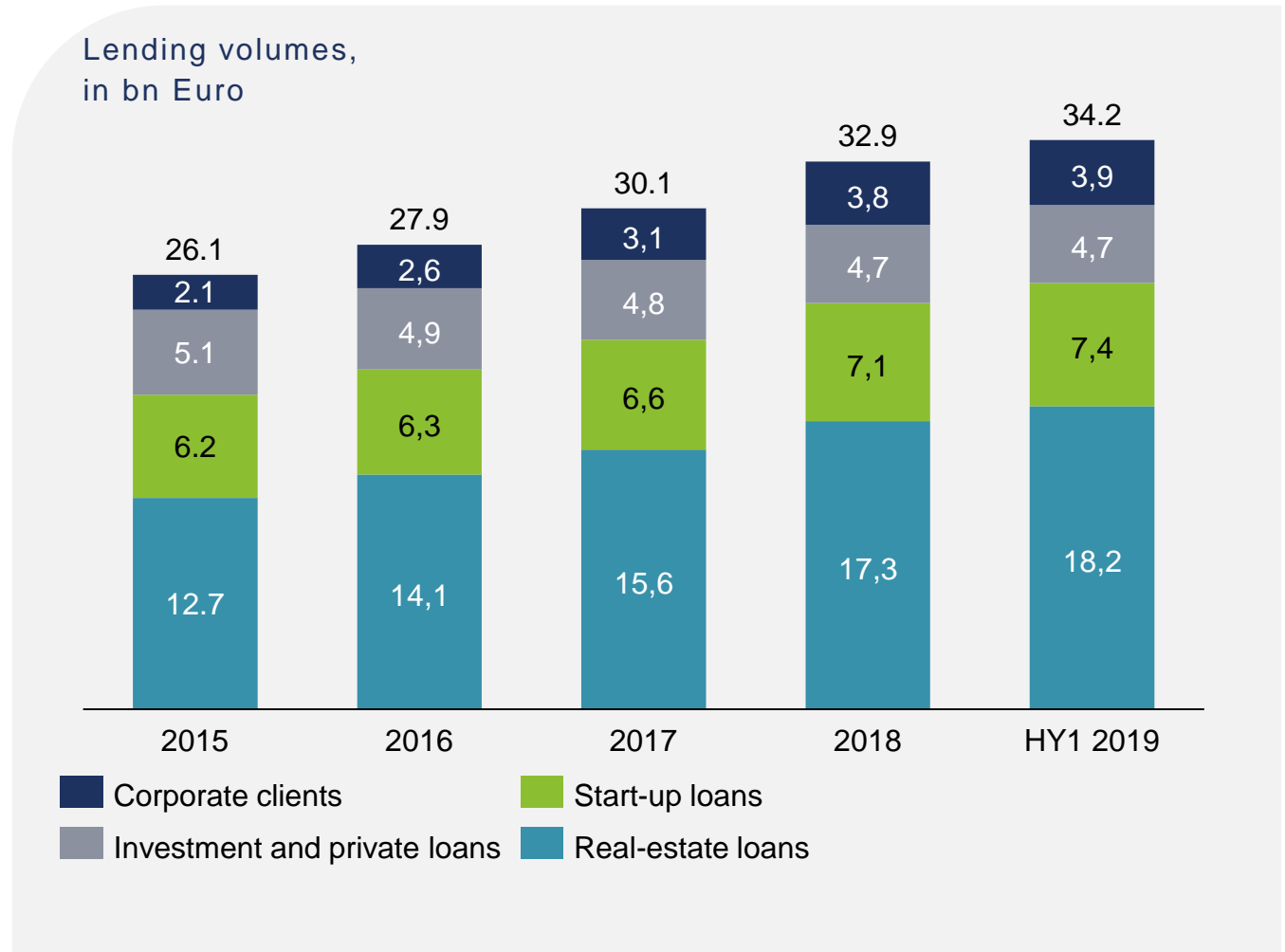
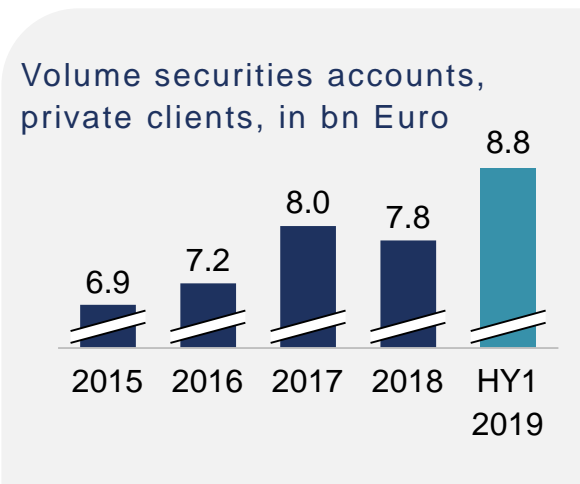
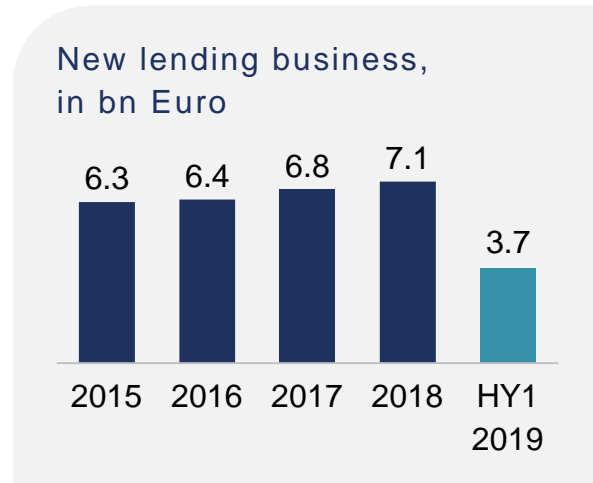
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Risk management, credit quality, funding.

Stable revenue basis.



Sustainable growth strategy in the customer business.



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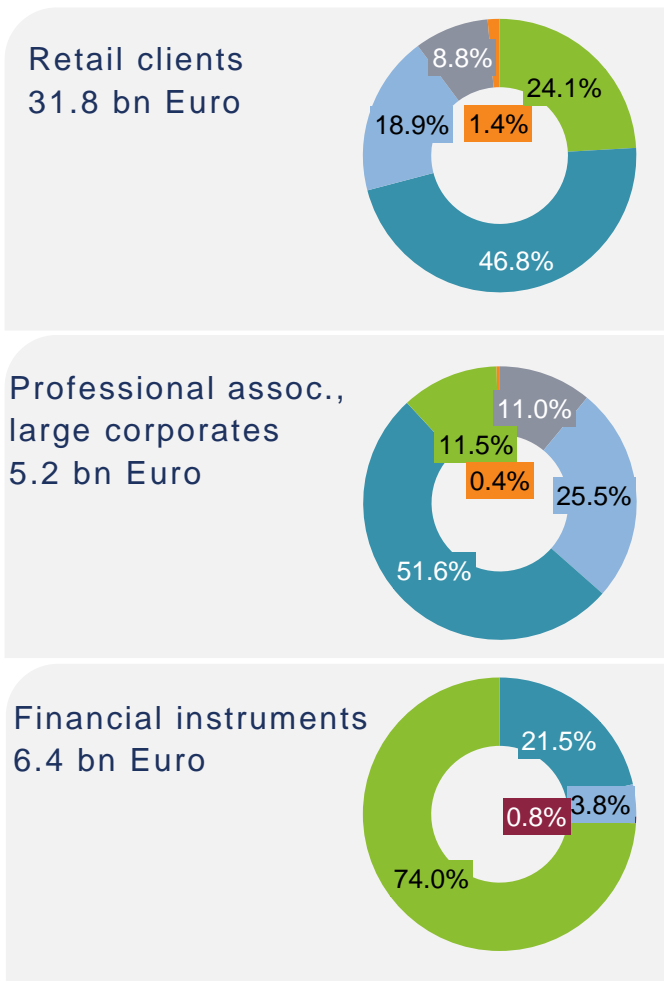
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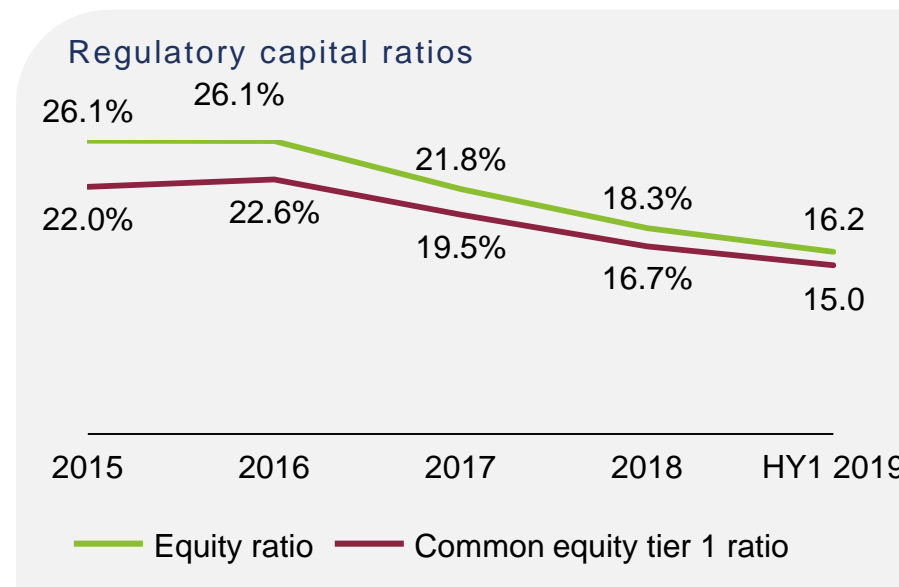
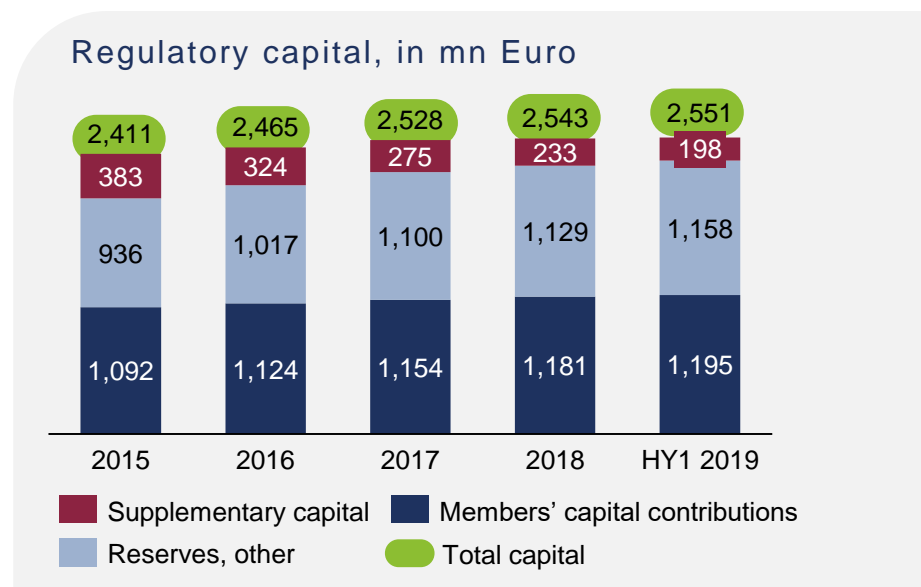
Very good portfolio quality.



- Steady portfolio growth, focus on retail clients as well as professional associations and large corporates
- Volume of financial instruments stable on low level
- 90% of retail exposure and 89% of exposure to professional associations and large corporates are investment-grade rated
- At 1.2% NPL-Ratio is at low level (2018: 1.3%)
- Forbearance Ratio: 1.2%
- Coverage Ratio: 41.5%

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.

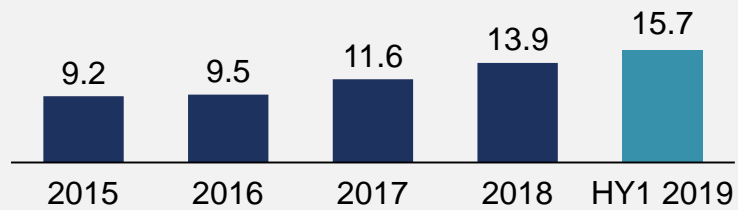


	2019		2020	
	CET1	Equity ratio	CET1	Equity ratio
Overall capital requirement	8.26%	11.76%	8.5%	12.0%
Anticycl. buffer		0.01%		0.25%
Capital conservation buffer		2.5%		2.5%
Total SREP capital requirem.	5.75%	9.25%	5.75%	9.25%
Pillar 2 requirem,		1.25%		1.25%
Pillar 1 requirem.	4.5%	8.0%	4.5%	8.0%

- Capital ratios will be dampened in future due to further business expansion as well as Basle IV related increase in RWA
- Continued capital increase via further allocation to reserves
- Leverage ratio: 4.6% (31.12.2018: 4.8%)
- Liquidity coverage ratio: 123% (31.12.2018: 144%)
- Net stable funding ratio: 112% (31.12.2018: 111%)

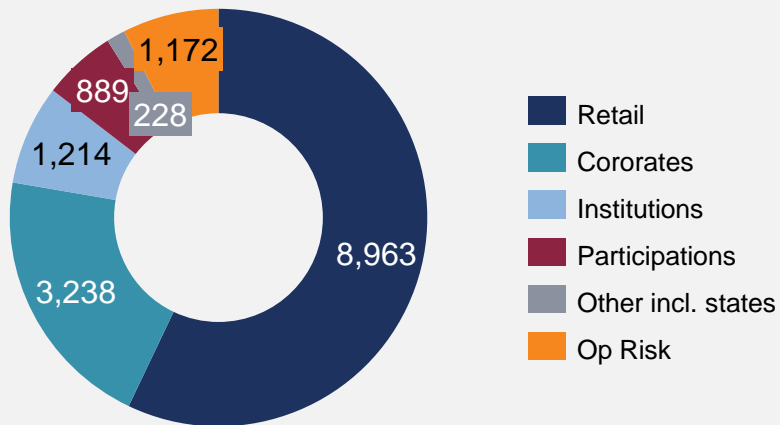
Credit risks predominant.

Risk weighted assets, in bn Euro



- Continued business growth, in particular in retail and in 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
- Perception in the capital markets as reliable and regular issuer
- 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

- > 465,000 retail clients, associations and large corporates
- Stable base of less volatile and steadily growing deposits from customers

INVESTORS

- > 300 institutional client
- > 200 investors from the Geno-Finanzgruppe

PARTNER BANKS

- > 50 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.

Further information:

www.bvr.de/SE

www.bvr-institutssicherung.de



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Auf diese Stelle können Sie bauen

R+V

 Union Investment

e@sy Credit®

 DZ BANK
Die Initiativbank

 DZ PRIVATBANK

 VR Leasing Gruppe

 Münchener Hyp

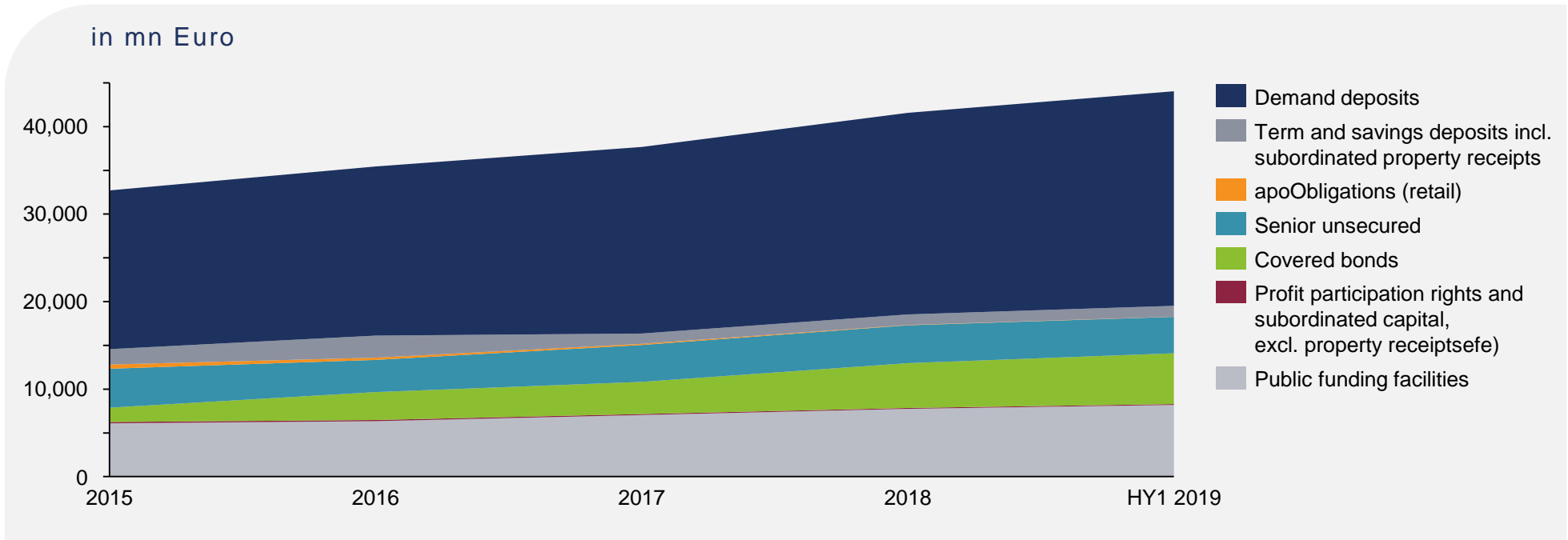
 DZ HYP

Excellent ratings.

S&P	
Counterparty credit rating	AA-
Short-term debt	A-1+
Covered bonds rating	AAA
Senior unsecured (preferred)	AA-
Senior Subordinated (non preferred)	A+
Outlook	negative

Fitch Ratings (Group-rating)	
Issuer default rating long-term	AA-
Issuer default rating short-term	F1+
Outlook	Stable

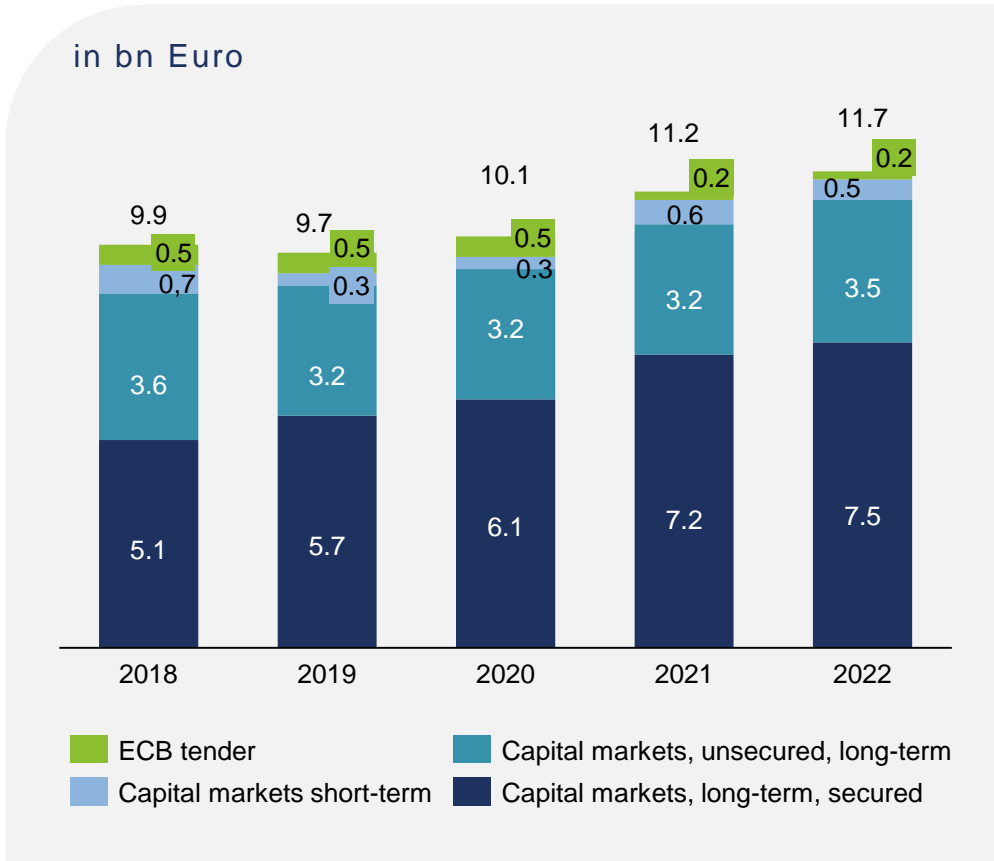
Stable funding sources.



2015	2016	2017	2018	HY1 2019	
1,632	3,190	3,674	5,125	5,831	Covered bonds
3,555	4,522	5,315	6,218	6,719	Cover assets*
1,872	1,214	1,641	1,093	888	Excess cover

*incl. stipulated liquid excess cover

Increased capital markets funding.

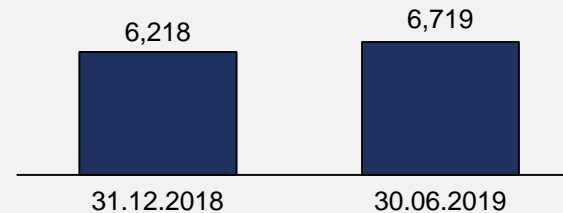


- Constant share in capital markets funding to total funding from 22% (end of 2018) to 21% (end of 2022)

Highly granular cover pool.

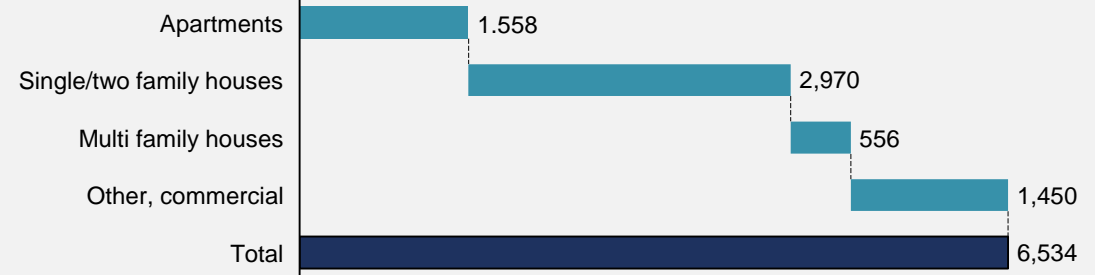
- Focus on high quality, residential mortgages
- Very granular cover pool, only domestic exposure
- Non-performing loans (debt in arrears, cancelled, impaired) and customers, which do not meet the required rating, are not included in the cover pool according to internal rules and are automatically excluded 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

Cover pool, in mn Euro



Incl. 185 million Euro (6/2019);
265 million Euro (12/2018)
stipulated liquid excess cover

Cover pool by type



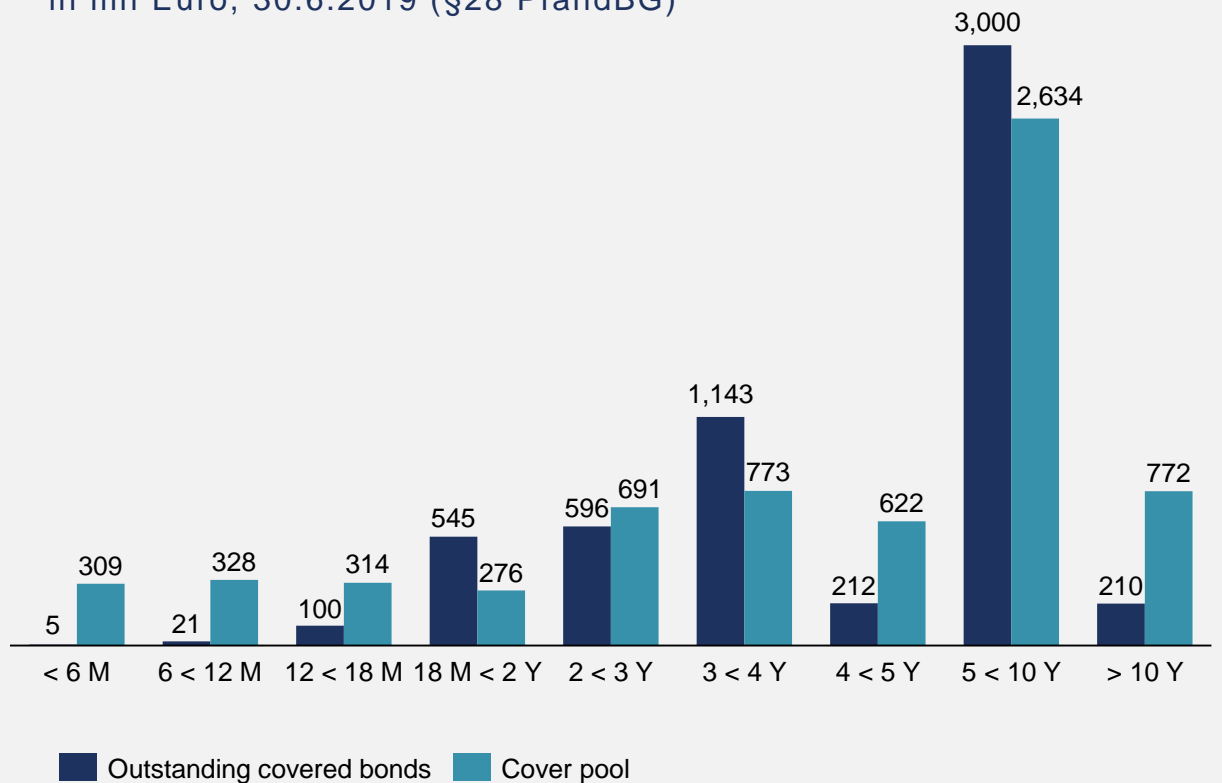
Cover pool by size



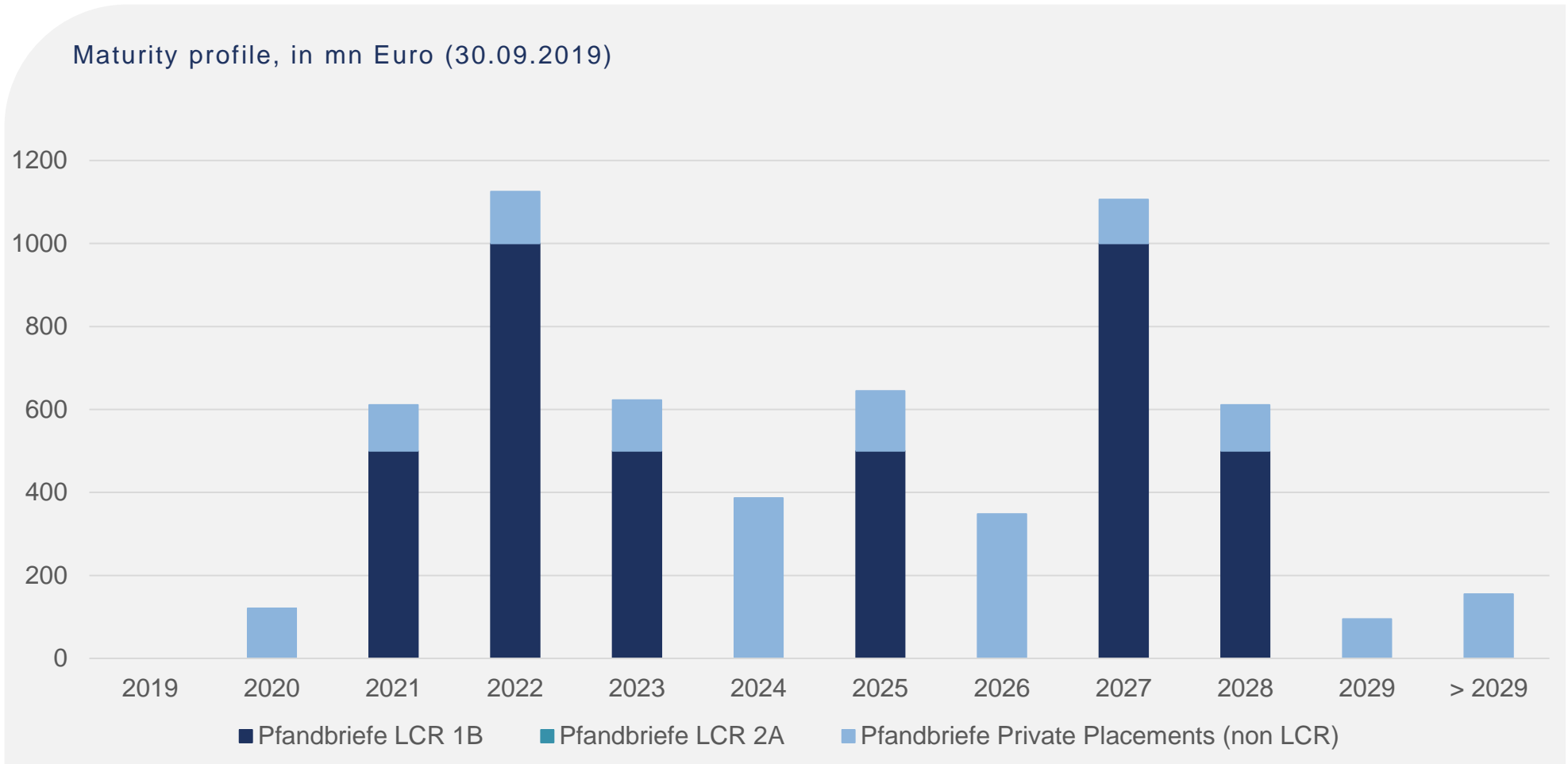
High quality cover pool.

§ 28 PfandBG	30.6.2019	31.12.2018
Seasoning	4.6 years	4.6 years
Average weighted loan-to-value	55.5%	55.3%
S&P analysis (AAA rating)	30.6.2019	31.12.2018
Available over-collateralisation	15.13%	17.21%
Overcoll. consistent with current (AAA) rating	5.99%	5.39%
Unused notches	5	5

Maturity structure and fixed-interest period, in mn Euro, 30.6.2019 (§28 PfandBG)



Covered bonds (Pfandbriefe).



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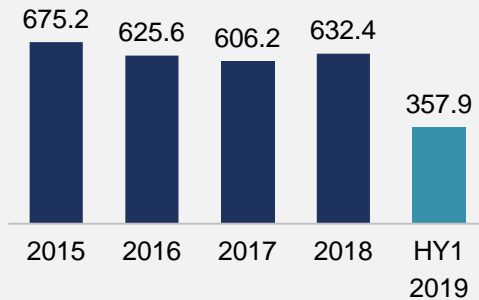
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Annex.

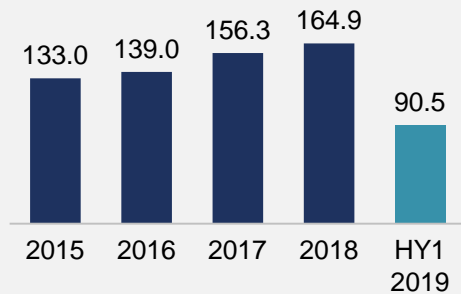


Development of P&L.

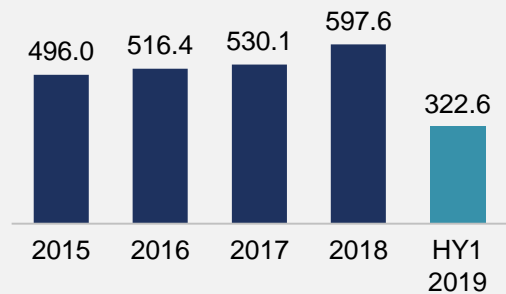
Net interest income, in mn Euro



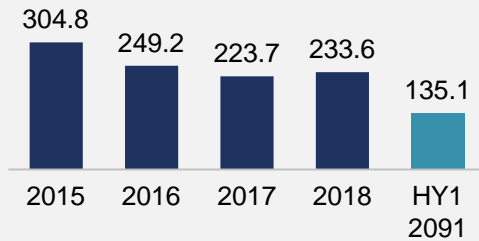
Net commission income, in mn Euro



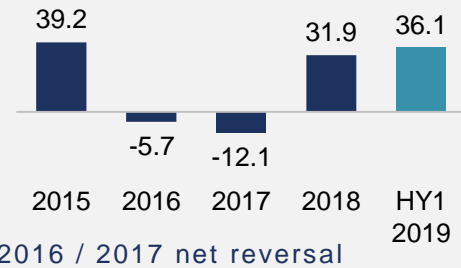
Admin. expenses, in mn Euro



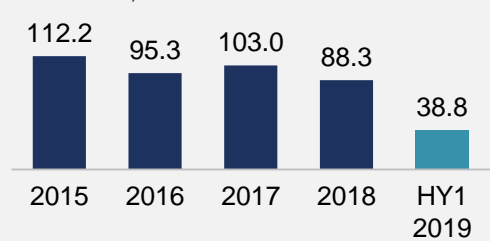
Operating profit before risk provisions, in mn Euro



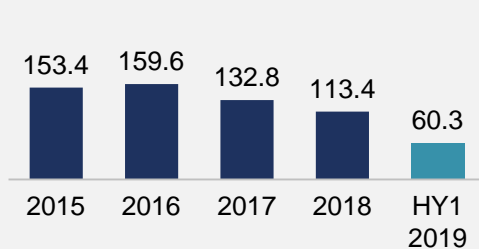
Risk provisioning from the operating business, in mn Euro



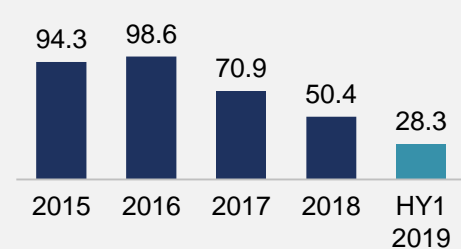
Risk provisioning with reserve character, in mn Euro



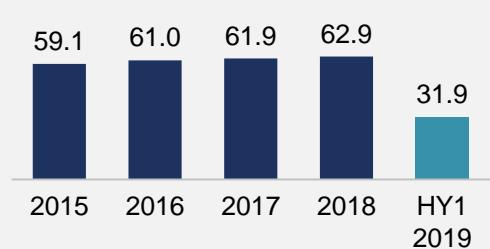
Operating result, in mn Euro



Taxes, in mn Euro

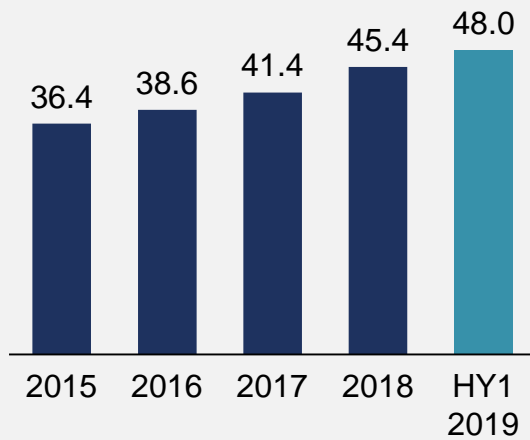


Net profit after tax, in mn Euro

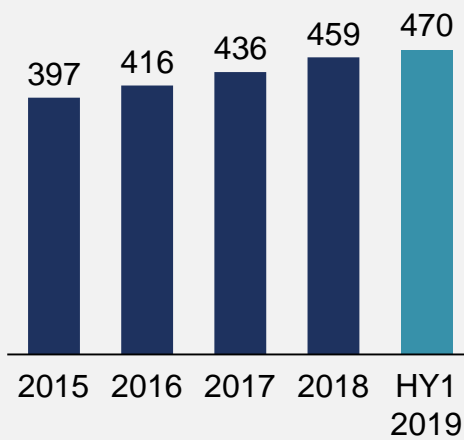


Continuously growing customer business.

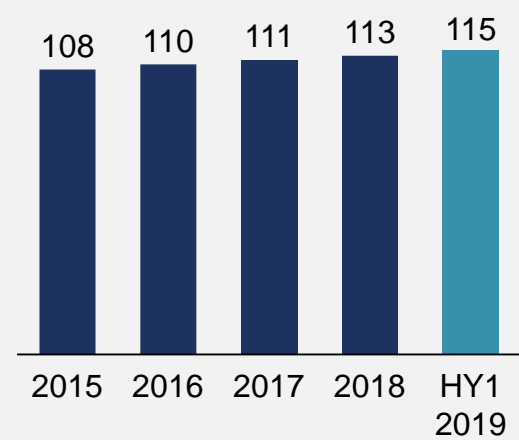
Total assets, in bn Euro



Customers (in thsd)

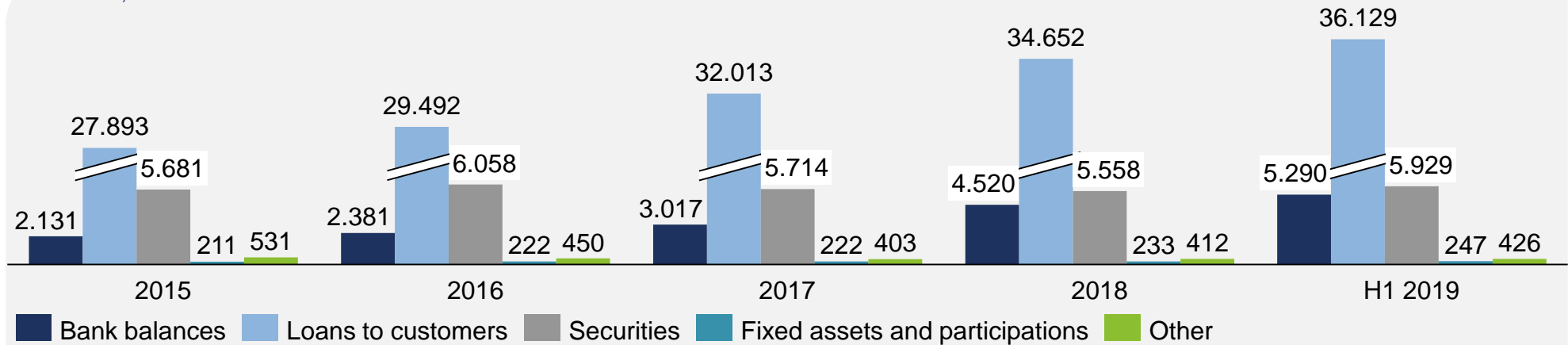


Members (in thsd)

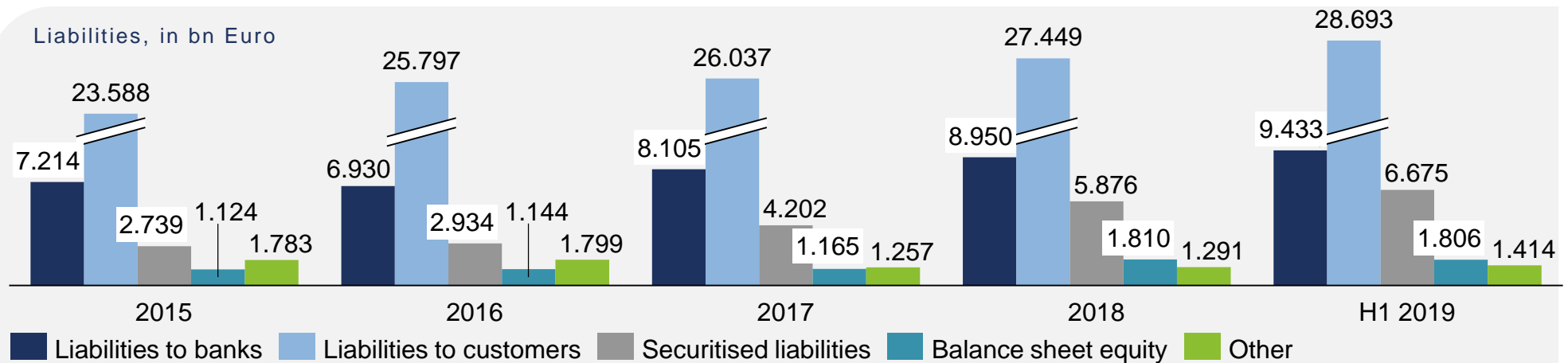


Customer loans and deposits dominate balance sheet.

Assets, in bn Euro



Liabilities, in bn Euro



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