

apoBank – Investor-Update

January 2025



Bank der Gesundheit

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

Rating of apoBank:

A+

S&P

Tier 1 ratio:

17.0%

Total assets:

50.7

bn Euro

Net profit after tax:

47.8

mn Euro



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 2,317 employees at 77 locations cater to the needs of our customers.



A captivating idea.

110,890 members of the bank are convinced of our mission.



Market leader.

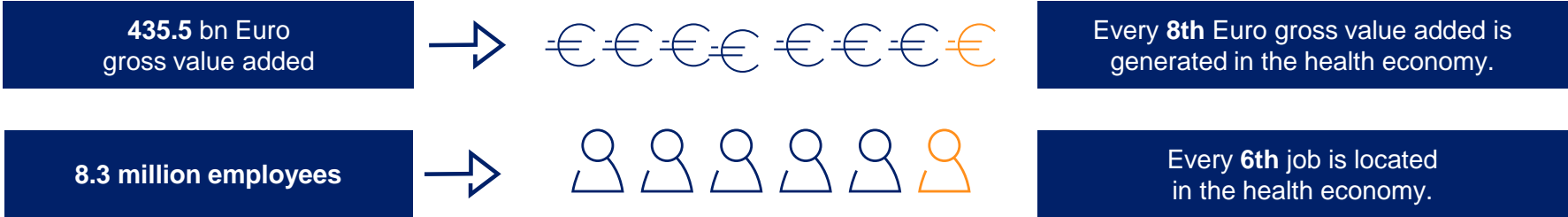
We are market leader In payments services and lending business, our market share in start-up financing reaches 60 percent.

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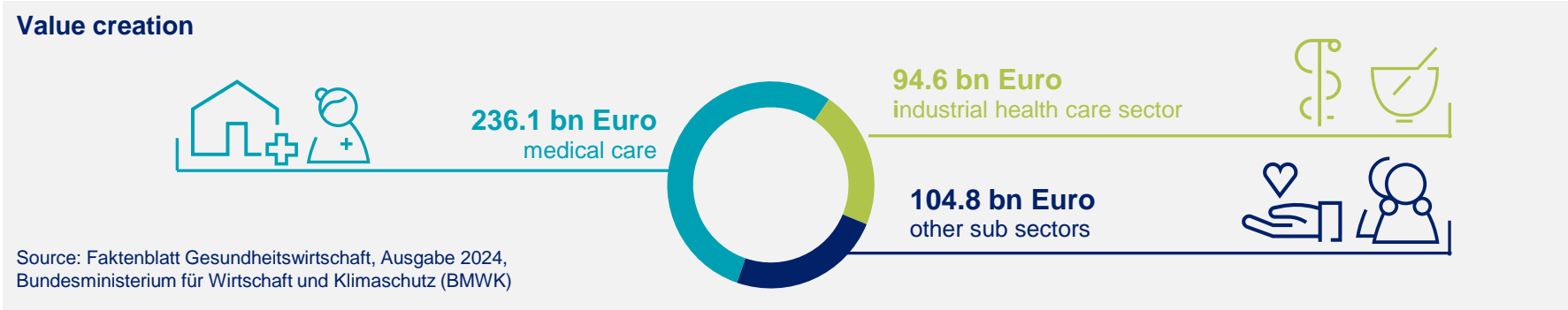


The German health economy – an overview (2023)

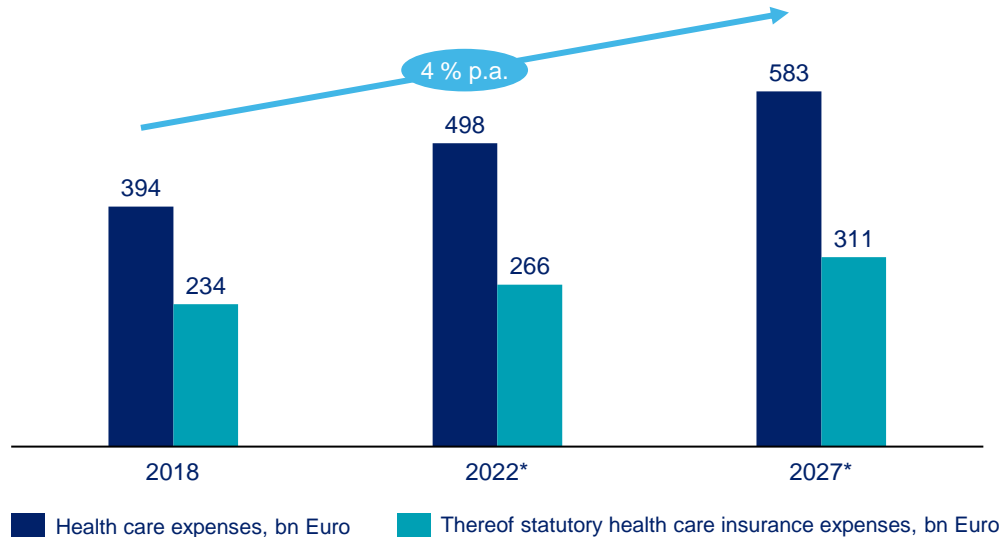


German health economy has created more than 1 million jobs since 2012.

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



Health care market as a growth engine



Share of GDP 2022: 12.9 % p.a.

- Health care expenditure rising steadily
- So called secondary health care market main driver of growth
- Statutory health insurance is the biggest spender
- Above-average growth above all in the area of nursing and therapeutic services as well as general health protection

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

A changing health care market



digitisation



new servicing concepts



employed work



internationalisation



cooperation



feminisation



sustainability



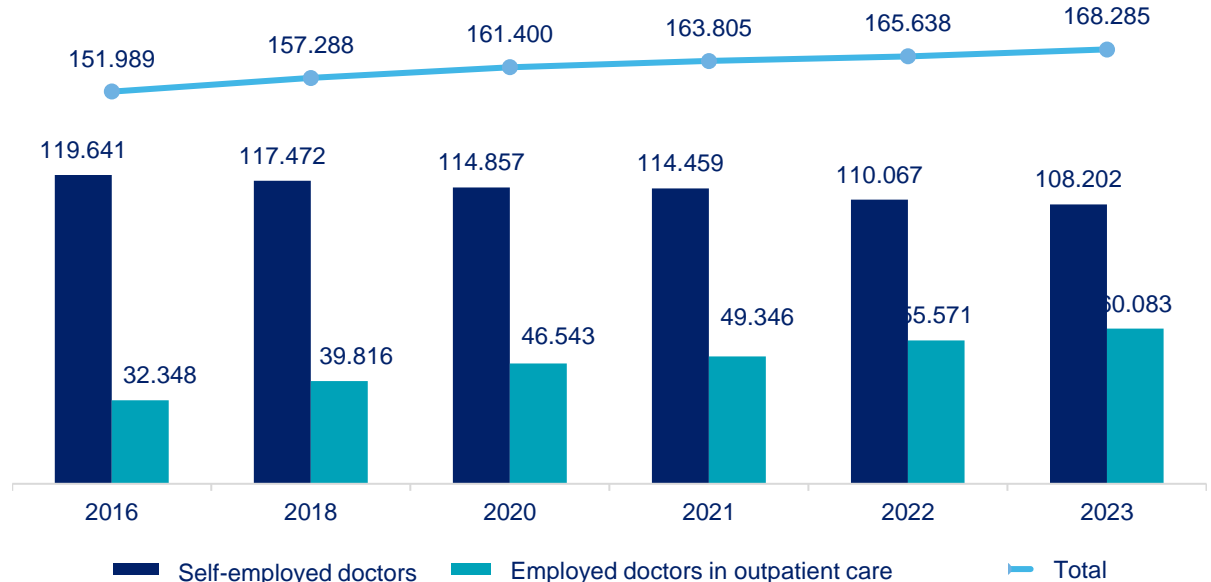
capitalisation

Trend towards employed doctors in the outpatient care



- Trend towards employment and part time work reduces number of working hours offered
- Thus rising treatment needs of an ageing society meets a declining medical care supply

Development of self-employed and employed doctors in outpatient care



Source: Ärztstatistik of BAK.

Corporate growth in (dental) medical care centres (MCC)



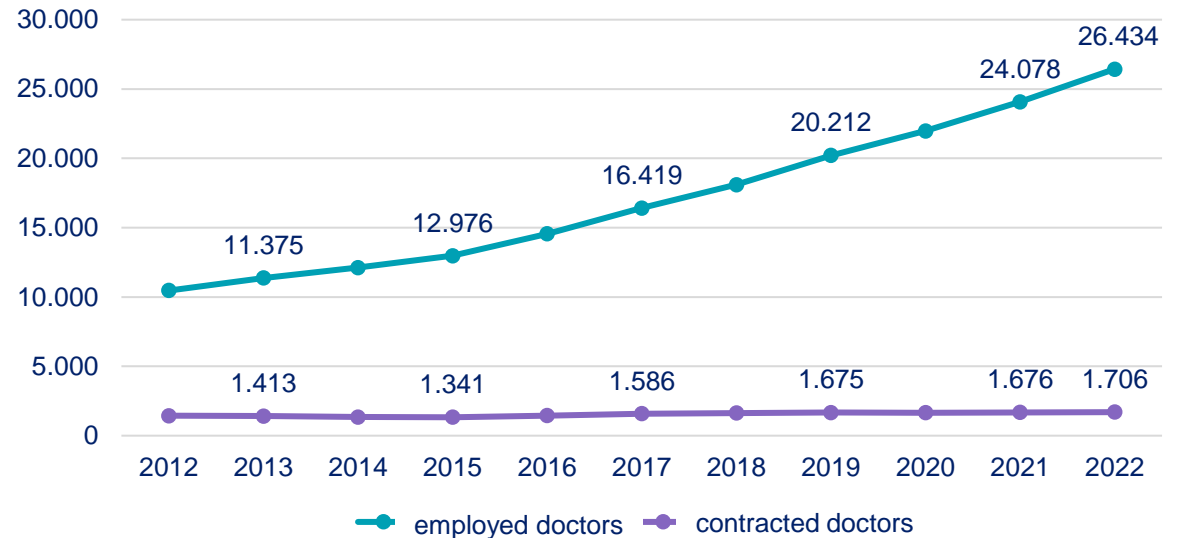
Advantage MCC: Growth

- Unlimited employment of (dental) physicians possible; the majority of physicians working in MCCs are salaried employees

Special Fokus: dental MCCs

- No admission restrictions for dentists!
1,467 purely dental MCCs in 2022 with 754 contract dentists and 4,818 salaried dentists

Development of number of doctors in MCC



Source: MVZ-Statistik 2022, Kassenärztliche Bundesvereinigung (KBV).

Concern about industrialisation tendencies

Development so far

- Health care companies and investors that have **no medical professional** reference gain access to health care market via medical health care centres
- In particular, **capital and technological intensive** sectors are preferred, as they offer the greatest industrialisation potential.
- It turns problematic in the case of investors with **short term profitability targets**.

Current influence of investors

Market share

15%

of medical care centres owned by private equity funds

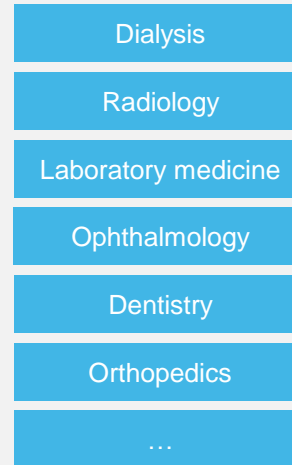
30%

Of dental medical cares centres owned by private equity funds

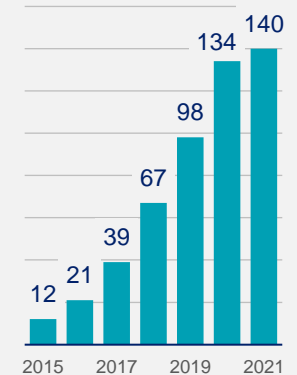
1.1%

Of all of the 141.000 medical and dentist offices are owned by private equity funds

Accessed sectors



Transactions

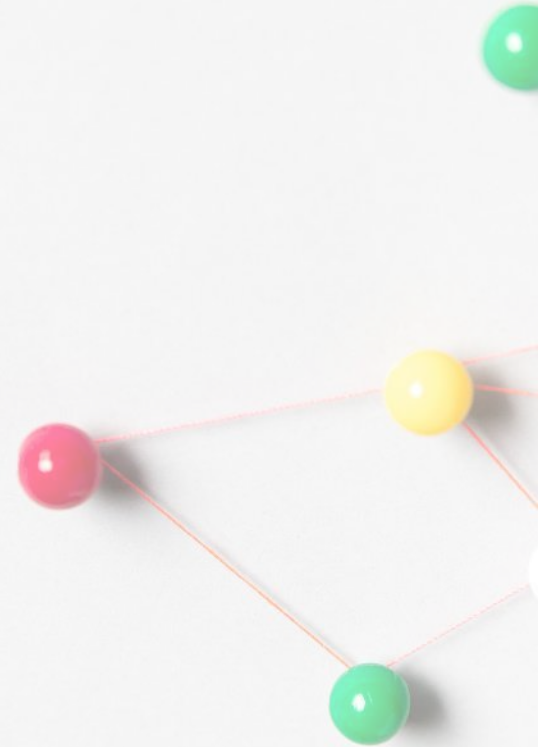


■ Number of transactions of private equity companies in the sectors (dental) practices and medical care centres

Source: [ÄrzteZeitung](#), Rainer Bobsin.

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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.

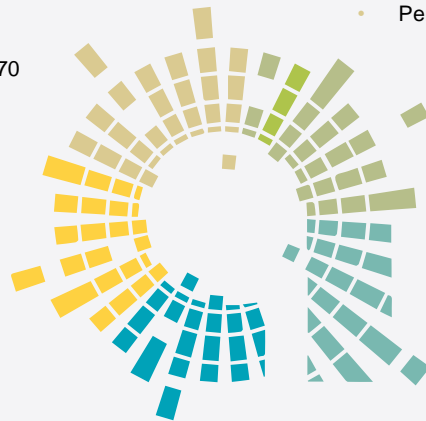
Our way towards being a modern Standesbank

CREATING FUTURE VIABILITY THROUGH FINANCIAL PERFORMANCE

- Profitability campaign
- Target: Cost-Income-Ratio < 70 percent

IMPROVING SERVICES, PROCESSES & IT

- Efficient processes
- Optimisation of digital applications



INCREASING CUSTOMER SATISFACTION

- Perceived as a strong partner

PROMOTION OF EMPLOYEES

- Increase in employees satisfaction
- Safeguarding a modern work environment

FOCUSSED BUSINESS MODEL

- Health care professionals and their organisations in the spotlight
- Focus on start-up financings and wealth management

**Modern Standesbank
of the health care
professionals**



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Business performance in 1HY 2024 at a glance



Focusing the business model well on track



More lendings for doctors' offices and pharmacies, rebound in new lending for real estate business



Wealth management increased

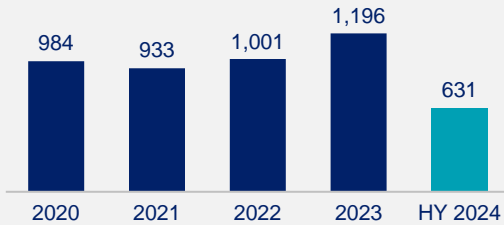


Adequate dividend for financial year 2024 possible

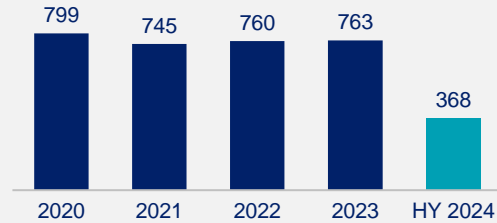
Solid revenue basis

in mn Euro

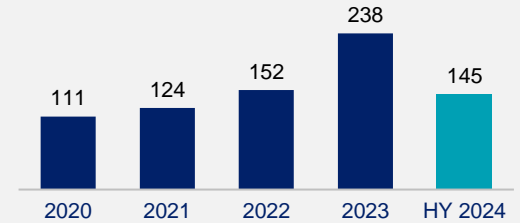
Operating revenues



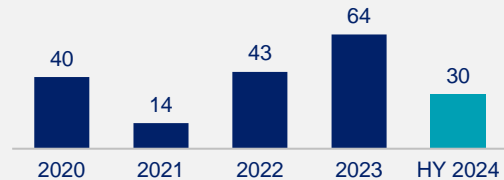
Operating expenditures



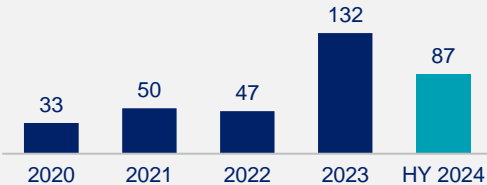
Operating result



Risk provisioning from the operating business

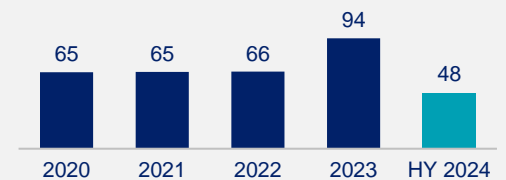


Risk provisioning with reserve character



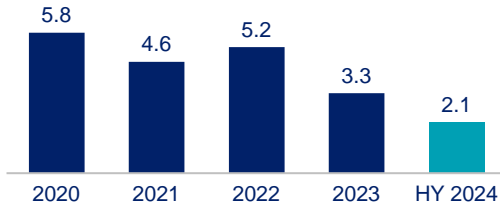
Capital accumulation

Net profit after tax



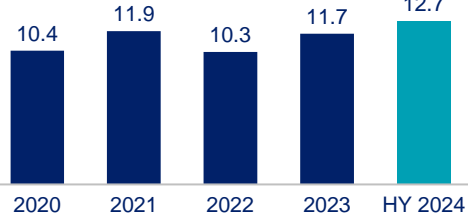
Selective growth strategy in customer business

New lending business



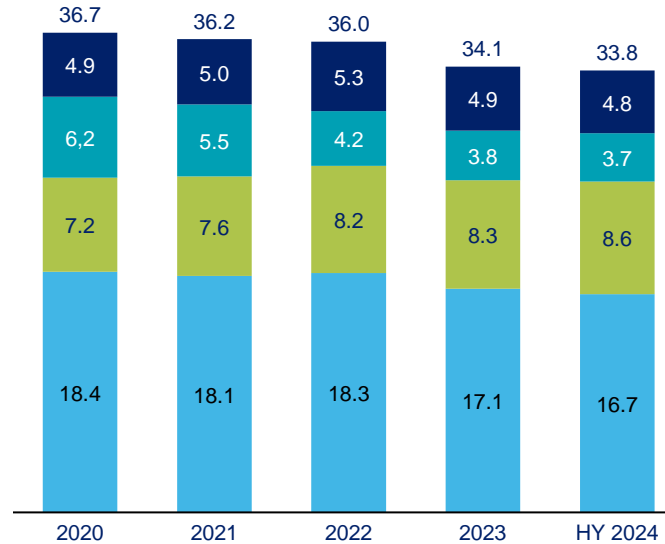
As of 2021 net new lendings

Volume securities accounts, private clients



in bn Euro

Lending volumes



Financial outlook for fiscal year 2024



Operating result returns to previous growth path



Growth in business start-up financing and asset management



Strategic partner for outpatient and inpatient care as well as companies in the healthcare market



Stable annual surplus with reasonable dividend potential

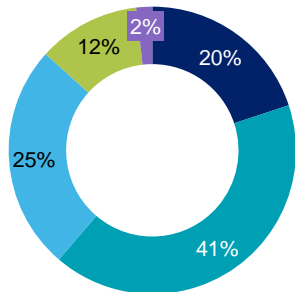
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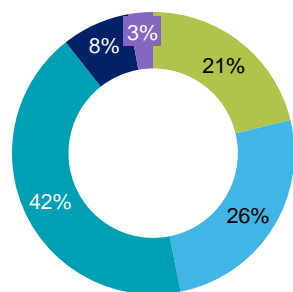


Very good portfolio quality

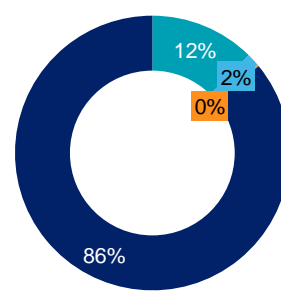
Retail clients 30.4 bn Euro



Professional assoc., large corporates 5.4 bn Euro



Financial instruments 8.4 bn Euro

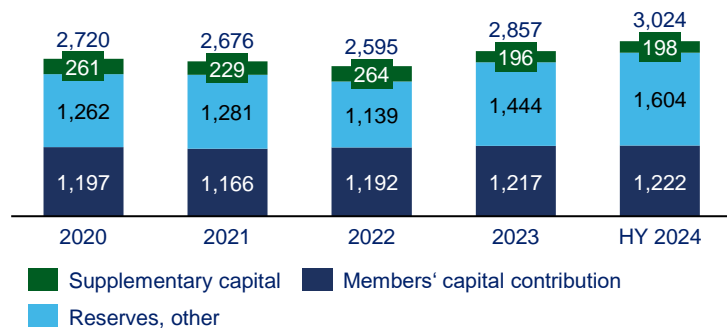


- Focus on retail clients as well as professional associations and large corporates
- 87% of retail exposure and 76% of exposure to professional associations and large corporates are investment-grade rated
- At 2.0% NPL-ratio is at solid level (2023: 1.9%)
- Forbearance ratio: 1.3%
- Coverage ratio: 41.0%

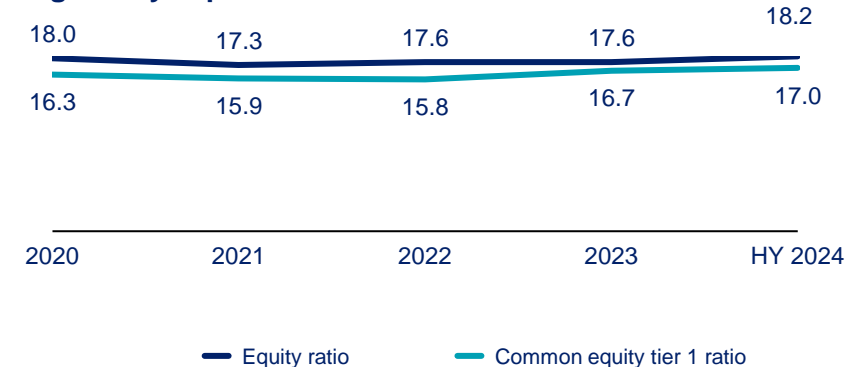
Mapping of internal apoBank rating classes (BVR-Masterskala) to external rating classes based on underlying default probabilities, drawdowns (claims to customers, gross, securities, off-balance sheet items)

Satisfying regulatory capital position

Regulatory capital, in mn Euro



Regulatory capital ratios



Capital ratios may be dampened in future due to Basle IV related increase in RWA

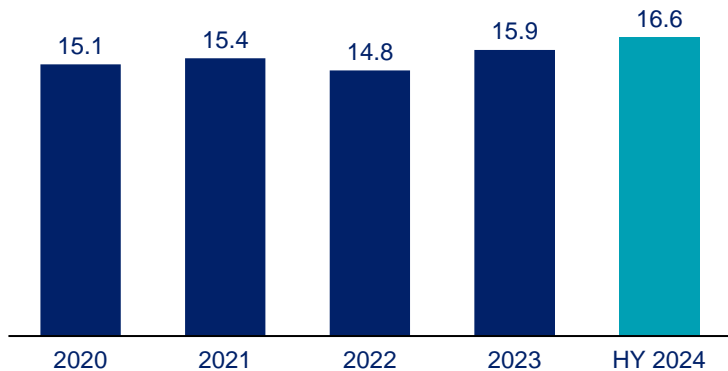
	30.06.2024	31.12.2023
Leverage Ratio	5.5%	5.2%
Liquidity coverage ratio	217%	212%
Net stable funding ratio	124%	125%

Regulatory capital requirements

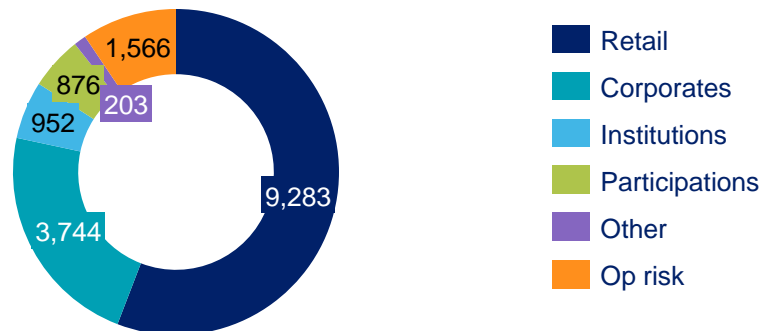
		2024
	CET 1	Equity ratio
Overall capital requirement	9.27%	13.75%
Systemic risk buffer	0.25%	
Anticyclical buffer	0.75%	
Capital conservation buffer	2.5%	
Total SREP capital requirement	5.77%	10.25%
Pillar 2 requirement	1.27%	2.25%
Pillar 1 requirement	4.5%	8.0%

Credit risks predominant

Risk weighted assets, in bn Euro



Distribution of RWA, in bn Euro



- Retail and corporates exposure stand for 79% of RWA
- Market risks in banking book only

Diversified funding

Targets

- Congruent funding of lending business
- Expansion of product range provides funding flexibility
- Growing investor base
- Reliable and regular issuer on capital markets

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

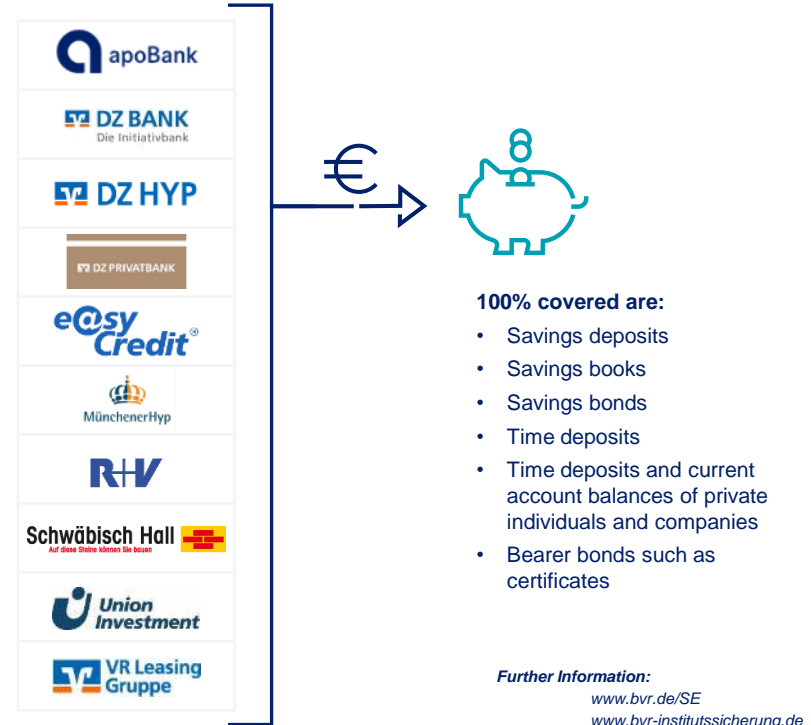
- Institutional client
- Investors from the Geno-Finanzgruppe

Partner banks

- 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

S&P

Issuer credit rating	A+
Short-term debt	A-1
Covered bonds (Pfandbriefe)	AAA
Senior unsecured (preferred)	A+
Senior subordinated	A
Outlook	stable

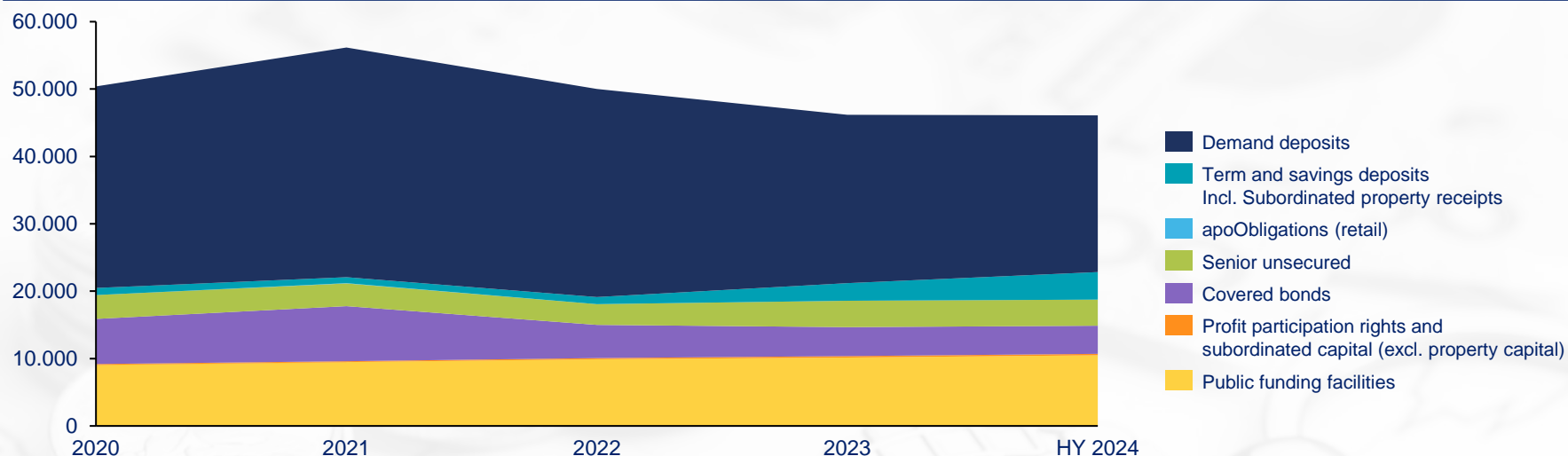
FitchRatings (group rating)¹⁾

Issuer Default Rating long-term	AA-
Issuer Default Rating short-term	F1+
Outlook	stable

¹⁾ Group rating for cooperative FinanzGruppe

Funding sources – at pre-pandemic levels

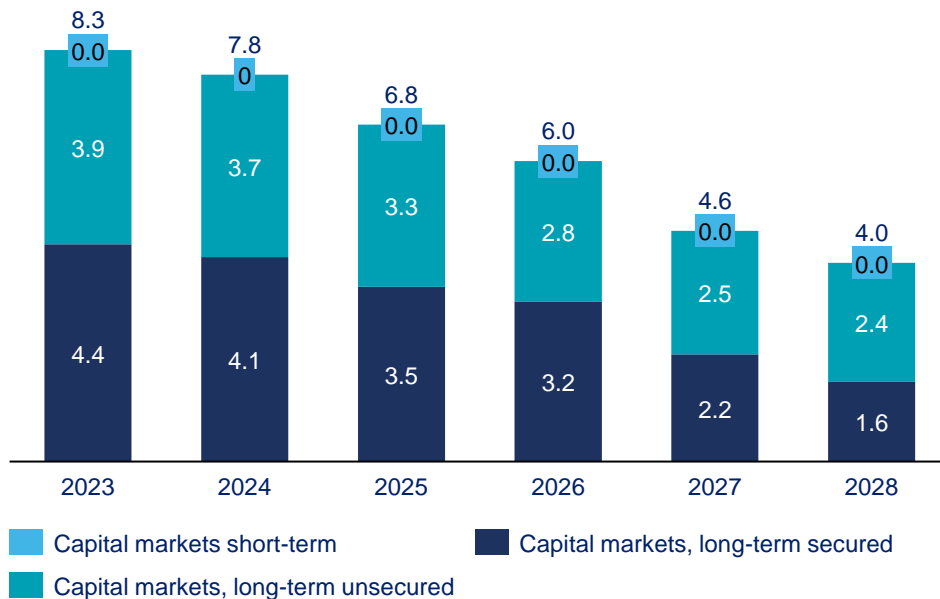
in mn Euro



2020	2021	2022	2023	1. HY 2024	
6,710	8,179	4,949	4,327	4,207	Covered bonds
8,604	9,159	9,243	8,661	8,375	Cover assets (incl. stipulated liquid asset cover)
1,894	980	4,294	4,334	4,168	Over-collateralisation

Planned outstanding capital markets funding

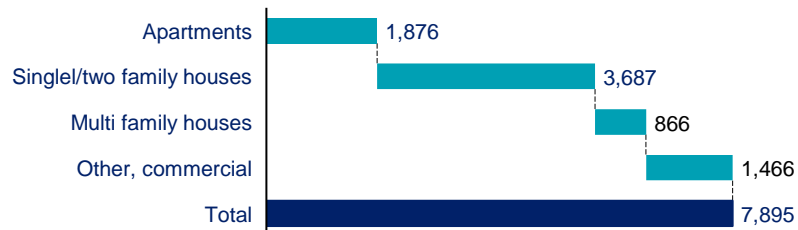
in bn Euro



- Significant decline in capital market refinancing
- 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 at about 16%

Highly granular cover pool

Cover pool by type

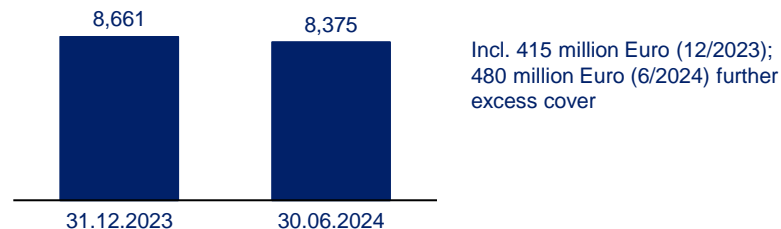


in mn Euro

Cover pool by size



Cover pool, in mn Euro



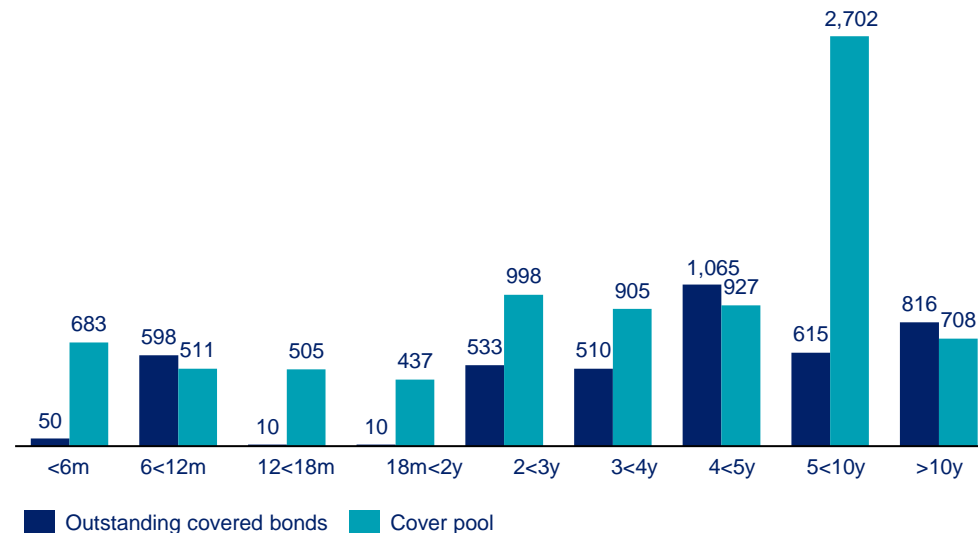
- Focus on high quality, residential mortgages
- Very granular cover pool, only domestic exposure
- Non-performing loans (debt in arrears, cancelled, impaired) and customers, which do not meet the required rating, are not included in the cover pool according to internal rules and are automatically excluded 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	31.12.2023	30.6.2024
Seasoning	6.2 years	6.4 years
Average weighted loan-to-value	54.5%	54.3%

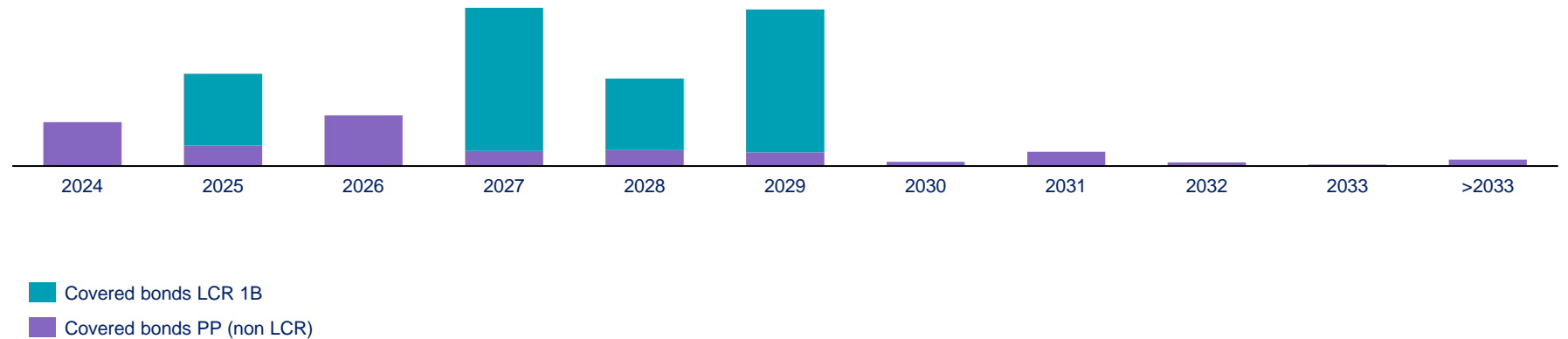
S&P Analyse (AAA-Rating)	31.12.2023	31.3.2024
Available over-collateralisation (ACE)	102.34%	100,17%
Over-collateralisation consistent with current AAA rating	7.05%	7.01%
Unused notches	4	4

Maturity structure and fixed-interest period, in mn Euro, 30.6.2024 (§28 PfandBG)



Benchmark issues (Pfandbriefe)

Maturity profile, in mn Euro (30.6.2026)



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Financial communication



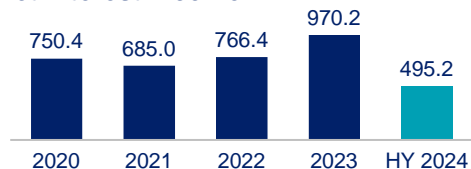
+49 211 5998 4687

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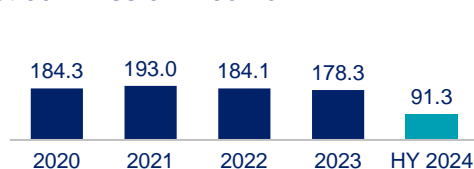
Development of P&L

in mn Euro

Net interest income



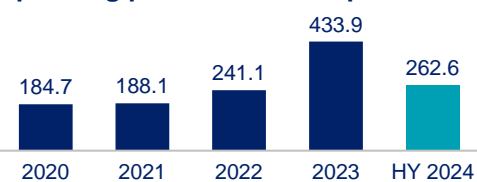
Net commission income



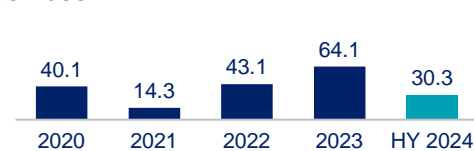
Administrative expenses



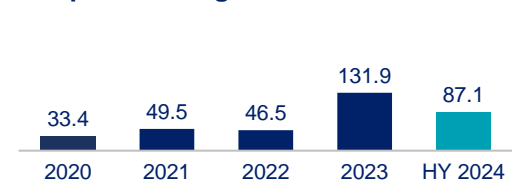
Operating profit before risk provisions



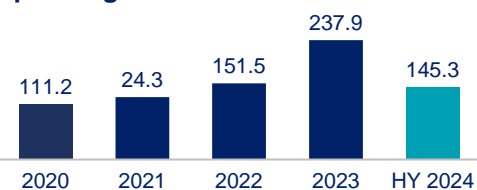
Risk provisioning from the operating business



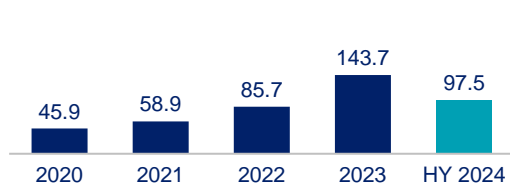
Risk provisioning with reserve character



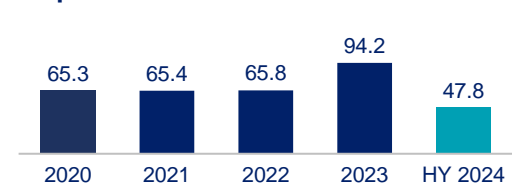
Operating results



Taxes

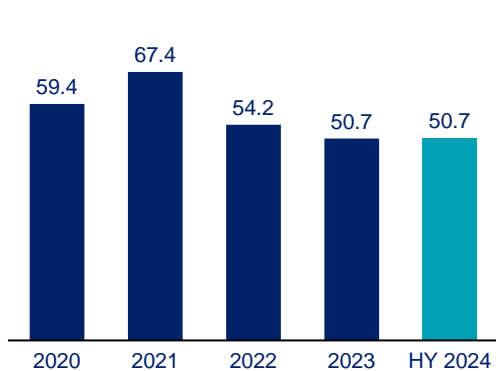


Net profit after tax

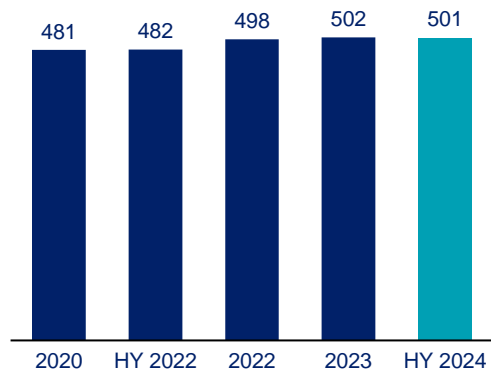


Key data

Total assets, in bn Euro

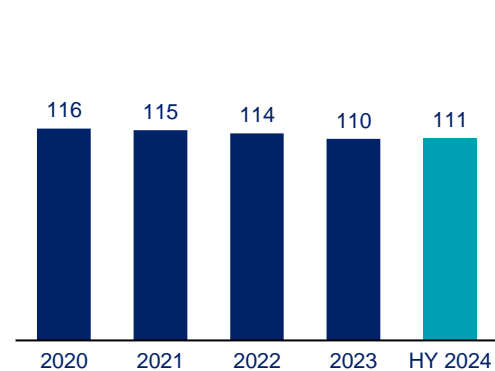


Customers (in thsd)



12/2021 not available

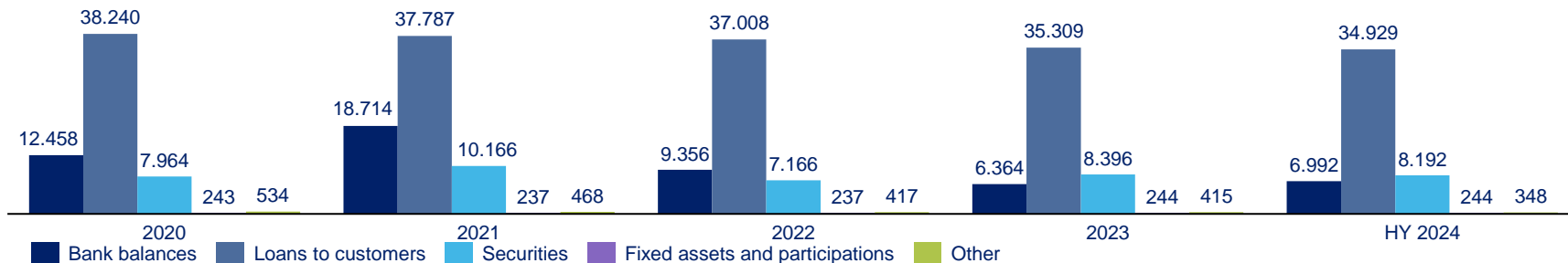
Members (in thsd)



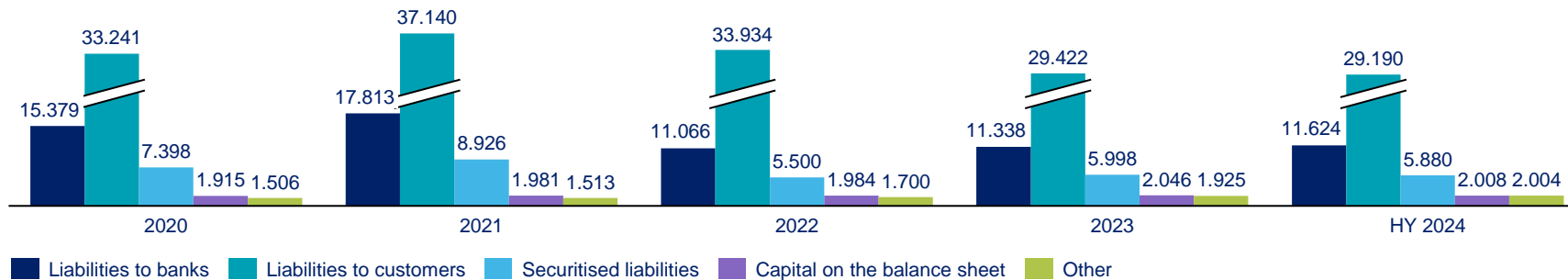
12/2023 figure adjusted

Balance sheet structure

Assets, in mn Euro



Liabilities, in mn Euro



Our sustainability strategy 2030 – framework

Acting sustainably means protecting health

Our attitude

As the Bank of Health, we work continuously to firmly anchor sustainability in our actions and our culture.

Our actions

We implement sustainability in all ESG dimensions. In doing so, we are guided by recognized frameworks such as the UN Sustainable Development Goals and the Paris Climate Agreement.

Our levers

We make our contribution by reducing the environmental impact of our own business operations, promoting the well-being and health of our employees as an attractive employer and offering our customers sustainable investment and financing products.

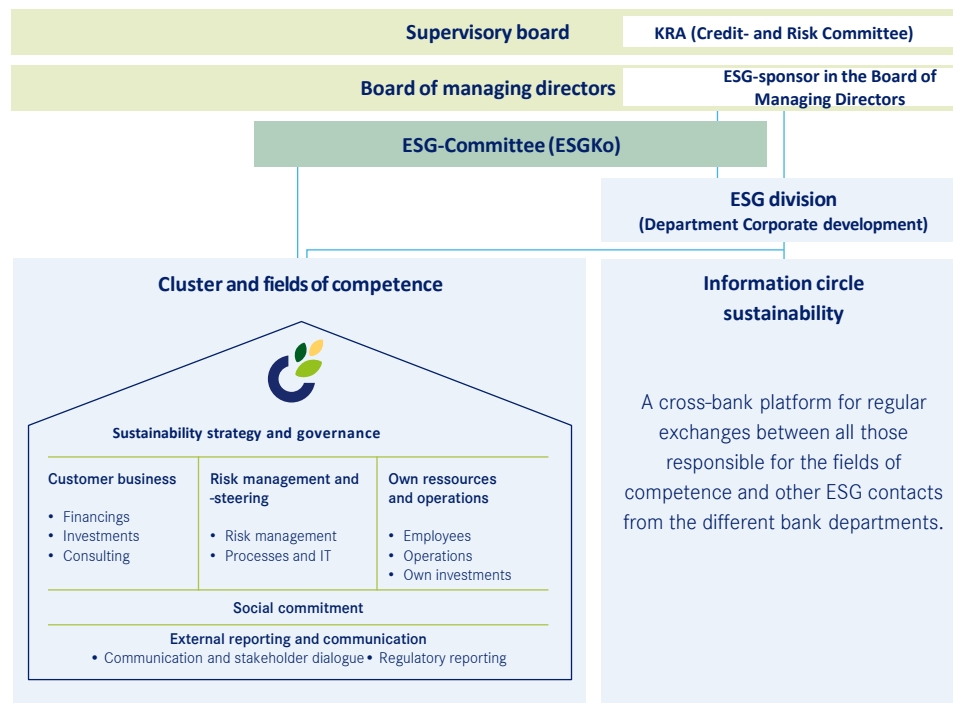


Structure for implementing our sustainability strategy.

With the **ESG department**, we have created an independent organisational unit that coordinates all measures. In addition, **our cross-divisional ESG Committee** plays a central role in managing the sustainability strategy.

We have defined relevant **key performance indicators (KPIs) and key risk indicators (KRIs)** and set specific measures with targets up to 2030. We closely monitor target achievement so that we can intervene at any time if necessary.

Organisational structure



Our goals and key figures

Relevant for the remuneration of the Management Board and executives.

Goals sustainability strategy 2030	Explanations	Base value	Target 2030
Reduction of CO ₂ -emissions in our business operations	CO ₂ -emissions from our own business operations are reduced following specific actions in scopes 1, 2 and 3.	2022: scopes 1+2: 3.015t CO ₂ e	Scopes 1+2: 1.809t CO ₂ e Scope 3: Determined in 2025
Reduction of financed emission intensity	The amount of emissions generated by activities financed by apoBank (per unit of output or economic activity) is reduced through various measures.	Data sourcing starts after 31.12.2024	To be defined
Reduction of physical emission intensity (PEI) in real estate financings	PEI measures the absolute emissions of financed properties divided by their living space (expressed in CO ₂ equivalents per square meter). These are to be permanently reduced through the promotion of energy-efficient construction projects, among other things.	2023: 34,3 kg CO ₂ e/qm	19,5 kg CO ₂ e/qm
Expansion of the financing volume for energy-efficient renovations and green construction financing	By targeting customers, including via apoBank's website, more and more loans for energy-efficient construction and refurbishment of properties are being made available.	Data sourcing starts 2025	To be defined
Limitation of risk positions with high transitory risk	The total financing amount of risk positions, e.g. in CO ₂ -intensive sectors, must remain below the set limit.	As of 30.9.2024: 1,82 bn Euro	Below 2,050 bn Euro
Limitation of risk positions with high flooding risks	Limitation of real estate collateral in areas with a high risk of flooding.	2023: 11 %	Below 15 %

Our goals and key figures

Relevant for the remuneration of the Management Board and executives.

Goals sustainability strategy 2030	Explanations	Base value	Target 2030
Growing share of the volume of sustainable managed asset management funds	Management of client assets in asset management lines with a sustainable focus (in accordance with Art. 8 of the EU Disclosure Regulation SFDR).	2023: 73 %	minimum 70 %
Growing share of ESG-bonds in own funds portfolio	Increase in the proportion of bonds classified as green, social or sustainable according to the guidelines of the International Capital Market Association (ICMA).	2023: 7,6 %	10 %
Increase in employee identification (OCI-value)	The Organizational Commitment Index (OCI) shows how committed employees feel to their employer. Targeted measures for employees are intended to increase this value in the long term.	2023: 68	75 (OCI)
Increase of proportion of women in the first management level (FE-1)	The proportion of women in the first management level below apoBank's Board of Directors is to increase to 30 percent by 2030.	2023: 19 %	30 %
Increase of proportion of women in the second management level (FE-2)	The proportion of women in the second management level below apoBank's Board of Directors is to increase to 35 percent by 2030.	2023: 21 %	35 %
Increase in customer satisfaction	Various measures are designed to increase the overall satisfaction of apoBank's customers in the long term.	2023: 48 %	minimum 75 %
New cooperative members per year	As a cooperative bank, we want to expand our membership base by attracting new members, especially younger ones. A diversified member base also helps to ensure that our capital requirements are covered.	2023: 1.415 new members	3.500 new members

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