

## **Report of the Board of Managing Directors relating to item 6 of the agenda**

The Board of Managing Directors reports below according to Sec. 186 para. 4 sentence 2 in conjunction with Sec. 203 para. 2 sentence 2 AktG on the reasons why it should be authorised in certain cases, when utilising the Authorised Capital 2013, to exclude the subscription right of the shareholders. This report is available for viewing by the shareholders at the Company's premises and also on the Company's internet site at

<http://www.ikb.de/en/investor-relations/general-meeting/>

from the time the Annual General Meeting is convened. On request, each shareholder will be provided with a copy immediately and free of charge. The documents will also be available for viewing in the conference room at the Annual General Meeting.

### ***Authorisation of the Board of Managing Directors***

It is the intention in the interests of the Company that the Board of Managing Directors will be in a position, also in the future, with the approval of the Supervisory Board, to take advantage of business opportunities flexibly while maintaining liquidity levels and to strengthen the Company's equity. The Board of Managing Directors and the Supervisory Board therefore propose that the Annual General Meeting adopts the resolution to create Authorised Capital 2013 in an amount totalling up to 560,000,000.00 Euro. The shareholders must in principle be granted a subscription right when the Authorised Capital 2013 is utilised. The Board of Managing Directors will, however, be authorised to exclude the subscription right, with the approval of the Supervisory Board, in certain individual cases specified in the resolution proposal.

### ***Compensation for fractional amounts***

It is the intention to authorise the Board of Managing Directors to exclude the subscription right for fractional amounts in order to provide for a practical subscription ratio with regard to the amount of the respective capital increase. This will facilitate the technical implementation of the capital increase, in particular where a capital increase involves a round figure. The uninvested fractional amounts resulting from the exclusion of the shareholders' subscription right, in the form of new shares will be sold in the best possible manner for the Company, either by sale on a stock exchange or otherwise. As any exclusion of the subscription right is limited here only to fractional amounts, there is only a minor potential dilutive effect.

### ***Capital increase for cash***

The intention is for the Board of Managing Directors, with the approval of the Supervisory Board, to be authorised, in the event of a capital increase against cash contributions, to exclude the subscription right if the issue price of the new shares is not materially lower than the stock exchange price. This will allow management to place the new shares promptly and at a price close to the stock exchange price i.e. without the discount usually required for the issue of subscription rights. This allows higher issuing proceeds which are in the interests of the Company. This procedure is not precluded by the fact that the Company is not currently listed on an official stock exchange within the meaning of Sec. 3 para. 2 AktG. In conformity with Sec. 186 para. 3 sentence 4 AktG, the authorisation may require that the Company's shares have a stock exchange price but they do not necessarily have to be admitted to

trading on the regulated market (Sec. 32 et seq. German Stock Exchange Act (*Börsengesetz - BörsG*)). Inclusion in the OTC market suffices in this respect (Sec. 48 BörsG).

The shareholders' need for protection against dilution of their shareholding is provided by limitation of the amount of the capital increase and by the issue price of the shares which is close to the stock exchange price. The proposed authorisation allows the Board of Managing Directors to exclude a subscription right only if the shares issued according to Sec. 186 para. 3 sentence 4 AktG do not exceed a total of 10% of the share capital either on the date the authorisation is utilised or on the date the resolution concerning this authorisation is adopted. The sale of own shares and the issue of shares from other authorised capital must be applied to this limitation if the sale and issue occur during the term of this authorisation excluding the subscription right according to Sec. 186 para. 3 sentence 4 AktG. Shares which are issued resp. have to be issued to service participation certificates and/or bonds with conversion and option rights resp. a conversion obligation must also be applied to this limitation if the participation certificates and/or bonds are issued during the term of this authorisation excluding the subscription according to Sec. 186 para. 3 sentence 4 AktG. Furthermore, shareholders in principle have the possibility, given the close proximity of the issue price to the stock exchange price and the limitation of the amount of the capital increase without a subscription right to maintain their proportionate shareholdings by purchasing shares through the stock exchange on approximately the same conditions.

#### ***Servicing of other subscription rights***

The intention is furthermore to authorise the Board of Managing Directors to exclude the subscription right if such exclusion is required to grant the holders or creditors of convertible bonds, convertible profit-sharing certificates or warrants (hereinafter referred to as "bonds") a subscription right to new shares. Exclusion of the subscription right is intended to place the holders of bonds in the position in which they would have been if they had already exercised their rights under the bonds and were already shareholders. This facilitates placement of the bonds and therefore serves the interests of the shareholders in the Company having an optimum financial structure. To provide the bonds with such protection against dilution, the shareholders' subscription right on these shares must be excluded. This protection against dilution prevents the option resp. conversion price potentially having to be reduced for the bonds already issued. This ensures a higher inflow of funds as a whole.

#### ***Capital increase through cash contributions***

According to the proposed authorisation, the Board of Managing Directors may finally exclude the subscription right in certain cases when the share capital is increased against cash contributions. This allows the Board of Managing Directors to use shares of the Company in appropriate individual cases to acquire companies, parts of companies, interests in companies or other economic assets. The necessity of providing consideration in shares rather than cash can arise in the course of negotiations. This possibility therefore provides an advantage in the competition for interesting acquisitions and the necessary scope to take advantage of opportunities arising to acquire companies, parts of companies, interests in companies or other economic assets while maintaining liquidity levels. In terms of an optimum financial structure as well, the issue of shares may be expedient. The Company will not suffer any disadvantage as a result because the issue of shares against benefits in kind requires that the value of the benefit in kind is in reasonable proportion to the

value of the shares. When determining the pricing ratio, the Board of Managing Directors will ensure that the interests of the Company and the shareholders are adequately safeguarded and an appropriate issue price is achieved for the new shares.

There are currently no plans to utilise the Authorised Capital 2013. The Board of Managing Directors will in any case carefully consider whether the issue of new shares and, if applicable, the exclusion of the subscription right is in the interest of the Company and its shareholders. The Board of Managing Directors will report to the Annual General Meeting on each utilisation of the authorisation. The approval of the Supervisory Board will be required for all cases of exclusion of the subscription right proposed here.

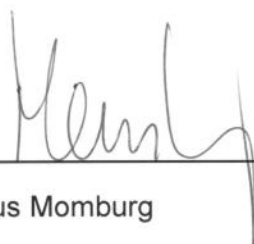
Düsseldorf, 16 July 2013



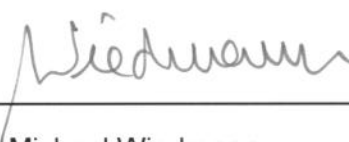
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