

**Supplement No. 3 dated 6 December 2017  
to the Base Prospectus dated 28 August 2017**



**IKB Deutsche Industriebank Aktiengesellschaft ("IKB")**

(incorporated as a stock corporation under the laws of the Federal Republic of Germany)

**Debt Issuance Programme (the "Programme")**

for the issuance of notes in bearer form (the "Notes")

This supplement no. 3 (the "**Supplement**") constitutes a supplement for the purposes of Article 16.1 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended, (the "**Prospectus Directive**") and Article 13 of the Luxembourg Law on Prospectuses for Securities (*Loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005, as amended, (the "**Prospectus Law**") to the Base Prospectus dated 28 August 2017 (the "**Base Prospectus**"), which has been prepared in connection with the Programme established by IKB (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus (as supplemented by supplement no. 1 to the Base Prospectus dated 19 October 2017 (the "**Supplement No. 1**") and supplement no. 2 to the Base Prospectus dated 10 November 2017 (the "**Supplement No. 2**")) and all documents incorporated by reference in the Base Prospectus.

Copies of the Base Prospectus, all documents incorporated by reference in the Base Prospectus, Supplement No. 1, Supplement No. 2 and this Supplement will be obtainable free of charge to each investor upon request. These documents can be requested from the Issuer via its website ([www.ikb.de](http://www.ikb.de)) or by letter to IKB Deutsche Industriebank Aktiengesellschaft at the following address: Wilhelm-Bötckes-Straße 1, 40474 Düsseldorf, Federal Republic of Germany. Copies of the Base Prospectus, all documents incorporated by reference in the Base Prospectus, Supplement No. 1, Supplement No. 2 and this Supplement will also be viewable on, and obtainable free of charge from, the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

To the extent that there is any inconsistency between (a) any statements in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

The Issuer accepts responsibility for the information contained in this Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

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## A. Introduction

On 24 November 2017, IKB AG published its 6-Month Report 2017/2018 as of and for the six months period ended 30 September 2017 (the "**6-Month Report 2017/2018**"). The purpose of this Supplement is to incorporate by reference into the Base Prospectus the Combined Interim Financial Statements of IKB Deutsche Industriebank AG and the IKB Group as of and for the six months period ended 30 September 2017 set out in the 6-Month Report 2017/2018 and to amend other disclosure relating to the Issuer. Accordingly, the sections entitled "A. SUMMARY", "B. RISK FACTORS", "D. DESCRIPTION OF THE ISSUER" and "I. DOCUMENTS INCORPORATED BY REFERENCE" contained in the Base Prospectus shall be amended as follows to provide updated information with regard to the Issuer and certain risks relating to the Issuer.

## B. Amendments to the section commencing on page 7 of the Base Prospectus which is entitled "A. SUMMARY"

### 1. Amendments to the subsection commencing on page 7 of the Base Prospectus which is entitled "1. ENGLISH VERSION OF SUMMARY"

#### a. The subsection commencing on page 9 of the Base Prospectus which is entitled "Section B – The Issuer – B.12 – Selected Historical Key Financial Information" shall be replaced in its entirety as follows:

Element	Section B – The Issuer																																																										
B.12	Selected Historical Key Financial Information	<p><b>Summary of Selected Financial Information</b></p> <p>Unless specified otherwise below, the following table sets out the key financial information of IKB in accordance with the German Commercial Code (<i>Handelsgesetzbuch</i>; "<b>HGB</b>") extracted from the consolidated financial statements as of and for the financial year ended 31 March 2017 and from the consolidated interim financial statements as of and for the six months period ended 30 September 2017. The consolidated financial statements of IKB as of and for the financial year ended 31 March 2017 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("<b>PwC</b>") and PwC has issued an unqualified auditors' opinion on such consolidated financial statements.</p> <p><b>Consolidated Balance Sheet</b></p> <table border="1"> <thead> <tr> <th>in € million</th> <th>30 Sept. 2017 (unaudited)</th> <th>31 Mar. 2017</th> <th>31 Mar. 2016</th> </tr> </thead> <tbody> <tr> <td><b>Assets</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cash reserve</td> <td>41</td> <td>20</td> <td>34</td> </tr> <tr> <td>Receivables from banks</td> <td>1,298</td> <td>1,670</td> <td>2,122</td> </tr> <tr> <td>Receivables from customers</td> <td>10,397</td> <td>9,925</td> <td>9,888</td> </tr> <tr> <td>Bonds and other fixed-income securities</td> <td>4,797</td> <td>5,330</td> <td>5,052</td> </tr> <tr> <td>Equities and other non-fixed-income securities</td> <td>472</td> <td>473</td> <td>470</td> </tr> <tr> <td>Assets held for trading</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Equity investments</td> <td>1</td> <td>4</td> <td>11</td> </tr> <tr> <td>Investments in associates</td> <td>16</td> <td>16</td> <td>15</td> </tr> <tr> <td>Lease assets</td> <td>947</td> <td>928</td> <td>941</td> </tr> <tr> <td>Deferred income</td> <td>111</td> <td>113</td> <td>275</td> </tr> <tr> <td>Deferred tax assets</td> <td>249</td> <td>255</td> <td>254</td> </tr> <tr> <td>Remaining assets</td> <td>423</td> <td>445</td> <td>498</td> </tr> </tbody> </table>	in € million	30 Sept. 2017 (unaudited)	31 Mar. 2017	31 Mar. 2016	<b>Assets</b>				Cash reserve	41	20	34	Receivables from banks	1,298	1,670	2,122	Receivables from customers	10,397	9,925	9,888	Bonds and other fixed-income securities	4,797	5,330	5,052	Equities and other non-fixed-income securities	472	473	470	Assets held for trading	-	-	-	Equity investments	1	4	11	Investments in associates	16	16	15	Lease assets	947	928	941	Deferred income	111	113	275	Deferred tax assets	249	255	254	Remaining assets	423	445	498	
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Element	Section B – The Issuer			
	<b>Total assets</b>	18,753	19,189	19,559
	Some totals may be subject to discrepancies due to rounding differences.			
	<b>in € million</b>	<b>30 Sept. 2017 (unaudited)</b>	<b>31 Mar. 2017</b>	<b>31 Mar. 2016</b>
	<b>Equity and liabilities</b>			
	Liabilities to banks	7,498	7,643	7,897
	Liabilities to customers	7,172	7,551	7,498
	Securitised liabilities	807	823	774
	Liabilities held for trading	-	-	-
	Deferred income	131	127	147
	Provisions	269	241	348
	Subordinated liabilities	459	696	922
	Profit participation capital	-	-	32
	Fund for general banking risks	585	585	585
	Remaining Other liabilities	767	484	345
	Equity	1,064	1,039	1,011
	<b>Total equity and liabilities</b>	<b>18,753</b>	<b>19,189</b>	<b>19,559</b>
	<b>Contingent liabilities and Other obligations</b>	<b>4,284</b>	<b>2,789</b>	<b>2,568</b>
	Some totals may be subject to discrepancies due to rounding differences.			
	<b>Consolidated Income Statement</b>			
	<b>in € million</b>	<b>30 Sept. 2017 (unaudited)</b>	<b>31 Mar. 2017</b>	<b>31 Mar. 2016</b>
	<b>Expenses</b>			
	Lease expenses	-91	-192	-211
	Interest expenses	-215	-512	-647
	Commission expenses	-9	-14	-14
	Net trading results	-	-	-
	General administrative expenses	-127	-271	-288
	Depreciation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	-147	-304	-322
	Other operating expenses	-233	-675	-985
	Expenses for the addition to the fund for general banking risks	-	-	-7
	Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	-	-	-9
	Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investments	-1	-8	-14
	Costs of loss absorption	-	-	0
	Extraordinary expenses	-137	-42	-34
	Income taxes	-18	-18	1
	Other taxes not reported under "Other operating expenses"	-1	-2	-2
	<b>Net income for the financial year</b>	<b>-24</b>	<b>-26</b>	<b>-10</b>
	<b>Total expenses</b>	<b>-999</b>	<b>-2,064</b>	<b>-2,542</b>

Element	Section B – The Issuer			
	in € million	30 Sept. 2017 (unaudited)	31 Mar. 2017	31 Mar. 2016
	<b>Income</b>			
	Lease income	260	541	586
	Interest income	337	741	862
	Current income	1	5	4
	Income from profit-pooling, profit transfer and partial profit transfer agreements	-	-	-
	Commission income	29	53	43
	Net trading results	-	-	6
	Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	10	17	-
	Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	90	267	281
	Other operating income	91	441	759
	Income from the reversal of the fund for general banking risks	-	-	-
	Extraordinary income	182	-	1
	Income from assumption of losses	-	-	-
	Net loss for the financial year	-	-	-
	<b>Total income</b>	<b>999</b>	<b>2,064</b>	<b>2,542</b>
	Net income for the financial year	24	26	10
	Loss carryforward from the previous year	-2,336	-2,361	-2,372
	Withdrawals from capital reserves	-	-	-
	Withdrawals from revenue reserves	-	-	-
	Withdrawals from profit participation capital	-	-	-
	Withdrawals from silent partnership contributions	-	-	-
	Allocations to revenue reserves	-	-	-
	Replenishment of profit participation capital	-	-	-
	<b>Net accumulated losses</b>	<b>-2,312</b>	<b>-2,336</b>	<b>-2,361</b>
	Some totals may be subject to discrepancies due to rounding differences.			
	<b>Consolidated Cash Flow Statement</b>			
	<b>in € million</b>	<b>2016/17</b>	<b>2015/16</b>	
	Cash flow from operating activities	250.6	-739.5	
	Cash flow from investing activities	-32.8	788.6	
	Cash flow from financing activities	-231.8	-50.0	
	Cash funds at end of period	19.7	33.7	
	Some totals may be subject to discrepancies due to rounding differences.			
	<b>Summary of Regulatory Indicators</b>			
	Regulatory capital situation of IKB Group in accordance with CRR/CRD IV <sup>1)</sup> :			

Element	Section B – The Issuer			
	in € million	30 Sept. 2017 (unaudited)	31 Mar. 2017 <sup>2)</sup>	31 Mar. 2016 <sup>2)3)</sup>
	Total risk-weighted assets (RWA)	13,377	12,934	12,763
	Own funds	1,933	2,181	2,190
	CET 1 ratio	11.3%	11.7%	11.6%
	T 1 ratio	11.6%	13.5%	13.8%
	Own funds ratio	14.4%	16.9%	17.2%
	Some totals may be subject to discrepancies due to rounding differences.			
	<p>1) Figures taking into consideration the phase-in and phase-out provisions of the CRR. The CET 1 ratios were calculated in accordance with the current legal status of the CRR as at 30 September 2017, 31 March 2017 and 31 March 2016 respectively, including transitional provisions and the interpretations published by the regulatory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.</p> <p>2) Figures after approval of the accounts.</p> <p>3) Taking into consideration the addition to the fund for general banking risk in CET 1 at the reporting date.</p>			
	<b>Material adverse change in the prospects of the Issuer</b>	<p>IKB AG is examining the implementation of additional measures to simplify its capital structure in the second half of the financial year 2017/18. The implementation of these measures would result in substantial extraordinary expenses in the financial year 2017/18. There is considerable uncertainty as to whether the income generated in the second half of the financial year 2017/18 will be sufficient to offset the expenses incurred in connection with the measures. If income is not generated in the required amount, a substantial consolidated net loss is to be anticipated. IKB AG expects the IKB Group's CET 1 ratio to remain essentially unchanged compared to the previous financial year.</p> <p>Other than as described above, there has been no material adverse change in the prospects of IKB AG that has occurred since the date of the last audited consolidated financial statements as of and for the financial year ended 31 March 2017.</p>		
	<b>Significant change in the financial position</b>	<p>Not applicable. There has been no significant change in IKB AG's financial position since the date of the last unaudited consolidated financial statements as of and for the six months period ended 30 September 2017.</p>		

- b. In the subsection commencing on page 22 of the Base Prospectus which is entitled "Section D – Risks – D.2 – Key information on the key risks that are specific to the Issuer or its industry" the subsection entitled "Risks Relating to IKB and its Business" shall be replaced in its entirety as follows:

Element	Section D – Risks	
D.2	<b>Key information on the key risks that are specific to the Issuer or its industry</b>	<p><b>Risks Relating to IKB and its Business</b></p> <ul style="list-style-type: none"> <li>▪ IKB AG faces liquidity risks and refinancing risks.</li> <li>▪ IKB's risk management measures may not be successful.</li> <li>▪ IKB AG is exposed to substantial credit and counterparty risk.</li> <li>▪ A decline in the value or difficulties with the enforcement of</li> </ul>

Element	Section D – Risks	
		<p>the collateral securing IKB's loans may adversely affect IKB's loan portfolio.</p> <ul style="list-style-type: none"> <li>▪ IKB's operations are concentrated on small and medium-sized enterprises in Western Europe (in particular in Germany) and difficult economic conditions in this area may have a significant impact on IKB's business activities and results of operations.</li> <li>▪ IKB is exposed to country risk.</li> <li>▪ IKB AG's business performance could be adversely affected if its capital is not managed effectively.</li> <li>▪ Market risks associated with fluctuations in rates of interest, bond and equity prices and other market factors are inherent in IKB's business.</li> <li>▪ IKB's business entails operational risks.</li> <li>▪ IKB is exposed to the risk that cost-cutting and optimisation measures may not have the expected effect.</li> <li>▪ IKB's business entails compliance risks.</li> <li>▪ IKB is exposed to the risk of defaults of other financial institutions or sovereign debtors.</li> <li>▪ Although KfW has agreed to indemnify IKB for certain claims in connection with Rhineland Funding, Rhinebridge or the Havenrock entities (each a former off-balance sheet financing vehicle), under certain circumstances, IKB's claims for such indemnification may be extinguished.</li> <li>▪ IKB is exposed to substantial risk of loss from legal and regulatory proceedings.</li> <li>▪ Increased regulation of the banking and financial services industry could have an adverse effect on IKB AG's operations.</li> <li>▪ IKB is exposed to risks arising from stress tests.</li> <li>▪ IKB is exposed to risks arising from the contributions to the Single Resolution Fund and deposit protection schemes.</li> <li>▪ Rights of creditors of IKB AG may be adversely affected by measures pursuant to the German Banking Act (<i>Kreditwesengesetz</i>), the German Act on the Reorganisation of Credit Institutions (<i>Kreditinstitute-Reorganisationsgesetz</i>) and the German Recovery and Resolution Act (<i>Sanierungs- und Abwicklungsgesetz</i>).</li> <li>▪ There is a risk of additional taxes due to a dissenting view of the tax authorities on the application of the German Corporate Income Tax Act (<i>Körperschaftsteuergesetz</i>) and the German Trade Tax Act (<i>Gewerbesteuergesetz</i>).</li> <li>▪ Reputation risk could cause harm to IKB and its business prospects.</li> <li>▪ IKB AG could fail to retain or attract senior management or other key employees.</li> <li>▪ IKB AG is exposed to the risk of loss of customers' confidence.</li> <li>▪ IKB AG is exposed to acquisition risks.</li> <li>▪ IKB AG is exposed to the risks stemming from intense competition.</li> </ul>

Element	Section D – Risks
	<ul style="list-style-type: none"> <li>▪ The interests of LSF6 as sole shareholder may conflict with the interests of the Holders of the Notes.</li> </ul>

2. Amendments to the subsection commencing on page 29 of the Base Prospectus which is entitled "2. GERMAN TRANSLATION OF THE SUMMARY"
- a. The subsection commencing on page 32 of the Base Prospectus which is entitled "Abschnitt B – Die Emittentin – B.12 – Ausgewählte wesentliche historische Finanzinformationen" shall be replaced in its entirety as follows:

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<b>B.12</b>	<b>Ausgewählte wesentliche historische Finanzinformationen</b>	<p><b>Zusammenfassung ausgewählter Finanzinformationen</b></p> <p>Sofern nachstehend nicht anders angegeben, enthält die nachstehende Tabelle die wesentlichen Finanzdaten der IKB nach Handelsgesetzbuch ("HGB"), die dem Konzernabschluss zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr sowie dem Halbjahreskonzernabschluss zum und für den am 30. September 2017 abgeschlossenen 6-Monats-Zeitraum entnommen wurden. Der Konzernabschluss der IKB zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr wurde von der PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("PwC") geprüft, und PwC hat einen uneingeschränkten Bestätigungsvermerk mit Bezug auf den Konzernabschluss erteilt.</p> <p><b>Konzernbilanz</b></p> <table border="1"> <thead> <tr> <th>in Mio. €</th> <th>30. Sept. 2017 (ungeprüft)</th> <th>31. März 2017</th> <th>31. März 2016</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Aktiva</b></td> </tr> <tr> <td>Barreserve</td> <td>41</td> <td>20</td> <td>34</td> </tr> <tr> <td>Forderungen an Kreditinstitute</td> <td>1.298</td> <td>1.670</td> <td>2.122</td> </tr> <tr> <td>Forderungen an Kunden</td> <td>10.397</td> <td>9.925</td> <td>9.888</td> </tr> <tr> <td>Schuldverschreibungen und andere festverzinsliche Wertpapiere</td> <td>4.797</td> <td>5.330</td> <td>5.052</td> </tr> <tr> <td>Aktien und andere nicht festverzinsliche Wertpapiere</td> <td>472</td> <td>473</td> <td>470</td> </tr> <tr> <td>Handelsbestand</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Beteiligungen</td> <td>1</td> <td>4</td> <td>11</td> </tr> <tr> <td>Anteile an assoziierten Unternehmen</td> <td>16</td> <td>16</td> <td>15</td> </tr> <tr> <td>Leasingvermögen</td> <td>947</td> <td>928</td> <td>941</td> </tr> <tr> <td>Rechnungsabgrenzungsposten</td> <td>111</td> <td>113</td> <td>275</td> </tr> <tr> <td>Aktive latente Steuern</td> <td>249</td> <td>255</td> <td>254</td> </tr> <tr> <td>Übrige Aktiva</td> <td>423</td> <td>445</td> <td>498i</td> </tr> <tr> <td><b>Summe der Aktiva</b></td> <td><b>18.753</b></td> <td><b>19.189</b></td> <td><b>19.559</b></td> </tr> </tbody> </table> <p>Summendifferenzen sind Rundungsdifferenzen.</p> <table border="1"> <thead> <tr> <th>in Mio. €</th> <th>30. Sept. 2017 (ungeprüft)</th> <th>31. März 2017</th> <th>31. März 2016</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Passiva</b></td> </tr> <tr> <td>Verbindlichkeiten gegenüber Kreditinstituten</td> <td>7.498</td> <td>7.643</td> <td>7.897</td> </tr> <tr> <td>Verbindlichkeiten gegenüber Kunden</td> <td>7.172</td> <td>7.551</td> <td>7.498</td> </tr> </tbody> </table>		in Mio. €	30. Sept. 2017 (ungeprüft)	31. März 2017	31. März 2016	<b>Aktiva</b>				Barreserve	41	20	34	Forderungen an Kreditinstitute	1.298	1.670	2.122	Forderungen an Kunden	10.397	9.925	9.888	Schuldverschreibungen und andere festverzinsliche Wertpapiere	4.797	5.330	5.052	Aktien und andere nicht festverzinsliche Wertpapiere	472	473	470	Handelsbestand	-	-	-	Beteiligungen	1	4	11	Anteile an assoziierten Unternehmen	16	16	15	Leasingvermögen	947	928	941	Rechnungsabgrenzungsposten	111	113	275	Aktive latente Steuern	249	255	254	Übrige Aktiva	423	445	498i	<b>Summe der Aktiva</b>	<b>18.753</b>	<b>19.189</b>	<b>19.559</b>	in Mio. €	30. Sept. 2017 (ungeprüft)	31. März 2017	31. März 2016	<b>Passiva</b>				Verbindlichkeiten gegenüber Kreditinstituten	7.498	7.643	7.897	Verbindlichkeiten gegenüber Kunden	7.172	7.551	7.498
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	Handelsbestand	-	-	-
	Rechnungsabgrenzungsposten	131	127	147
	Rückstellungen	269	241	348
	Nachrangige Verbindlichkeiten	459	696	922
	Genussrechtskapital	-	-	32
	Fonds für allgemeine Bankrisiken	585	585	585
	Übrige Verbindlichkeiten	767	484	345
	Eigenkapital	1.064	1.039	1.011
	<b>Summe der Passiva</b>	<b>18.753</b>	<b>19.189</b>	<b>19.559</b>
	<b>Eventualverbindlichkeiten und Andere Verpflichtungen</b>	<b>4.284</b>	<b>2.789</b>	<b>2.568</b>
	Summendifferenzen sind Rundungsdifferenzen.			
	<b>Konzern-Gewinn- und Verlustrechnung</b>			
	in Mio. €	30. Sept. 2017 (ungeprüft)	31. März 2017	31. März 2016
	<b>Aufwendungen</b>			
	Leasingaufwendungen	-91	-192	-211
	Zinsaufwendungen	-215	-512	-647
	Provisionsaufwendungen	-9	-14	-14
	Nettoaufwand des Handelsbestands	-	-	-
	Allgemeine Verwaltungsaufwendungen	-127	-271	-288
	Abschreibungen und Wertberichtigungen auf immaterielle Anlagewerte und Sachanlagen	-147	-304	-322
	Sonstige betriebliche Aufwendungen	-233	-675	-985
	Aufwendungen aus der Zuführung zum Fonds für allgemeine Bankrisiken	-	-	-7
	Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft	-	-	-9
	Abschreibungen und Wertberichtigungen auf Beteiligungen, Anteile an verbundenen Unternehmen und wie Anlagevermögen behandelte Wertpapiere	-1	-8	-14
	Aufwendungen aus Verlustübernahme	-	-	0
	Außerordentliche Aufwendungen	-137	-42	-34
	Steuern vom Einkommen und vom Ertrag	-18	-18	1
	Sonstige Steuern, soweit nicht unter dem Posten "Sonstige betriebliche Aufwendungen" ausgewiesen	-1	-2	-2
	Jahresüberschuss	-24	-26	-10
	<b>Summe der Aufwendungen</b>	<b>-999</b>	<b>-2.064</b>	<b>-2.542</b>

Element	Abschnitt B – Die Emittentin			
	in Mio.€	30. Sept. 2017 (ungeprüft)	31. März 2017	31. März 2016
<b>Erträge</b>				
Leasingerträge		260	541	586
Zinserträge		337	741	862
Laufende Erträge		1	5	4
Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinnabführungsverträgen		-	-	-
Provisionserträge		29	53	43
Nettoertrag des Handelsbestands		-	-	6
Erträge aus Zuschreibungen zu Forderungen und bestimmten Wertpapieren sowie aus der Auflösung von Rückstellungen im Kreditgeschäft		10	17	-
Erträge aus Zuschreibungen zu Beteiligungen, Anteilen an verbundenen Unternehmen und wie Anlagevermögen behandelten Wertpapieren		90	267	281
Sonstige betriebliche Erträge		91	441	759
Erträge aus der Auflösung des Fonds für allgemeine Bankrisiken		-	-	-
Außerordentliche Erträge		182	-	1
Erträge aus Verlustübernahme		-	-	-
Jahresfehlbetrag		-	-	-
<b>Summe der Erträge</b>		<b>999</b>	<b>2.064</b>	<b>2.542</b>
Jahresüberschuss		24	26	10
Verlustvortrag aus dem Vorjahr		-2.336	-2.361	-2.372
Entnahmen aus der Kapitalrücklage		-	-	-
Entnahmen aus Gewinnrücklagen		-	-	-
Entnahmen aus Genussrechtskapital		-	-	-
Entnahmen Stille Einlage		-	-	-
Einstellungen in Gewinnrücklagen		-	-	-
Wiederauffüllung des Genussrechtskapitals		-	-	-
<b>Bilanzverlust</b>		<b>-2.312</b>	<b>-2.336</b>	<b>-2.361</b>
Summendifferenzen sind Rundungsdifferenzen.				
<b>Konzern-Kapitalflussrechnung</b>				
<b>in Mio. €</b>		<b>2016/17</b>	<b>2015/16</b>	
Cashflow aus laufender Geschäftstätigkeit		250,6	-739,5	
Cashflow aus Investitionstätigkeit		-32,8	788,6	
Cashflow aus der Finanzierungstätigkeit		-231,8	-50,0	
Finanzmittelfonds am Ende der Periode		19,7	33,7	
Summendifferenzen sind Rundungsdifferenzen.				
<b>Regulatorische Kapitalausstattung</b>				
Regulatorische Kapitalsituation der IKB-Gruppe unter CRR/CRD IV <sup>1)</sup> :				
<b>in Mio. €</b>	<b>30. Sept.</b>	<b>31. März</b>	<b>31. März</b>	
	<b>2017</b>	<b>2017<sup>2)</sup></b>	<b>2016<sup>2)3)</sup></b>	

Element	Abschnitt B – Die Emittentin		
		(ungeprüft)	
		Total Risk Weighted Assets (RWA)	13.377    12.934    12.763
		Own Funds	1.933    2.181    2.190
		CET 1 Ratio	11,3%    11,7%    11,6%
		T 1 Ratio	11,6%    13,5%    13,8%
		Own Funds Ratio	14,4%    16,9%    17,2%
		Summendifferenzen sind Rundungsdifferenzen.	
		1) Angaben unter Berücksichtigung der Ein- und Ausphasungsregelungen der CRR. Die CET 1-Quoten wurden nach aktuellem Rechtsstand der CRR zum 30. September 2017, 31. März 2017 bzw. 31. März 2016 inklusive Übergangsvorschriften sowie der bekannten Interpretationen der Aufsicht und deren Auslegung ermittelt. Es ist nicht auszuschließen, dass zukünftige EBA-/EZB-Standards/Interpretationen bzw. sonstige aufsichtliche Handlungen retrograd zu einer abweichenden CET 1-Quote führen können. 2) Angaben nach Bilanzfeststellung. 3) Unter stichtagsgleicher Zurechnung der Dotierung des Fonds für allgemeine Bankrisiken im CET 1.	
	<b>Wesentliche Verschlechterung der Aussichten der Emittentin</b>	Die IKB AG prüft die Durchführung weiterer Schritte zur Vereinfachung der Kapitalstruktur im zweiten Halbjahr des Geschäftsjahres 2017/18. Die Umsetzung dieser Maßnahmen würde zu hohen außerordentlichen Aufwendungen im Geschäftsjahr 2017/18 führen. Es besteht eine hohe Unsicherheit, ob die IKB AG die mit den Maßnahmen verbundenen Aufwendungen durch Erträge in der zweiten Hälfte des Geschäftsjahres 2017/18 ausgleichen kann. Sollte die erwartete Erfassung von Erträgen in erforderlicher Höhe nicht möglich sein, ist mit einem deutlich negativen Konzernergebnis zu rechnen. Die IKB AG erwartet, dass die CET 1-Quote der IKB-Gruppe im Vergleich zum vorangegangenen Geschäftsjahr im Wesentlichen unverändert bleibt.  Darüber hinaus sind seit dem Datum des letzten geprüften Konzernabschlusses zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr keine wesentlichen Veränderungen in den Aussichten der IKB AG eingetreten.	
	<b>Wesentliche Veränderung in der Finanzlage</b>	Entfällt. Seit dem Datum des letzten ungeprüften Konzernabschlusses zum und für den am 30. September 2017 abgeschlossenen 6-Monats-Zeitraum sind keine wesentlichen Veränderungen in der Finanzlage der IKB AG eingetreten.	

- b. In the subsection commencing on page 46 of the Base Prospectus which is entitled "Abschnitt D – Risiken – D.2 – Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind" the subsection entitled "Risikofaktoren bezüglich der IKB und ihrer Geschäftstätigkeit" shall be replaced in its entirety as follows:

Element	Abschnitt D – Risiken	
D.2	<b>Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind</b>	<b>Risikofaktoren bezüglich der IKB und ihrer Geschäftstätigkeit:</b> <ul style="list-style-type: none"> <li>▪ Die IKB AG ist Liquidität- und Refinanzierungsrisiken ausgesetzt.</li> <li>▪ Die Maßnahmen der IKB zum Risikomanagement sind möglicherweise nicht erfolgreich.</li> <li>▪ Die IKB AG ist erheblichen Kredit- und Kontrahentenrisiken</li> </ul>

Element	Abschnitt D – Risiken
	<p>ausgesetzt.</p> <ul style="list-style-type: none"> <li>▪ Eine Verringerung des Wertes oder Schwierigkeiten bei der Verwertung der den Krediten der IKB zugrunde liegenden Sicherheiten können sich nachteilig auf das Kreditportfolio der IKB auswirken.</li> <li>▪ Die Geschäftstätigkeit der IKB ist auf kleine und mittelständische Unternehmen in Westeuropa (insbesondere in Deutschland) fokussiert, weshalb schwierige wirtschaftliche Rahmenbedingungen in diesen Märkten erhebliche Auswirkungen auf die Geschäftstätigkeit und das Betriebsergebnis der IKB haben können.</li> <li>▪ Die IKB ist Länderrisiken ausgesetzt.</li> <li>▪ Die Geschäftsentwicklung der IKB AG könnte dadurch beeinträchtigt werden, dass das Eigenkapital der IKB nicht effektiv eingesetzt wird.</li> <li>▪ Marktrisiken in Verbindung mit Schwankungen bei Zinssätzen und Anleihe- und Aktienkursen sowie in Verbindung mit sonstigen Marktfaktoren sind Bestandteil des IKB-Geschäfts.</li> <li>▪ Die Geschäftstätigkeit der IKB ist mit operativen Risiken verbunden.</li> <li>▪ Die IKB ist dem Risiko ausgesetzt, dass Maßnahmen zur Kosteneinsparung und Rationalisierung unter Umständen nicht die erwartete Wirkung erzielen.</li> <li>▪ Die Geschäftstätigkeit der IKB ist mit Compliance-Risiken verbunden.</li> <li>▪ Die IKB ist dem Risiko von Ausfällen anderer Finanzinstitute oder staatlicher Schuldner ausgesetzt.</li> <li>▪ Obwohl die KfW sich verpflichtet hat, die IKB in bestimmtem Umfang von Ansprüchen in Bezug auf Rhineland Funding, Rhinebridge bzw. die Havenrock-Gesellschaften (jeweils ehemalige außerbilanzielle Finanzierungsvehikel) freizustellen, können die Ansprüche der IKB auf entsprechende Freistellung unter bestimmten Umständen erlöschen.</li> <li>▪ Die IKB ist erheblichen Verlustrisiken im Hinblick auf rechtliche und aufsichtsrechtliche Verfahren ausgesetzt.</li> <li>▪ Eine strengere Regulierung der Banken- und Finanzdienstleistungsbranche könnte sich nachteilig auf die Geschäftstätigkeit der IKB AG auswirken.</li> <li>▪ IKB AG ist Risiken im Zusammenhang mit Bankenstresstests ausgesetzt.</li> <li>▪ IKB ist Risiken im Zusammenhang mit Beiträgen zum einheitlichen Abwicklungsfonds sowie Einlagensicherungssystemen ausgesetzt.</li> <li>▪ Rechte von Gläubigern der IKB AG könnten durch Maßnahmen nach dem Gesetz über das Kreditwesen (<i>Kreditwesengesetz</i>), dem Gesetz zur Reorganisation von Kreditinstituten (<i>Kreditinstitute-Reorganisationsgesetz</i>) und dem Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen (<i>Sanierungs- und Abwicklungsgesetz</i>) nachteilig betroffen sein.</li> <li>▪ Es besteht ein Risiko zusätzlicher Steuern aufgrund einer abweichenden Auffassung der Finanzverwaltung zur</li> </ul>

Element	Abschnitt D – Risiken	
		<p>Anwendung des Körperschaftsteuergesetzes und des Gewerbesteuergesetzes.</p> <ul style="list-style-type: none"> <li>▪ Reputationsrisiken könnten die IKB und ihre Geschäftsaussichten beeinträchtigen.</li> <li>▪ Die IKB AG könnte nicht in der Lage sein, Führungspersonal oder Arbeitnehmer in anderen Schlüsselpositionen zu halten oder zu gewinnen.</li> <li>▪ Die IKB AG ist dem Risiko schwindenden Kundenvertrauens ausgesetzt.</li> <li>▪ Die IKB AG ist Risiken im Zusammenhang mit Übernahmen ausgesetzt.</li> <li>▪ Die IKB AG ist Risiken ausgesetzt, die mit einem starken Wettbewerb einhergehen.</li> <li>▪ Die Interessen der LSF6 als alleiniger Aktionärin können mit den Interessen der Gläubiger der Schuldverschreibungen in Konflikt stehen.</li> </ul>

**C. Amendments to the section commencing on page 55 of the Base Prospectus which is entitled "B. RISK FACTORS"**

**Amendments to the subsection commencing on page 55 of the Base Prospectus which is entitled "1. RISK FACTORS RELATING TO THE ISSUER"**

1. The subsection commencing on page 57 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB faces liquidity risks, which it may fail to mitigate if it is unable to raise sufficient funding.*" shall be replaced in its entirety as follows:

*IKB AG faces liquidity risks and refinancing risks.*

Liquidity and refinancing risk is the risk of IKB AG no longer being in the position to meet its payment obligations on schedule (liquidity risk) or to raise refinancing funds on the market at appropriate conditions (refinancing risk).

In addition to secured financing on the interbank market, business involving retail customers, deposits and promissory note loans with corporate clients and institutional investors IKB AG also actively utilises programme loans and global loans from government development banks for its customers. In addition, IKB AG issues bearer bonds.

Depending on the development of its new business, IKB AG expects its liquidity requirements to amount to approximately € 3.8 billion during the course of the next twelve months. As previously, the main options currently available for refinancing these requirements are accepting customer deposits and promissory note loans, secured borrowing on the interbank market (repo transactions), participating in ECB tenders and issuing bearer bonds.

Liquidity planning is based on a range of assumptions such as the above and other factors that can determine liquidity, both on the assets side and the liabilities side. The occurrence or non-occurrence of such assumptions or factors may result in liquidity bottlenecks. For example, this may include market developments that prevent IKB AG from extending liabilities covered by the deposit protection fund (*Einlagensicherungsfonds*) or participating in ECB tenders to a sufficient extent or at all. Further, IKB AG could experience difficulties in extending liabilities covered by the deposit protection fund due to recent changes in the

range of liabilities covered by the deposit protection fund, excluding promissory note loans (*Schuldscheindarlehen*) and registered bonds held by non-retail clients from the coverage.

The occurrence of any of the risks set out above could have material adverse effects on IKB AG's business operations and financial condition.

- 2. The title and the first paragraph of the subsection on page 58 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB is exposed to substantial credit and counterparty risk.*" shall be replaced in their entirety as follows:**

*IKB AG is exposed to substantial credit and counterparty risk.*

IKB AG is exposed to the risk that loan or bond payments owed by customers or counterparties may not be met when due or that pledged collateral may not cover the amount of the loans or bonds respectively. If IKB AG's counterparties are unable to meet payment obligations due to declines in their financial condition or credit quality (counterparty risk), such payments may need to be written off in part or in full, particularly if the collateral IKB AG holds cannot be realized or liquidated at prices sufficient to recover the amounts owed to IKB AG. Furthermore, IKB AG is exposed to underlying default risks resulting from participating in credit default swap ("**CDS**") transactions in which IKB AG acts as so-called protection seller and where underlyings are sovereigns or banks.

- 3. The title and the first two paragraphs of the subsection commencing on page 59 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB's business performance could be adversely affected if its capital is not managed effectively.*" shall be replaced in its entirety as follows:**

*IKB AG's business performance could be adversely affected if its capital is not managed effectively.*

Effective management of IKB AG's capital is critical to its ability to operate its business and to pursue its strategy. IKB AG is required by regulators in Germany to maintain adequate capital. The maintenance of adequate capital is also necessary to enhance IKB AG's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

IKB AG is examining the implementation of additional measures to simplify its capital structure in the second half of the financial year 2017/18. The implementation of these measures would result in substantial extraordinary expenses in the financial year 2017/18. There is considerable uncertainty as to whether the income generated in the second half of the financial year 2017/18 will be sufficient to offset the expenses incurred in connection with the measures. If income is not generated in the required amount, a substantial consolidated net loss is to be anticipated.

- 4. A new subsection entitled "1.2 Risks Relating to IKB and its Business – *Cost-cutting and optimisation measures may not have the expected effect.*" shall be added after the subsection on page 61 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB's business entails operational risks.*" as follows:**

*Cost-cutting and optimisation measures may not have the expected effect.*

IKB AG is exposed to the risk that cost-cutting and optimisation measures may not be implemented properly or may not have the expected effect on the financial situation of IKB

AG. This could have an adverse effect on the Issuer's financial strength and its possibility to make payments under the Notes.

- 5. A new subsection entitled "1.2 Risks Relating to IKB and its Business – Risk of defaults of other financial institutions or sovereign debtors." shall be added after the subsection commencing on page 61 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – IKB's business entails compliance risks." as follows:**

*Risk of defaults of other financial institutions or sovereign debtors.*

The Issuer is exposed to the risk of defaults of other financial institutions or sovereign debtors. Insolvencies in the financial sector or the default of sovereign debtors could, due to the worldwide interdependency of the financial market, have an adverse effect on the entire financial sector, including the Issuer and its ability to make payments under the Notes.

- 6. In the subsection commencing on page 62 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – IKB is exposed to substantial risk of loss from legal and regulatory proceedings." (as amended by Supplement No. 1 and Supplement No. 2) the third paragraph shall be replaced by the following two paragraphs:**

Various investors have threatened or taken legal action in connection with subordinated debt instruments issued by IKB AG. Investors claim interest payments and allege, by way of example, a wrongful write-down of the principal amount of subordinated debt instruments issued by IKB AG over time. To the extent specified, claims amount to a preliminary aggregate amount at risk of approximately € 150 million. As at 6 December 2017, three actions are pending at the Regional Court (*Landgericht*) of Düsseldorf with a preliminary claim amount of € 117 million. Additional investors have requested IKB AG to enter into tolling agreements; some claims remain unquantified (such as investors in ProPart relating to an initial subscription amount of approximately € 78 million).

Several customers criticised the consulting services provided by IKB AG in connection with certain swap products. Corresponding law suits are pending in two cases with a preliminary claim amount of approximately € 4.1 million. Two additional cases are pending out of court with a preliminary amount of approximately € 5.6 million. IKB AG will continue to defend itself against the accusations.

- 7. The subsection on page 63 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – Risks related to structured credit products." shall be deleted in its entirety.**
- 8. The subsection commencing on page 63 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – Increased regulation of the banking and financial services industry could have an adverse effect on IKB's operations." shall be replaced in its entirety as follows:**

*Increased regulation of the banking and financial services industry could have an adverse effect on IKB AG's operations.*

Regulatory reforms which have been implemented or planned and which tighten the own funds and liquidity standards, as well as the general increased regulatory monitoring demand increased capital requirements from IKB AG and could significantly affect IKB AG's business model and the competitive environment in which IKB AG interacts. In particular, the so-called CRD IV/CRR Package, meant to implement Basel III recommendations of the Basel

Committee on Banking Supervision in the aftermath of the financial crisis, has, in particular, strengthened own funds requirements. Among others, the minimum requirements of own funds were increased. In addition, various capital buffers apply or may be established by the regulatory authorities. Furthermore, regulatory authorities may, as a result of stress tests performed by them establish additional own funds requirements as a result of the so-called Supervisory Review and Evaluation Process (SREP), also referred to as Pillar 2 requirements. Such Pillar 2 requirements may be split into a hard Pillar 2 requirement and a soft Pillar 2 guidance. A breach of the Pillar 2 guidance may result in non-public supervisory action to improve capitalization of the relevant credit institution. An ongoing non-compliance with Pillar 2 guidance may result in shifting requirement arising from the Pillar 2 guidance into the Pillar 2 requirement. Further strengthening of regulatory requirements may result from a finalisation and further calibration of the existing Basel III package, often referred to as Basel IV. Additional requirements may result from the implementation of the leverage ratio that is expected to become a binding requirement and which, in contrast to existing risk-sensitive own funds requirements, would establish a non-risk based ratio.

In addition to strengthened capital requirements, regulatory reforms have already led to tightened liquidity requirements which will be further increased. This includes the Liquidity Coverage Ratio, which is already binding pursuant to the CRR, and the Net Stable Funding Ratio.

Also, the German Act on the Recovery and Resolution of Credit Institutions (*Gesetz zur Sanierung und Abwicklung von Instituten und Finanzgruppen*; "**SAG**") prescribes that banks (including IKB AG) shall, upon request by the competent resolution authority, hold a minimum level of own funds and eligible liabilities which, in the event of resolution, can compulsorily be written down or converted into equity (the so-called Minimum Requirement for Own Funds and Eligible Liabilities or "**MREL**"). The level of own funds and eligible liabilities required under MREL will be set by the resolution authority for each bank individually. So far, no MREL requirements have been established for IKB AG.

It is generally not or only partly possible to predict future market turmoil, regulatory measures and further legislative projects.

Increasing regulation could have materially adverse effects on IKB AG's business operations and financial condition.

**9. The subsection on page 64 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – Risk Arising from Stress Tests." shall be replaced in its entirety as follows:**

*Risks Arising from Stress Tests.*

IKB AG has been in the past and may be in the future subject to stress testing exercises by BaFin and/or any other competent authority. If IKB AG receives negative results on such stress tests, remedial action may be required to be taken by IKB AG, including potentially a requirement to strengthen the own funds basis of IKB AG, raising own funds and/or other supervisory interventions. In particular, negative results of a stress test may result in regulators adding or increasing the Pillar 2 guidance a breach of which may result in non-public supervisory action to improve capitalization of the relevant credit institution and, in case of an ongoing non-compliance with Pillar 2 guidance, into shifting requirement arising from the Pillar 2 guidance into the Pillar 2 requirement. Further, stress test results of IKB AG or other institutions or their findings as perceived by market participants could have a negative impact on IKB AG's reputation or its ability to refinance itself as well as increase its costs of funding or require other remedial actions.



10. The subsection commencing on page 65 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *Rights of creditors of IKB may be adversely affected by measures pursuant to the German Banking Act (Kreditwesengesetz; "KWG"), the German Act on the Reorganisation of Credit Institutions (Kreditinstitute-Reorganisationsgesetz; "KredReorgG") and the SAG.*" shall be replaced in its entirety as follows:

*Rights of creditors of IKB AG may be adversely affected by measures pursuant to the KWG, the German Act on the Reorganisation of Credit Institutions (Kreditinstitute-Reorganisationsgesetz; "KredReorgG") and the SAG.*

The Issuer may be subject to a restructuring or reorganisation procedure pursuant to the KredReorgG. While a restructuring procedure generally may not interfere with rights of creditors, the reorganisation plan established under a reorganisation procedure may provide measures that affect the rights of any holder of Notes (the "**Holders**" and each a "**Holder**") as the credit institution's creditor against its will, including a reduction of existing claims or a suspension of payments. The rights of Holders may be adversely affected by the reorganisation plan which might be adopted irrespective of their particular voting behaviour by a majority vote.

In addition, the SAG which implements the Bank Recovery and Resolution Directive ("**BRRD**") in Germany provides tools which enable the competent supervisory or resolution authorities to restructure or dissolve credit institutions and investment firms if there is a potential default risk regarding the respective credit institution or investment firm and provided that the default risk may not be prevented by other effective means and the application of the tool serves the public interest. These resolution tools, in accordance with the BRRD, include among others a write down or conversion of capital instruments and a "bail-in" tool enabling the competent resolution authority to convert relevant capital instruments (including Tier 2 instruments within the meaning of Art. 63 CRR) or certain eligible liabilities into shares or common equity tier 1 capital instruments or to write them down in whole or in part. The resolution authority will have to exercise its power in a way that results in (i) Common Equity Tier 1 instruments (such as ordinary shares of the Issuer) being written down first, (ii) thereafter, the principal amount of other capital instruments (Additional Tier 1 instruments and subsequently Tier 2 instruments – such as any Subordinated Notes to be issued under this Base Prospectus) being written down on a permanent basis or converted into Common Equity Tier 1 instruments in accordance with their order of priority and (iii) thereafter, eligible liabilities ("bail-in") being converted into Common Equity Tier 1 instruments or written down on a permanent basis in accordance with a set order of priority. In this context, the KWG (as amended by the Resolution Mechanism Act (*Abwicklungsmechanismusgesetz; "AbwMechG"*)) provides, *inter alia*, that, in the event of an insolvency proceeding, certain senior unsecured debt instruments shall by operation of law only be satisfied after any and all other non-subordinated obligations of the Issuer have been fully satisfied. As a consequence, a larger loss share will be allocated to these instruments in an insolvency or resolution scenario.

The extent to which the claims resulting from the Notes forfeit due to the write down or conversion of capital instruments or the bail-in tool depends on a number of factors, on which the Issuer potentially has no influence. The Holder would have no claim against the Issuer in such a case and there would be no obligation of the Issuer to make payments under the Notes. This would occur if the Issuer becomes, or is deemed by the competent supervisory authority to have become, "non-viable" (as defined under the then applicable law) and unable to continue its regulated activities without such conversion or write-down or without a public sector injection of capital. The Holders may suffer substantial losses or even a total loss in case of the application of the write down or conversion of capital instruments or the bail-in tool.

If the resolution conditions are met, the competent resolution authority may as an alternative to a bail-in or additionally issue a transfer order pursuant to which the Issuer would be forced to transfer its shares or assets and liabilities in whole or in part to a so-called bridge bank or an asset management company. In the context of a transfer order, the Issuer as initial debtor of the Notes may be replaced by another debtor (which may have a fundamentally different risk tolerance or creditworthiness than the Issuer). Alternatively, the claims may remain towards the initial debtor (i.e. the Issuer), but the situation regarding the debtor's assets, business activity and/or creditworthiness may not be identical to the situation prior to the transfer order; in such a scenario the initial debtor (i.e. the Issuer) will be liquidated. In both scenarios, the Holders may suffer substantial losses or even a total loss.

Also, in case of a resolution scenario, resolution authorities may materially affect the rights under the Notes by suspension, modification and termination (in whole or in part) of the rights under the Notes.

Further, the market value of the Notes may be affected by a perceived increase in expectation of application of the resolution tools by the competent resolution authority.

**11. The subsection commencing on page 66 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – There is a risk of additional taxes due to a dissenting view of the tax authorities on the application of the German Corporate Income Tax Act (Körperschaftsteuergesetz; "KStG") and the German Trade Tax Act (Gewerbsteuergesetz; "GewStG")." shall be replaced in its entirety as follows:**

*There is a risk of additional taxes due to a dissenting view of the tax authorities on the application of the German Corporate Income Tax Act (Körperschaftsteuergesetz; "KStG") and the German Trade Tax Act (Gewerbsteuergesetz; "GewStG").*

In August 2015, IKB AG had received tax assessment notices in which the tax authorities expressed a different view with respect to the application of Section 8c KStG/Section 10a GewStG in connection with the capital increase implemented by IKB AG during the course of the financial year 2008/2009 and the subsequent sale of KfW's shares in IKB AG to LSF6 Europe Financial Holdings, L.P ("LSF6") in the financial year 2008/2009. IKB AG lodged an appeal against the tax assessments. Nevertheless, IKB AG paid the corporation tax (*Körperschaftsteuer*) and the solidarity surcharge (*Solidaritätszuschlag*) thereon for 2009 in the amount of € 141 million (including interest) in total to mitigate late interest payments. A total of € 8 million (including interest) was reimbursed by the tax authorities as a result of the assessment of corrected tax returns for 2009 in the financial year 2016/2017. With respect to the trade tax base assessment (*Gewerbsteuermessbescheid*) IKB AG was granted a suspension of enforcement (*Aussetzung der Vollziehung*) by the tax authorities upon its application. The trade tax and the associated interest are therefore not yet payable.

The tax authorities have withdrawn the appeals. Accordingly, IKB AG has filed two law suits (one for corporate and one for trade tax purposes) with the Düsseldorf Fiscal Court (*Finanzgericht*).

The dissenting view of the tax authorities relates to the methodology applied in offsetting the proportionate taxable losses of IKB AG against the taxable income of IKB Beteiligungen GmbH, an entity within the German tax group of IKB AG. The relevant profits for the offsetting of taxable losses relate – *inter alia* – in particular to IVG Kavernen GmbH, which was acquired in the financial year 2008/2009 and merged into IKB Beteiligungen GmbH in the same financial year. In addition to this acquisition, there were other transactions in the financial years 2007/2008 and 2010/2011 in respect of which IKB AG is of the opinion that there was no so-called detrimental acquisition and sections 8c KStG/10a GewStG therefore

did not apply. The main intention of the above-mentioned transactions was to increase regulatory equity of IKB Group. Nonetheless, IKB AG assumes that these transactions will still be subject to discussions with the tax authorities in the course of on-going tax audits (*Betriebsprüfungen*).

On 29 March 2017, the German Federal Constitutional Court (*Bundesverfassungsgericht*) ruled regarding Section 8c KStG for detrimental acquisitions (acquisitions with a change in ownership between 25% and 50%) that this section is incompatible with the German Constitution (*Grundgesetz*). In the opinion of IKB AG, the principles of this court decision should also be applicable to the above case, although this was an acquisition of more than 50% in the case of IKB AG, and the decision can therefore not be applied directly. Legislators also have the option of implementing a new tax regulation in line with the German Constitution retroactively by the end of 2018. In the meantime the Federal Constitutional Court was also asked regarding the constitutionality of the regulations for changes in ownerships of more than 50%. Therefore the law suites of IKB AG were suspended, hence the matter is still unresolved.

For trade tax or the corresponding interest provisions have not yet been formed because IKB AG assumes prevailing in the trade tax law suits. However, there is a possibility that this will need to be reassessed as proceedings continue. As per 30 September 2017, the risk relating to trade tax amounts to approximately € 109.6 million plus interest of 0.5% for each additional month and cost allocations for Chamber of Commerce and Industry membership fees in the amount of € 1.2 million. The potential late interest risk amounts to € 41.8 million as at 30 September 2017 and approximately € 0.5 million for each additional month. If this risk occurs, this would have the following impact on the key financial performance indicators calculated as at 30 September 2017: (i) the regulatory tier 1 ratio or common equity tier 1 ratio would deteriorate by 1.0 percentage points at the level of the IKB Group and by 1.3 percentage points at the level of IKB AG, the leverage ratio would decline by 0.6 percentage points for the regulatory IKB Group and by 0.8 percentage points for IKB AG, the net income after taxes and before additions to / reversals of the fund for general banking risks (Section 340g German Commercial Code (*Handelsgesetzbuch*)) would decrease by € 152.6 million. There would be no impact on the liquidity coverage ratio or the liquidity ratio in accordance with Section 2 (1) of the German Liquidity Regulation (*Liquiditätsverordnung*).

In late April 2016, Aleanta GmbH (which is a wholly owned subsidiary of IKB AG without a profit transfer agreement and which is therefore not included in the income tax group) had received initial written notification that, as part of the tax audit of a company of which it is the universal successor (Olessa GmbH), the tax authorities are intending to treat the retrospective merger of Olessa GmbH into Aleanta GmbH in the financial year 2010/11 as a case covered by Section 42 of the German Tax Code (*Abgabenordnung*). The tax audit is still in progress. Aleanta GmbH has commented on the matter and the current assessment of the tax audit. The maximum risk in connection with the aforementioned tax assessment amounts to around € 27 million in taxes plus interest amounting to approximately € 8.6 million as of 30 September 2017 and the reallocation of Chamber of Commerce and Industry membership fees of € 0.2 million. An appeal will be filed if necessary.

In case any of the risks described above should occur, this could have material adverse effects on IKB AG's financial condition.

12. **Four new subsections entitled "1.2 Risks Relating to IKB and its Business – Loss of customers' confidence", "1.2 Risks Relating to IKB and its Business – Acquisition risks", "1.2 Risks Relating to IKB and its Business – Risks stemming from intense competition" and "1.2 Risks Relating to IKB and its Business – The interests of LSF6 as sole shareholder may conflict with the interests of the Holders of the Notes" shall be added after the subsection entitled "1.2 Risks Relating to IKB and its Business – IKB could fail to retain or attract senior management or other key employees" on page 68 of the Base Prospectus.**

*Loss of customers' confidence.*

IKB AG is dependent on the confidence of its customers in the banking system and the business of IKB AG. A loss of confidence may cause increased deposit withdrawals which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

*Acquisition risks.*

IKB AG may have difficulty in identifying and executing acquisitions, and both making acquisitions and avoiding them could materially harm the Issuer's results of operations. In case of the sale of business from IKB AG this could result in the loss of business opportunities and reduced access to management personnel. This could have an adverse effect on the Issuer's financial strength and its possibility to make payments under the Notes. This may also be the case if IKB AG becomes the target of an acquisition.

*Risks stemming from intense competition.*

Intense competition, in IKB AG's home as well as international markets, and the risk that the strategy IKB AG uses to address competitive pressure may not be successful, could materially adversely impact IKB AG's revenues and profitability and could therefore negatively affect the possibility to make payments under the Notes.

*The interests of LSF6 as sole shareholder may conflict with the interests of the Holders of the Notes.*

LSF6 is the sole shareholder of IKB AG. As a result, LSF6 has and will continue to have, directly or indirectly, the power, among other things, to affect the legal and capital structure of IKB AG. This may also have an impact on the possibility to raise new equity. The interests of LSF6 may conflict with the interests of the Holders and may therefore negatively affect the possibility to make payments under the Notes.

**D. Amendments to the section commencing on page 92 of the Base Prospectus which is entitled "D. DESCRIPTION OF THE ISSUER"**

**1. Amendments to the subsection commencing on page 92 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT"**

- a. The subsection commencing on page 93 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.2 Business Overview – 2.2.2 Principal Activities" shall be replaced in its entirety as follows:**

**2.2.2 Principal Activities**

*Business Segments*

IKB AG has organised its business operations within the following segments: Corporate Banking and Sales, Sector Coverage and Advisory, Credit Structuring Products, Treasury and Investments, Asset Management Activities and Head Office/Consolidation.

#### *Corporate Banking and Sales*

The Corporate Banking and Sales organisation is based on local corporate banking branches in six major cities across Germany, which are responsible for client relationship banking and origination of new credit, capital markets, risk management and advisory business in their respective coverage regions. These local corporate banking hubs are closely coordinated with both the central industry sector advisory teams as well as product specialist teams.

#### *Sector Coverage and Advisory*

The Sector Coverage teams support the Corporate Banking colleagues via in-depth sector specific know-how and carry out strategic discussions with IKB AG's clients about industry trends. These coverage teams are organised across several sector verticals including Industrials & Automotive, Consumer & Retail, Utilities/ Infrastructure/ Real Estate/ Healthcare as well as Financial Sponsor Coverage. Furthermore, IKB AG's Corporate Finance Advisory team provides mergers & acquisitions advisory services.

#### *Credit Structuring Products*

The Credit Structuring Products segment comprises the activities from IKB AG's lending as well as credit structuring and leasing business. Specifically, this includes regular loans, real estate loans, acquisition finance loans and public programme loans as well as structured credit products. Apart from that and on a selective basis, IKB AG provides commodity-based financing and asset based lending solutions.

#### *Treasury and Investments*

The Treasury and Investments segment comprises the earning components resulting from investment decisions by Treasury in the context of asset/liability management and holdings of liquid securities or securities which are eligible marketable assets accepted as collateral by the European Central Bank ("**ECB**"). Credit exposures that are no longer included in the strategic portfolio and IKB AG's assets not directly relating to customers and managed as investments are also assigned to the Treasury and Investments segment. These portfolios are intended to be reduced while protecting equity by way of active portfolio management.

#### *Head Office/Consolidation*

In addition to the administrative expenses of head office units that cannot be allocated to other segments on a causal basis, the Head Office/Consolidation segment reports extraordinary factors not caused by the operating units and intragroup consolidation items as earnings components and asset positions.

#### *Asset Management Activities*

Since 2011, IKB AG has been involved in asset management activities focusing on loan funds. Those activities are carried out via the "Valin platform" currently consisting of two investment fund vehicles structured as Luxembourg SICAVs disposing of various sub-funds.

- b. The subsection commencing on page 95 of the Base Prospectus is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.2. Business Overview – 2.2.3 Principal Markets / Competitive Position" shall be replaced in its entirety as follows:

### 2.2.3 Principal Markets / Competitive Position

#### *Geographical Markets*

The primary market for IKB AG's business is Germany.

#### *Competitors*

IKB AG's strongest competitors are major universal banks and selected larger institutions belonging to the public and cooperative banking sector.

- c. The subsection commencing on page 96 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.2. Business Overview – 2.2.4 Summary of Regulatory Indicators" shall be replaced in its entirety as follows:

### 2.2.4 Summary of Regulatory Indicators

#### *Regulatory Indicators*

IKB AG calculates its regulatory capital resources in accordance with the provisions of the Capital Requirements Regulation ("**CRR**"). It applies the standardised approach for credit risk and for counterparty default risk, the standard method for the calculation of the credit valuation adjustment charge, the basic indicator approach for operational risk and the prescribed standard regulatory method for market price risk. IKB AG continues to use the regulatory netting approach to determine the net basis of measurement for derivatives, taking existing netting agreements into account. The following table provides an overview of the regulatory risk items, equity base and ratios as applicable on approval of the accounts.

*Table: Regulatory capital situation at the IKB Group in accordance with CRR / CRD IV<sup>1)</sup>*

<b>Figures in € million</b>	<b>30 Sep. 2017</b>	<b>31 Mar. 2017<sup>2)</sup></b>	<b>31 Mar. 2016<sup>2)3)</sup></b>
Counterparty default risk <sup>4)</sup>	12,299	11,888	11,970
Market risk equivalent	376	323	182
Operational risk	703	722	611
<b>Total risk-weighted assets (RWA)</b>	<b>13,377</b>	<b>12,934</b>	<b>12,763</b>
Common Equity Tier 1 (CET 1)	1,511	1,510	1,479
Additional Tier 1 (AT 1)	36	236	282
<b>Total Tier 1 (T 1)</b>	<b>1,547</b>	<b>1,746</b>	<b>1,761</b>
Tier 2 (T 2)	386	435	429

<b>Own funds</b>	<b>1,933</b>	<b>2,181</b>	<b>2,190</b>
<b>CET 1 ratio</b>	<b>11.3%</b>	<b>11.7%</b>	<b>11.6%</b>
T 1 ratio	11.6%	13.5%	13.8%
Own funds ratio	14.4%	16.9%	17.2%

Some totals may be subject to discrepancies due to rounding differences.

- 1) Figures taking into consideration the phase-in and phase-out provisions of the CRR. The CET 1 ratios were calculated in accordance with the current legal status of the CRR as at 30 September 2017, 31 March 2017 and 31 March 2016, respectively, including transitional provisions and the interpretations published by the supervisory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.
- 2) Figures after approval of the accounts.
- 3) Taking into consideration the addition to the fund for general banking risk in CET 1 at the reporting date.
- 4) Including Credit Valuation Adjustment charge (€ 108 million for half year ended 30 September 2017, € 164 million for the financial year ended 31 March 2017 and € 153 million for the financial year ended 31 March 2016).

At 11.3% at IKB Group level and 14.6% at individual IKB AG level as at 30 September 2017, IKB's Common Equity Tier 1 ("**CET 1**") ratios are significantly above the minimum legal requirements, including the capital conservation buffer and countercyclical capital buffer, and the SREP capital requirements set by BaFin in the banking supervisory review and evaluation process ("**SREP**"). The additional SREP Capital Requirement amounts to 2.5% in total capital.

IKB AG's Board of Managing Directors anticipates that it is possible to meet the statutory minimum requirements in the future.

Although the CRR has been binding since 1 January 2014, there remains uncertainty with regard to the interpretation of the new regulation. This is also reflected in the large number of interpretation issues raised with the European Banking Authority ("**EBA**"), which are extremely important when it comes to interpreting the regulation. Furthermore, many technical regulatory standards to be announced by the EBA are not yet available in their final version or their publication has been delayed compared with the EBA's original timetable. Further uncertainty is due to the fact that the results of the international banking regulation process and the European project for uniform bank supervision are not always foreseeable. This relates in particular to the implementation of the regulations arising from the Banking Recovery and Resolution Directive ("**BRRD**") with national implementation in the form of the German Recovery and Resolution Act ("**SAG**"). The European Commission published the consultation documents on the revision of the CRD IV/CRR on 23 November 2016, which have yet to be approved by the European Parliament and the Council and adopted as a regulation and directive. This process, and the compromise process it usually entails, will take several years.

In addition, the Basel Committee on Banking Supervision (BCBS) has issued for consultation or already adopted a number of working papers that have been consolidated under the working title Basel IV. In particular, these include the papers on revisions to the standardised approach for credit risk (BCBS 347), the standardised approach for measuring counterparty default risk (BCBS 279), revisions to the securitisation framework (BCBS 303), the trading book framework (BCBS 305), the standardised approaches for operational risk (BCBS 355), interest rate risk in the banking book (BCBS 368), capital floors for the advanced measurement approach (BCBS 306) and identification and management of step-in risk (BCBS 398). The exact effect of these papers on future capital requirements cannot be conclusively quantified at the date of this Base Prospectus. The binding date on which harmonised EU-wide banking supervisory legislation will come into force has also still yet to be defined.

### *Regulatory Status*

IKB AG as so-called "less-significant-institution" (LSI) is being supervised by the National Competent Authorities (NCA) BaFin and Deutsche Bundesbank. In April 2016, BaFin informed IKB AG of its current qualification as not potentially systemically important (*nicht potenziell systemgefährdend*), i.e. IKB AG does not pose any systemic risk to financial stability. The qualification will be updated regularly and, thus, is subject to change. According to the SAG, all German banks are in principle required to submit regularly a recovery plan to BaFin to demonstrate their ability to overcome potential financial distress. IKB AG has been compiling and regularly updating such recovery plan since 2014.

- d. The subsection commencing on page 98 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.3 Organisational Structure / Description of the Group" (as amended by Supplement No. 2) shall be replaced in its entirety as follows:**

### **2.3 Organisational Structure / Description of the IKB Group**

IKB AG is the parent company of a group of companies consisting, *inter alia*, of strategic companies, property finance companies, private equity companies and companies that provide leasing financing. Furthermore, IKB AG holds shares in funding companies and special purpose entities.

#### *Branches and Subsidiaries*

The IKB AG business is conducted primarily in Germany but also includes activities abroad performed out of the head office. Apart from its operations in Düsseldorf, in Germany IKB AG maintains branches in Frankfurt/Main, Hamburg, Berlin, Munich and Stuttgart.

#### *Consolidated Entities*

As at 30 September 2017, the consolidated entities were as follows:

##### **A. Consolidated Subsidiaries**

<b>1. German subsidiaries</b>	<b>Share of capital in %</b>
Aleanta GmbH, Düsseldorf	100.0
IKB Beteiligungen GmbH, Düsseldorf	100.0
IKB Beteiligungsgesellschaft 1 mbH, Düsseldorf	100.0



IKB Beteiligungsgesellschaft 2 mbH, Düsseldorf		100.0
IKB Beteiligungsgesellschaft 3 mbH, Düsseldorf		100.0
IKB Beteiligungsgesellschaft 5 mbH, Düsseldorf		100.0
IKB Equity Capital Fund GmbH, Düsseldorf	1)	100.0
IKB Grundbesitzgesellschaft Düsseldorf GmbH & Co. KG, Düsseldorf		94.9
IKB Grundbesitzgesellschaft Frankfurt GmbH & Co. KG, Düsseldorf	1)	94.9
IKB Grundstücks GmbH & Co. Objekt Holzhausen KG, Düsseldorf		100.0
IKB Grundstücks GmbH, Düsseldorf		100.0
IKB Grundstücksgesellschaft Düsseldorf GmbH, Düsseldorf		100.0
IKB Invest GmbH, Düsseldorf	1)	100.0
IKB Leasing Beteiligungsgesellschaft mbH, Hamburg	1)	100.0
IKB Leasing GmbH, Hamburg	1)	100.0
IKB Projektentwicklung GmbH & Co. KG i.L., Düsseldorf	3)	100.0
IKB Real Estate Holding GmbH, Düsseldorf		100.0
IKB Struktur GmbH, Düsseldorf	1)	100.0
Istop 1 GmbH, Düsseldorf	1)	100.0
Istop 2 GmbH, Düsseldorf	1)	100.0
Istop 4 GmbH, Düsseldorf	1)	100.0
Istop 6 GmbH, Düsseldorf	1)	100.0
MATRONA GmbH, Düsseldorf	1)	100.0
Projektbeteiligung TH GmbH & Co. KG, Düsseldorf	1)	89.8
Tempelhofer Hafen GmbH & Co. KG, Düsseldorf	1)	94.9
UTA Truck Lease GmbH, Neu-Isenburg	1)	100.0

## 2. Foreign subsidiaries

## Share of capital in %

AO IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia	1)	100.0
IKB Finance B.V., Amsterdam, Netherlands		100.0
IKB Funding LLC I, Wilmington, United States of America	1)	100.0
IKB Funding LLC II, Wilmington, United States of America	1)	100.0

IKB International S.A. i.L., Munsbach, Luxembourg	2)3)	100.0
IKB Leasing Austria GmbH, Vienna, Austria	1)	100.0
IKB Leasing CR s.r.o., Prague, Czech Republic	1)	100.0
IKB Leasing Finance IFN SA, Bucharest, Romania	1)	100.0
IKB Leasing France S.A.R.L., Marne La Vallée, France	1)	100.0
IKB Leasing Kft., Budapest, Hungary	1)	100.0
IKB Leasing Polska Sp.z.o.o, Poznan (Posen), Poland	1)	100.0
IKB Leasing S.R.L., Bucharest, Romania	1)	100.0
IKB Leasing SR, s.r.o., Bratislava, Slovakia	1)	100.0
IKB Lux Beteiligungen S.à.r.l, Munsbach, Luxembourg		100.0
IKB Pénzügyi Lízing Zrt., Budapest, Hungary	1)	100.0
IKBL Asset spółka z ograniczona odpowiedzialnoscia & Co. spółka komandytowa, Poznan, Poland	1)	100.0
IKBL ASSET Spolka z ograniczona odpowiedzialnoscia, Poznan, Poland	1)	100.0
IKBL Renting and Service S.r.l., Lainate (MI), Italy	1)	100.0
STILL LOCATION S.à.r.l., Marne La Vallée, France	1)	100.0

**3. Special Purpose Vehicles in accordance with Section 290 paragraph 2 No. 4 German Commercial Code**

German Mittelstand Equipment Finance S.A., Luxembourg, Luxembourg

RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin, Ireland 4)

**B. Associated Companies**

**Share of capital in %**

Linde Leasing GmbH, Wiesbaden 1) 30.0

Notes:

- 1) Indirect shareholding.
- 2) In liquidation (bank licence returned).
- 3) In liquidation.
- 4) The special purpose entity RIO DEBT HOLDINGS (IRELAND) LIMITED was deconsolidated in November 2017.

- e. **The subsection commencing on page 100 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.4 Information on Business Trends – Statement on Material Adverse Change" shall be replaced in its entirety as follows:**

## **2.4 Information on Business Trends**

### **2.4.1 Statement on Material Adverse Change**

IKB AG is examining the implementation of additional measures to simplify its capital structure in the second half of the financial year 2017/18. The implementation of these measures would result in substantial extraordinary expenses in the financial year 2017/18. There is considerable uncertainty as to whether the income generated in the second half of the financial year 2017/18 will be sufficient to offset the expenses incurred in connection with the measures. If income is not generated in the required amount, a substantial consolidated net loss is to be anticipated. IKB AG expects the IKB Group's CET 1 ratio to remain essentially unchanged compared to the previous financial year.

Other than as described above, there has been no material adverse change in the prospects of IKB AG that has occurred since the date of the last audited consolidated financial statements as of and for the financial year ended 31 March 2017.

- f. **The subsection commencing on page 101 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.4 Information on Business Trends – 2.4.3 Recent Developments" shall be replaced in its entirety as follows:**

### **2.4.3 Recent Developments**

#### *Sale of the Rio junior and mezzanine loans*

The special-purpose entity Rio Debt Holdings (Ireland) holds a portfolio of residential mortgage-backed securities. The purchase of the securities was financed using structured loans. The junior loan and a mezzanine loan held by IKB AG subsidiaries are still outstanding. To reduce complexity at IKB AG, the two loans were sold at their fair value in November 2017 and the proceeds from the disposal were used for the reduction of one the loans with debt waiver and compensation out of future profits (for further information regarding these loans, please see Section "2. IKB Deutsche Industriebank Aktiengesellschaft – 2.9 Material Contracts – 2.9.1 Financing Agreements"). In addition to the deconsolidation of the special-purpose entity Rio Debt Holdings (Ireland), this measure involves the recognition of an eight-digit loss by IKB AG and by the IKB Group.

#### *Sale of ikb Data GmbH*

On 15 August 2017, IKB AG, through its holding company IKB Beteiligungen GmbH, agreed the sale of all of its shares in ikb Data GmbH, a company specialized in IT outsourcing and data protection services ("**ikb Data**") to DATAGROUP SE, a German IT service provider. The sale of ikb Data took effect on 31 August 2017.

#### *Sale of IKB Leasing Group*

On 28/29 June 2017, IKB, through its holding company IKB Beteiligungen GmbH, agreed the sale of all of its shares in IKB Leasing GmbH and IKB Leasing Beteiligungsgesellschaft GmbH (together, the "**IKB Leasing Group**") to an investment fund managed by HPS Investment Partners, LLC. The sale of IKB Leasing Group is subject to the approval of the competent banking supervisory authorities and is expected to come into effect in the first quarter of 2018.

### *Potential Sale of IKB AG*

A sale of IKB AG by its current sole shareholder LSF6 remains possible at any time. IKB AG's Board of Managing Directors remains open to supporting these plans.

### *Reconciliation of Interests/Redundancy Scheme*

In order to implement cost-cutting and optimisation measures, a reconciliation of interests and a redundancy scheme was negotiated with employee representatives and signed on 15 April 2016. The agreement provides for the downsizing of a total of 151 full-time employees within two years.

- g. In the subsection commencing on page 103 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.5 Administrative, Management and Supervisory Bodies – 2.5.1 Board of Managing Directors" the first entry relating to the member of the Board of Managing Directors Dr. Michael H. Wiedmann (in the table listing the members of the Board of Managing Directors) shall be replaced in its entirety as follows:**

<b>Name</b>	<b>Date Appointed</b>	<b>Responsibilities</b>	<b>Principal Activities outside IKB AG</b>
Dr. Michael H. Wiedmann (Chairman)	5 January 2015	Sales Credit Products Industry Groups Treasury and Investments Legal Department Corporate Development	IKB Invest GmbH (Member of the Advisory Board) IKB Leasing GmbH (Member of the Advisory Board)

- h. In the subsection commencing on page 104 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.5 Administrative, Management and Supervisory Bodies – 2.5.2 Supervisory Board" the last entry relating to the member of the Supervisory Board Nicole Riggers (in the table listing the members of the Supervisory Board) shall be replaced in its entirety as follows:**

<b>Name</b>	<b>End of Term</b>	<b>Principal Activities outside IKB AG</b>
Nicole Riggers	2020	Exempt Chairperson of the Works Council Düsseldorf, Chairperson of the General Works Council

- i. The subsection on page 109 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information – 2.8.1 Historical Financial Information" shall be replaced in its entirety as follows:**

#### **2.8.1 Historical Financial Information**

The Annual Report 2015/2016 and the Annual Report 2016/2017 (together, the "**Annual Reports of IKB**") and the 6-Month Report 2016/2017 of IKB are partially incorporated by reference in, and partially form an integral part of, this Base Prospectus.

IKB AG's currency of presentation is the euro, and its financial year ends on 31 March of each year. IKB AG prepares its nonconsolidated financial statements in accordance with the German Commercial Code (*Handelsgesetzbuch*; "HGB"). IKB AG has also prepared its consolidated financial statements as of and for the financial years ended 31 March 2016 and 31 March 2017 and as of and for the six months period ended 30 September 2017 in accordance with HGB.

- j. **The subsection commencing on page 109 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information – 2.8.3 Legal Proceedings" (as amended by Supplement No. 1 and Supplement No. 2 shall be replaced in its entirety as follows:**

### **2.8.3 Legal Proceedings**

#### *Proceedings Relating to Off-Balance Sheet Financing Vehicles Formerly Advised by IKB*

In one case relating to the long defunct financing vehicle Rhineland Funding, certain investors in collateral debt obligations issued by Wells Fargo/Wachovia sued Wells Fargo Securities LLC ("**Wells Fargo**"), claiming that Wells Fargo had fraudulently induced them into making these investments. Wells Fargo subsequently filed a third party complaint against IKB for contribution.

Similar claims may be brought against IKB as a result of affirmative actions against other arrangers of structured products and related entities in relation to IKB's previous role as investment advisor to Rhineland Funding and other special purpose vehicles.

#### *Derivatives Business*

Several customers criticised the consulting services provided by IKB AG in connection with certain swap products. Corresponding law suits are pending in two cases with a preliminary claim amount of approximately € 4.1 million. Two additional cases are pending out of court with a preliminary amount of approximately € 5.6 million. IKB AG will continue to defend itself against the accusations.

#### *Tax Procedures*

In August 2015, IKB AG had received tax assessment notices in which the tax authorities expressed a different view with respect to the application of Section 8c KStG/Section 10a GewStG in connection with the capital increase implemented by IKB AG during the course of the financial year 2008/2009 and the subsequent sale of KfW's shares in IKB AG to LSF6 in the financial year 2008/2009. IKB AG lodged an appeal against the tax assessments. Nevertheless, IKB AG paid the corporation tax (*Körperschaftsteuer*) and the solidarity surcharge (*Solidaritätszuschlag*) thereon for 2009 in the amount of € 141 million (including interest) in total to mitigate late interest payments. A total of € 8 million (including interest) was reimbursed by the tax authorities as a result of the assessment of corrected tax returns for 2009 in the financial year 2016/2017. With respect to the trade tax base assessment (*Gewerbesteuerermessbescheid*) IKB AG was granted a suspension of enforcement (*Aussetzung der Vollziehung*) by the tax authorities upon its application. The trade tax and the associated interest are therefore not yet payable.

The tax authorities have withdrawn the appeals. Accordingly, IKB AG has filed two law suits (one for corporate and one for trade tax purposes) with the Düsseldorf Fiscal Court (*Finanzgericht*).

The dissenting view of the tax authorities relates to the methodology applied in offsetting the proportionate taxable losses of IKB AG against the taxable income of IKB Beteiligungen GmbH, an entity within the German tax group of IKB AG. The relevant profits for the offsetting of taxable losses relate – inter alia – in particular to IVG Kavernen GmbH, which was acquired in the financial year 2008/2009 and merged into IKB Beteiligungen GmbH in the same financial year. In addition to this acquisition, there were other transactions in the financial years 2007/2008 and 2010/2011 in respect of which IKB AG is of the opinion that there was no so-called detrimental acquisition and sections 8c KStG/10a GewStG therefore did not apply. The main intention of the above-mentioned transactions was to increase regulatory equity of IKB Group. Nonetheless, IKB AG assumes that these transactions will still be subject to discussions with the tax authorities in the course of on-going tax audits (*Betriebsprüfungen*).

On 29 March 2017, the German Federal Constitutional Court (*Bundesverfassungsgericht*) ruled regarding Section 8c KStG for detrimental acquisitions (acquisitions with a change in ownership between 25% and 50%) that this section is incompatible with the German Constitution (*Grundgesetz*). In the opinion of IKB AG, the principles of this court decision should also be applicable to the above case, although this was an acquisition of more than 50% in the case of IKB AG, and the decision can therefore not be applied directly. Legislators also have the option of implementing a new tax regulation in line with the German Constitution retroactively by the end of 2018. In the meantime the Federal Constitutional Court was also asked regarding the constitutionality of the regulations for changes in ownerships of more than 50%. Therefore the law suites of IKB AG were suspended, hence the matter is still unresolved.

For trade tax or the corresponding interest provisions have not yet been formed because IKB AG assumes prevailing in the trade tax law suits. However, there is a possibility that this will need to be reassessed as proceedings continue. As per 30 September 2017, the risk relating to trade tax amounts to approximately € 109.6 million plus interest of 0.5% for each additional month and cost allocations for Chamber of Commerce and Industry membership fees in the amount of € 1.2 million. The potential late interest risk amounts to € 41.8 million as at 30 September 2017 and approximately € 0.5 million for each additional month. If this risk occurs, this would have the following impact on the key financial performance indicators calculated as at 30 September 2017: (i) the regulatory tier 1 ratio or common equity tier 1 ratio would deteriorate by 1.0 percentage points at the level of the IKB Group and by 1.3 percentage points at the level of IKB AG, the leverage ratio would decline by 0.6 percentage points for the regulatory IKB Group and by 0.8 percentage points for IKB AG, the net income after taxes and before additions to / reversals of the fund for general banking risks (Section 340g HGB) would decrease by € 152.6 million. There would be no impact on the liquidity coverage ratio or the liquidity ratio in accordance with Section 2 (1) of the German Liquidity Regulation (*Liquiditätsverordnung*).

In late April 2016, Aleanta GmbH (which is a wholly owned subsidiary of IKB AG without a profit transfer agreement and which is therefore not included in the income tax group) had received initial written notification that, as part of the tax audit of a company of which it is the universal successor (Olessa GmbH), the tax authorities are intending to treat the retrospective merger of Olessa GmbH into Aleanta GmbH in the financial year 2010/11 as a case covered by Section 42 of the German Tax Code (*Abgabenordnung*). The tax audit is still in progress. Aleanta GmbH has commented on the matter and the current assessment of the tax audit. The maximum risk in connection with the aforementioned tax assessment amounts to around € 27 million in taxes plus interest amounting to approximately € 8.6 million as of 30 September 2017 and the reallocation of Chamber of Commerce and Industry membership fees of € 0.2 million. An appeal will be filed if necessary.

### *Subordinated Debt Claims*

Various investors have threatened or taken legal action in connection with subordinated debt instruments issued by IKB AG. Investors claim interest payments and allege, by way of example, a wrongful write-down of the principal amount of subordinated debt instruments issued by IKB AG over time. To the extent specified, claims amount to a preliminary aggregate amount at risk of approximately € 150 million. As at 6 December 2017, three actions are pending at the Regional Court (*Landgericht*) of Düsseldorf with a preliminary claim amount of € 117 million. Additional investors have requested IKB AG to enter into tolling agreements; some claims remain unquantified (such as investors in ProPart relating to an initial subscription amount of approximately € 78 million). IKB considers the claims unjustified.

- k. **The subsection commencing on page 111 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information – 2.8.4 Significant Changes in the Financial Position" shall be replaced in its entirety as follows:**

#### **2.8.4 Significant Changes in the Financial Position**

There has been no significant change in the financial position since the date of the last unaudited consolidated financial statements as of and for the six months period ended 30 September 2017.

- l. **The following paragraph shall be added as new last paragraph at the end of the subsection commencing on page 112 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.9 Material Contracts – 2.9.1 Financing Agreements – *Funding Trust Agreements*":**

The Trust issued a consent solicitation to an amendment to the trust agreement to the holders of the securities of the Trust. The amendment was intended to facilitate a merger between the Trust and a newly formed trust. By consenting to the proposed amendment to the merger between the Trust and the newly formed trust and as a consequence of the implementation of the merger, the holders of the Trust securities would have received a cash payment of € 70 in exchange for each € 100 held (nominal value). The consent solicitation expired on 4 December 2017 and the required amount of consents was not reached.

- m. **The subsection of page 114 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.9 Material Contracts – 2.9.3 Other Agreements – *Sale of IKB Data GmbH*" shall be replaced in its entirety as follows:**

#### *Sale of ikb Data GmbH*

On 15 August 2017, IKB AG, through its holding company IKB Beteiligungen GmbH, agreed the sale of all of its shares in ikb Data GmbH, a company specialized in IT outsourcing and data protection services ("**ikb Data**") to DATAGROUP SE, a German IT service provider. The sale of ikb Data took effect on 31 August 2017.

- n. **The subsection on page 114 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.9 Material Contracts – 2.9.3 Other Agreements – Sale of IKB Leasing Group" shall be replaced in its entirety as follows:**

*Sale of IKB Leasing Group*

On 28/29 June 2017, IKB, through its holding company IKB Beteiligungen GmbH, agreed the sale of all of its shares in IKB Leasing GmbH and IKB Leasing Beteiligungsgesellschaft GmbH (together, the "**IKB Leasing Group**") to an investment fund managed by HPS Investment Partners, LLC. The sale of IKB Leasing Group is subject to the approval of the competent banking supervisory authorities and is expected to come into effect in the first quarter of 2018.

2. **Amendments to the subsection commencing on page 115 of the Base Prospectus which is entitled "4. DOCUMENTS ON DISPLAY"**

**The following wording shall be added as last bullet point to the list of the bullet points:**

- IKB's and IKB AG's compiled interim report for the six months period ended 30 September 2017, including the management report and the unaudited consolidated financial statements and the unaudited nonconsolidated interim financial statements as of and for the six months period ended 30 September 2017, prepared in accordance with the provisions of the German Commercial Code (HGB).

- E. **Amendments to the section commencing on page 595 of the Base Prospectus which is entitled "I. DOCUMENTS INCORPORATED BY REFERENCE"**

1. **The following text shall be added as subsection "B.1" to the table commencing on page 595 of the Base Prospectus which is entitled "Table of Documents Incorporated by Reference":**

- B.1 6-Month Report 2017/2018 (English Translation) of IKB containing the Combined Interim Financial Statements of IKB Deutsche Industriebank AG and the Group as of and for the six months period ended 30 September 2017:**

Consolidated balance sheet of IKB Deutsche Industriebank AG as at 30 September 2017 Pages 34 – 35

Balance sheet of IKB Deutsche Industriebank AG as at 30 September 2017 Pages 36 – 37

Consolidated income statement of IKB Deutsche Industriebank AG for the period from 1 April to 30 September 2017 Pages 38 – 39

Income statement of IKB Deutsche Industriebank AG for the period from 1 April to 30 September 2017 Pages 40 – 41

Condensed Notes to the combined annual financial statements of IKB Deutsche Industriebank AG and the Group Pages 42 – 62



**2. The first paragraph below the table commencing on page 595 of the Base Prospectus which is entitled "Table of Documents Incorporated by Reference" shall be replaced in its entirety as follows:**

The Annual Reports 2015/2016 and 2016/2017 and the 6-Month Report 2017/2018 of IKB are available on the Issuer's website ([www.ikb.de](http://www.ikb.de)) under "Investor Relations", "Financial Reports" (*Finanzberichte*). In addition, such documents together with this Base Prospectus and any Final Terms (for notes listed on the Luxembourg Stock Exchange) will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**F. Withdrawal Right**

Any investor who may wish to exercise any withdrawal right arising pursuant to Article 16.2 of the Prospectus Directive or Article 13.2 of the Prospectus Act as a result of the publication of this Supplement must exercise that right on or before 8 December 2017. Such withdrawal, if any, is not required to contain any reasons for the withdrawal and is to be addressed in writing to IKB Deutsche Industriebank Aktiengesellschaft, Wilhelm-Bötzkes-Straße 1, 40474 Düsseldorf, Federal Republic of Germany. In order to comply with the time limit set out above, punctual dispatch of the withdrawal is sufficient.