6-Month Report 2015/2016
(1 April – 30 September 2015)

IKB
Deutsche Industriebank

Contents

Letter from the Chairman of the Board of Managing Directors

Dear Shareholders,

Dear business partners of IKB,

We again recorded positive consolidated net income in the first half of 2015/16, building on our satisfactory development in recent financial years. Our clear focus on Mittelstand companies is proving successful. In a competitive environment that remained intense, we increased our new business volume compared with the same period of the previous year without compromising our standards in terms of appropriate conditions and acceptable risks.

Our activities are built on a solid equity base. We have again improved our CET 1 ratio (currently 11.3%) and our leverage ratio (currently 8.9%). We consider this strengthening of our capital base to be important. We have established a capital buffer compared with the current regulatory minimum levels. We are also seeking to ensure that we are well prepared for the forthcoming banking supervisory projects.

The planned and potential regulatory measures for banks will present IKB with challenges. The process of creating the banking union has been mapped out, and the accompanying regulatory measures are entering the next phase. These projects will involve costs and a degree of planning uncertainty that we intend to address proactively. As a result, there is a growing need for us to continue working actively to control our administrative expenses.

We can boast a stable, diversified deposit base for refinancing and consider our liquidity base secure. IKB is now an established partner for more than 80,000 retail customers. There is also growing interest in our bonds, which enable our customers to invest in line with their personal expectations for the market. Funding via public loan programmes continues to play an important role.

Our leading position in the use of public programme loans for companies opens up additional financing scope for our customers. In an international competitive environment, midmarket companies require access to the broadest possible range of financing options. Where they have not already done so, many medium-sized companies will diversify their financing strategy in the longer term by combining credit and capital market financing. We have prepared ourselves for this development and can offer our customers the entire spectrum of investment financing. With this comprehensive service range and expert advice combined with "midmarket" virtues such as speed, pragmatism and flexibility, IKB is helping German Mittelstand companies to write the next chapter in their success story.

Düsseldorf, November 2015

Dr Michael H. Wiedmann

Interim Group Management Report

1. Basic information on the Group

Comprehensive information on the IKB Group can be found on pages 15 to 16 of the 2014/15 annual report. There have been no material changes to this information since its publication.

2. Economic report

Macroeconomic and industry-specific conditions

The economic environment was characterised by sustained uncertainty. There was renewed turbulence in summer 2015 due to the difficult negotiations on the EU assistance programme for Greece. The resulting uncertainty concerning the future of the euro zone also returned temporarily, although the financial markets responded with rather greater calmness this time. Following the would-be solution to the Greece conflict, the economic slowdown in China and the sharp correction on the country's stock market led to renewed uncertainty.

Monetary policy in the major advanced economies remains highly expansive, although there is some variation in terms of the degree of expansion. For example, the US Federal Reserve had intended to raise its key lending rate, but the widely anticipated turnaround in US interest rate policy was postponed on account of the only moderate inflationary pressure in the USA to date and the fears that have arisen with regard to the economic situation in China and other emerging economies. The UK also saw speculation that an increase in the key lending rate could be on the way. By contrast, the European Central Bank (ECB) and the Bank of Japan massively expanded their securities purchase programmes in light of substantially more moderate economic development and inadequate price inflation. The differences in terms of approaches to monetary policy and the assessment of their impact led to repeated turbulence on the financial and currency markets.

In this environment, the expected upturn in global growth in the spring failed to materialise and the gap in momentum between the regions continued. The economy in most of the advanced economies remained largely robust. By contrast, the situation in a number of emerging economies saw a further deterioration. Particular uncertainty was caused by the slowdown in China, which led to a downturn in global trade in the first half of the year and curbed the economic development of neighbouring countries in East Asia. In addition, many emerging economies that are dependent on commodity exports are suffering from the sharp fall in the price of crude oil and key industrial commodities since mid-2014.

Following a slight downturn in the first quarter of 2015, which was partially due to the unusually cold weather, the US economy returned to its growth path. In the third quarter of 2015, the euro zone economy is likely to have seen similar growth to the corresponding period of the previous year. This was due in particular to the fall in crude oil prices and the tangible depreciation of the euro.

The economic situation in the countries that are relevant to IKB is also largely positive. With the exception of France, where the economy stagnated in the second quarter following a strong start to 2015, all of the other countries saw positive growth rates in the spring. The UK economy has been improving since early 2013. The formerly crisis-hit countries in particular are now enjoying an improved economic situation. The Spanish economy has been growing since autumn 2013 at a rising rate, while Italy appears to have left the recession behind it since the start of 2015.

The German economy remained relatively robust in a difficult environment. The central economic impetus for the German economy in the second quarter of 2015 was provided by exports and domestic consumption, whereas a significant upturn in investment activity is still outstanding. However, the weakness of the emerging markets could curb foreign trade in the third quarter.

Lending to companies in the euro zone remained muted but showed signs of an increasingly broad-based recovery. Although corporate lending in Italy and Spain continued to decline, the downward trend slowed. In France and Germany, the trend is positive but remained cautious on account of the continued low level of investment activity. In addition, German companies were also able to meet a large proportion of their overall financing requirements from own funds generated or they continued to make use of alternative financing sources such as the capital markets, thereby continuing a trend that has been visible for several years.

For the banking sector, there remains limited scope for increased profitability in the current year. The cost side continues to be negatively impacted by restructuring measures and regulatory requirements. Demand for bank-specific products such as corporate loans remains weak, while the comfortable liquidity situation at companies means they are able to make use of alternative sources of financing via the capital markets. In Germany in particular, many companies are so well positioned that they have been able to finance most of their investments internally. The extremely low level of interest rates is also having a growing adverse effect on the margin development of many banks. By contrast, the lower cost of loan loss provisioning is continuing to have a supporting effect. Together with the wide range of regulatory provisions, pressure on earnings is rising in connection with the intense competitive environment. There is also a focus on the adjustment of business policy in order to sustainably improve profitability and create scope for the continuous expansion of the capital base.

Significant events in the period under review

Changes in the Group

The sale of the shares in Axit AG, Frankenthal, held by IKB Equity Capital Fund GmbH in February 2015 was followed by the transfer of the shares in early April 2015.

IKB Invest GmbH sold its equity interest in CellGenix GmbH with effect from 27 May 2015.

Zweite Equity Suporta GmbH was merged into IKB Invest GmbH with effect from 1 January 2015 (effective merger date). Zweite Equity Suporta GmbH was dissolved with the entry of the merger in the commercial register of IKB Invest GmbH on 3 September 2015.

Legally relevant events

Recessionary actions against resolutions by Annual General Meetings

Recessionary and revocation claims against resolutions made by the Annual General Meeting on 25 March 2009 (including agenda items 3 and 4: cancellation of the special audit with regard to the Board of Managing Directors and the Supervisory Board) are currently still pending.

Personnel changes

Supervisory Board

Mr Benjamin Dickgießer, Dr Claus Nolting and Mr William D. Young, whose terms of office expired at the end of the Annual General Meeting on 27 August 2015, were re-elected to the Supervisory Board by resolutions of the Annual General Meeting on 27 August 2015.

As scheduled, Ms Carmen Teufel stepped down from the Supervisory Board at the end of the Annual General Meeting on 27 August 2015. A re-election of employee representatives resulted in Mr Sven Boysen being elected to the Supervisory Board with effect from 27 August 2015.

The constituent meeting of the Supervisory Board on 27 August 2015 elected Mr Rainer Lenz as a member of the Nomination Committee to replace Ms Teufel. The composition of the other Supervisory Board committees remained unchanged.

Board of Managing Directors

There were no changes in the composition of the Board of Managing Directors in the period under review. The Board of Managing Directors comprises Dr Michael H. Wiedmann (Chairman), Dr Dieter Glüder and Mr Claus Momburg. The term of office of Mr Momburg was extended to the end of 10 November 2017. For information on more recent developments, see section 3. "Supplementary report".

Annual General Meeting on 27 August 2015

The Annual General Meeting of IKB for the financial year 2014/15 was held in Düsseldorf on 27 August 2015. The Annual General Meeting adopted all the resolutions proposed by the Bank's management by a large majority. The results of the individual votes can be found on the Bank's website at https://www.ikb.de/en/investor-relations/general-meeting.

Valin funds

IKB sold all of its shares in Valin Mittelstand Senior Debt Fund S.A., SICAV-SIF with effect from 8 April 2015. It remains indirectly invested in the fund via bonds with rights in the shares issued by a securitisation vehicle.

Dissenting view of the tax authorities

In August 2015, IKB AG received tax assessment notices in which the dissenting view of the tax authorities on the application of section 8c of the German Corporate Income Tax Act (KStG)/section 10a of the German Trade Tax Act (GewStG) in connection with the capital increase implemented by IKB AG during the course of the year and the subsequent sale of KfW’s shares in IKB to Lone Star in the financial year 2008/09 was implemented. IKB has appealed against the tax assessments.

Further information on the dissenting interpretation of sections 8c KStG/10a GewStG can be found in the “Legal risk” subsection of section 4. “Risk report”.

Acquisition of the IKB head office building

IKB AG has acquired the IKB head office building in Düsseldorf and the corresponding land from AXA Immoselect Hauptverwaltungsgebäude GmbH & Co. Objekt Düsseldorf Uerdinger Straße KG. The purchase agreement was concluded in September 2015 and the transfer of ownership will take place before the end of 2015.

Net assets, financial position and results of operations

Business development

In the first half of the financial year 2015/16, the Group's new business volume increased by € 0.5 billion or 37% year-on-year to € 1.8 billion. The majority of the new business volume relates to IKB AG. In the period under review, loans from own funds accounted for 54% of the new business volume (previous year: 52%), while public programme loans accounted for 29% (previous year: 27%) and equipment leasing accounted for 17% (previous year: 21%).

Results of operations

In the first half of the financial year 2015/16, IKB generated consolidated net income of € 23 million after € 73 million in the same period of the previous year.

Net interest and lease income

Net interest and lease income includes interest income and expenses, current income from financial instruments, equity investments, investments in affiliated companies, and close-out payments for the early dissolution of derivative transactions in the banking book in connection with ongoing portfolio management plus lease income, expenses and write-downs.

Net interest and lease income in the Group amounted to € 142 million in the period under review (previous year: € 131 million). The increase was largely due to lower refinancing costs.

Net fee and commission income

The Group recorded net fee and commission income of € 14 million, down on the prior-year figure of € 17 million. This development was primarily attribute to the fact that, unlike in the comparative prior-year period, structuring and syndication income was increasingly reported in net interest income rather than net fee and commission income in the first half of the financial year 2015/16.

Administrative expenses

Administrative expenses comprise personnel expenses, other administrative expenses and depreciation and write-downs of intangible and tangible assets.

Administrative expenses in the Group amounted to € 143 million in the period under review compared with € 154 million in the same period of the previous year.

Personnel expenses climbed by € 2 million to € 90 million. This was due primarily to investments in recruitment in the leasing business.

Other administrative expenses and depreciation, amortisation and impairment losses declined by € 12 million to € 53 million. This improvement is largely attributable to the audit and consulting expenses for the ECB comprehensive assessment contained in the prior-year figure, reduced expenses for IT and project consulting, and lower deposit protection expenses.

Net other income

Net other income comprises other operating and extraordinary income and expenses and write-downs and reversals of write-downs on equity investments, investments in affiliated companies and long-term investments.

The main factors influencing net other income, which declined from € 117 million to € -8 million, are presented below.

The measurement and sale of long-term investments resulted in net income of € 87 million after net income of € 100 million in the previous year.

Close-out payments in connection with the strategic early dissolution of derivative transactions in the banking book resulted in net expenses of € 62 million after net expenses of € 8 million in the previous year.

Expenses for retirement benefits impacted net other income in the amount of € 46 million in the period under review (previous year: income of € 4 million). Of this figure, € 24 million related to the measurement of and transactions involving the assets transferred in contractual trust arrangements (previous year: income of € 18 million), while € 22 million related to the discounting of pension provisions in line with the German Ordinance on the Discounting of Provisions (Rückstellungsabzinsungsverordnung – RückAbzinsV) issued by Deutsche Bundesbank (previous year: expense of € 14 million).

Net risk provisioning

Net risk provisioning, which includes amortisation/depreciation and write-downs of receivables and specific securities as well as additions to loan loss provisions, improved by € 38 million as against the first half of the financial year 2014/15, from € -24 million to € +14 million.

On the whole, the provisions for possible loan losses included in this figure made a positive earnings contribution at Group level of € 5 million after € -25 million in the previous year.

Group provisions for possible loan losses include € 15 million in net additions to specific valuation allowances, provisions, income from recoveries on receivables written off, and write-downs. In comparison to the first half of the financial year 2014/15, this represents an increase of € 14 million. This was due in particular to the higher level of net additions to specific valuation allowances.

In terms of global valuation allowances for lending business in the Group, there was a net reversal of € 20 million in the period under review compared with a net addition of € 24 million in the previous year.

Net risk provisioning includes net income from securities in the liquidity reserve and derivatives in the amount of € 9 million after € 1 million in the previous year.

(Note: Additional information on risk provisioning can be found in the “Risk provisioning” table in section 4. “Risk report”.)

Taxes

Net tax income amounted to € 4 million in the period under review after tax expenses of € 16 million in the same period of the previous year.

Expenses for current and other taxes amounted to € 7 million against € 16 million in the previous year. The recognition of deferred taxes resulted in tax income of € 11 million compared with tax expense of € 1 million in the previous year.

Net income

Consolidated net income for the first half of the 2015/16 financial year amounted to € 23 million, after consolidated net income of € 73 million in the previous year.

Net assets

The Group's total assets declined by € 1.7 billion as against 31 March 2015 and amounted to € 20.7 billion at the end of the reporting period.

The gross credit volume, which also includes off-balance sheet business (see also section 4. “Risk report”), decreased by € 2 billion as against 31 March 2015 to € 23.5 billion, and primarily comprises medium-term and long-term loans to banks, loans to customers, trading liabilities, asset derivatives in the non-trading book and guarantees.

Assets

Despite the sharp increase in the new business volume, receivables from customers in the Group declined by € 0.8 billion to € 10.2 billion.

Bonds and other fixed-income securities in the Group decreased by € 0.7 billion to € 5.9 billion.

Liabilities

Liabilities to banks declined by € 1.0 billion to € 7.9 billion, particularly due to the lower level of borrowing on the interbank market.

Securitised liabilities in the Group fell by € 0.3 billion to € 1.2 billion.

The reduction in provisions from € 0.4 billion to € 0.3 billion is primarily attributable to the utilisation of the provision for corporation tax due to the payment to the tax authorities.

Equity

Equity increased from € 1,000 million, by € 25 million to € 1,025 million largely as a result of the consolidated net income for the period under review.

When calculating regulatory own funds, the fund for general banking risk in the amount of € 580 million is taken into account as common equity tier 1 capital.

Unrealised gains and losses have arisen in the period under review and in recent financial years from financial instruments in the banking book in the form of securities, from derivatives and from the refinancing of the credit book without matching maturities as a result of changes in market interest rates, exchange rates and credit ratings. Unrealised losses could lead to a lower level of net interest income or losses on disposal in future financial years. Like at 31 March 2015, the calculation in accordance with IDW RS BFA3 did not result in any provisioning requirements.

Financial position

The funding mix means that IKB's liquidity situation is stable. Refinancing was generally achieved at more favourable conditions than in the previous periods. In addition to earmarked and other secured refinancing, IKB is accepting revolving deposits from corporate clients and retail customers. The Bank is also issuing bearer bonds in the retail customer segment, further reducing its volume of non-strategic assets in order to generate liquidity and being selective when it comes to entering into new lending business.

Regarding the presentation of the maturities of liabilities, please refer to the breakdown of remaining terms in the notes. Regarding the liquidity and financing situation, please refer to section 4. “Risk report”.

Overall assessment

The results of operations for the first half of the financial year 2015/16 are characterised by a satisfactory earnings situation for the Bank. Net assets and the financial position are in order.

From the Bank's perspective, the course of business was positive on the whole.

Financial and non-financial performance indicators

Non-financial performance indicators are of minor importance in terms of management at IKB. In addition to a wide range of management-related sub-indicators, IKB applies the following key financial performance indicators for management purposes.

Regulatory tier 1 ratio

The regulatory tier 1 ratio or common equity tier 1 ratio is calculated as the ratio of tier 1 capital or CET 1 to regulatory risk-weighted assets. Details of the reconciliation of regulatory CET 1 and risk-weighted assets can be found in the information on the regulatory capital situation in section 4. “Risk report”.

As of 30 September 2015, the CET 1 ratio amounted to 11.3% for the IKB Group and 15.2% for IKB AG (for details see section 4. “Risk report”). As anticipated in the annual report for the year ended 31 March 2015, this meant that IKB exceeded the statutory minimum requirement (CRR) of 4.5% for the CET 1 ratio.

Leverage ratio

In addition to the risk-weighted capital requirements forming part of the solvency system, the provisions of the CRR introduced the leverage ratio as an indicator of indebtedness with effect from 1 January 2014.

The leverage ratio compares the largely unweighted total of balance sheet and off-balance sheet transactions with regulatory tier 1 capital. At present, this indicator is disclosed for monitoring purposes only and is not expected to become binding until 1 January 2019. Although the exact figure for this date is still to be determined, a benchmark of at least 3.0% has established itself internationally.

Applying the transitional provisions (excluding Delegated Regulation (EU) 2015/62 of 17 January 2015, which is expected to apply to IKB's reporting system for the first time in the financial year 2016/17), the leverage ratio of the IKB Group in accordance with Article 429 CRR amounted to 8.9% as at 30 September 2015, thereby comfortably exceeding the benchmark of 3.0%.

Net income after taxes and before additions to the fund for general banking risk (section 340g HGB)

As stated in the 2014/15 annual report, IKB expects to generate positive operating results in the financial year 2015/16 including disposals of financial instruments. Consolidated net income of € 23 million was generated in the period under review.

Banking income and net banking income

The Group's banking income, which consists of net interest and lease income and net fee and commission income, amounted to € 156 million at Group level as at 30 September 2015 compared with € 148 million in the previous year.

Net banking income is calculated as banking income less provisions for possible loan losses and amounted to € 161 million at Group level as at 30 September 2015 compared with € 123 million in the previous year.

Liquidity ratio in accordance with section 2 (1) of the German Liquidity Regulation

The liquidity ratio in accordance with section 2 (1) of the German Liquidity Regulation (LiqV) is used to evaluate short-term liquidity risk. The LiqV defines the liquidity ratio as the ratio of the cash and cash equivalents available within a period of up to one month to the payment obligations callable during this period. A liquidity ratio of 1 or greater is necessary in order to meet the requirement.

With a liquidity ratio in accordance with section 2 (1) LiqV of between 1.63 and 2.05, IKB AG had an adequate liquidity buffer at all times during the entire period under review. This meant the liquidity ratio was at the upper end or in excess of the forecast range of 1.25 to 2.00 for the financial year 2015/16 as announced by IKB in its annual report for the financial year 2014/15.

Liquidity coverage ratio

The liquidity coverage ratio (LCR) is the ratio of highly liquid assets (liquidity buffer) to short-term net liquidity requirements, quantified as the net amount of all cash inflows and outflows in the next 30 calendar days. A minimum LCR of 60% came into force on 1 October 2015 in accordance with Article 460 (2) of Regulation (EU) No. 575/2013 in conjunction with Article 38 (2) of Delegated Regulation (EU) 2015/61.

After collecting data from application within the supervisory monitoring period that began on 1 January 2014, IKB additionally integrated the LCR into its liquidity management. As forecast in the annual report for the financial year 2014/15, the LCR amounted to 335% at Group level as at 30 September 2015, thereby significantly exceeding the level of 60% that is required to be observed since 1 October 2015.

3. Supplementary report (events after 30 September 2015)

The following major developments have arisen since 30 September 2015:

Valin funds

In October 2015, IKB launched an additional investment fund in the form of the Valin Ruysdael Fund (€ 150 million). The Valin Ruysdael Fund has the same investment strategy as the Mittelstand Senior Debt Fund that was closed in January. IKB is the investment manager for the fund.

IKB Leasing

The IKB Leasing Group will take over the business operations and new business activities of Albis Mobil Lease GmbH and UTA Leasing GmbH, which are specialised in lease and hire-purchase financing for commercial vehicles and trucks. The parties entered into a corresponding agreement on 6 November 2015.

With this acquisition, the IKB Leasing Group is extending its service range in the area of lease and hire-purchase financing for commercial vehicles and trucks and expanding its established market presence as the leading provider of machinery and equipment leasing and leasing IT and business services in Germany and Europe.

Board of Managing Directors

The Supervisory Board of IKB has appointed Dirk Volz to the Board of Managing Directors of IKB with effect from 1 December 2015. Mr Volz will assume responsibility for finance and taxes, risk controlling, corporate audit and economics and research at IKB. He succeeds Dr Dieter Glüder, who stepped down from his position on the best of terms with the Supervisory Board with effect from 30 November 2015.

4. Risk report

Where methods and processes have not changed since 31 March 2015, no detailed presentation is provided in the following section and readers should refer to IKB's 2014/15 annual report (see pages 30 to 70).

Regulatory capital resources and risk-bearing capacity

Regulatory capital resources

The Bank has calculated its regulatory capital resources in accordance with the provisions of the Capital Requirements Regulation (CRR) since 1 January 2014. It applies the standardised approach for credit risk for counterparty default risk, the standard method for the calculation of the credit valuation adjustment charge, the base indicator approach for operational risk, and the standard regulatory methods for market price risk (interest risk: duration method; option risk: delta plus method or scenario matrix method). The Bank continues to recognize contractual netting agreements to reduce risk of derivative positions. The following tables provide an overview of the regulatory risk items, equity base and ratios.

Table: Regulatory capital situation of the IKB Group in accordance with CRR/CRD IV[1)]

Figures in € million	**30 Sep. 2015**	**31 Mar. 2015[2)]**
Counterparty default risk	12,075	12,736
thereof: CVA charge	143	123
Market risk equivalent	262	153
Operational risk	611	451
Total risk-weighted assets (RWA)	**12,947**	**13,340**
Common equity tier 1 (CET 1)	1,457	1,453
Additional tier 1 (AT 1)	326	326
Total Tier 1 (T 1)	**1,783**	**1,779**
Tier 2 (T 2)	411	448
Own funds	**2,194**	**2,228**
CET 1 ratio	**11.3%**	**10.9%**
T 1 ratio	13.8%	13.3%
Own funds ratio	16.9%	16.7%

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 for 2015 and the previous year. The CET 1 ratios were calculated in accordance with the current legal status of the CRR as at 30 September 2015 and 31 March 2015 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 as at 31 March 2015 after approval of the accounts and taking into consideration the addition to the fund for general banking risk in CET 1 at the reporting date

Table: Regulatory capital situation at individual Bank level in accordance with CRR/CRD IV[1)]

Figures in € million	**30 Sep. 2015**	**31 Mar. 2015[2)]**
Counterparty default risk	11,120	11,670
thereof: CVA charge	143	123
Market risk equivalent	91	86
Operational risk	366	262
Total risk-weighted assets (RWA)	**11,576**	**12,018**
Common equity tier 1 (CET 1)	1,754	1,754
Additional tier 1 (AT 1)	0	0
Total Tier 1 (T 1)	**1,754**	**1,754**
Tier 2 (T 2)	269	306
Own funds	**2,022**	**2,060**
CET 1 ratio	**15.2%**	**14.6%**
T 1 ratio	15.2%	14.6%
Own funds ratio	17.5%	17.1%

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 for 2015 and the previous year. The CET 1 ratios were calculated in accordance with the current legal status of the CRR as at 30 September 2015 and 31 March 2015 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 as at 31 March 2015 after approval of the accounts and taking into consideration the addition to the fund for general banking risk in CET 1 at the reporting date

The decrease in risk-weighted assets as at 30 September 2015 is primarily attributable to scheduled repayments, unscheduled repayments and sales of non-strategic assets.

At 11.3% at Group level and 15.2% at individual Bank level, IKB's CET 1 ratios are in excess of the minimum level of 8% required by the ECB as part of its comprehensive assessment (AQR and stress test baseline scenario). This means that IKB comfortably exceeds the statutory minimum requirements in terms of the CET 1 ratio.

The Board of Managing Directors expects to continue 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 (see the EBA's work programme for 2016 dated 30 September 2015). Further uncertainty is provided by the fact that the results of the international banking regulation process and the development of a unified European 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 and preparations for the Supervisory Review and Evaluation Process (SREP) in accordance with the EBA guidelines. In addition, the Basel Committee (BCBS) has issued a number of consultation papers on the revision of the standardised approach for credit risk (BCBS 307), counterparty default risk (BCBS 279), revisions to the securitisation framework (BCBS 303), the trading book framework (BCBS 305), operational risk (BCBS 291), capital floors for advanced measurement approaches (BCBS 306) and interest rate risk in the banking book (BCBS 319), the precise effect of which and the corresponding impact on future capital requirements cannot be quantified at present. The binding date on which harmonised EU-wide banking supervisory legislation will come into force has also still yet to be defined.

Risk-bearing capacity

In the context of risk-bearing capacity, IKB views the continuation of business activities while observing the regulatory minimum capital requirements as its primary objective. Even if both expected and unexpected losses are incurred in the one-year period of analysis, all regulatory minimum capital requirements must continue to be met. Against this backdrop, IKB uses the going-concern perspective as the leading control instrument. The Bank also analyses the overall risk position and risk coverage potential from a liquidation (gone concern) perspective.

The following table compares the economic capital requirements in the going-concern perspective that could arise mathematically in a year to cover unexpected losses at a confidence level of 95% (value at risk) with the risk coverage potential that will be available in the next twelve months.

Table: Economic capital requirements – going-concern perspective

	30 Sep. 2015 in € million	30 Sep. 2015 in %	31 Mar. 2015 in € million	31 Mar. 2015 in %
Counterparty default risk	180	51%	180	50%
Market price risk	21	6%	30	8%
Operational risk	25	7%	25	7%
Business risk	99	28%	99	27%
Liquidity risk	29	8%	28	8%
Total	**354**	**100%**	**362**	**100%**
less diversification effects	-60		-68	
Overall risk position	**294**		**294**	
Risk coverage potential	**872**		**868**	

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

The overall risk position remained essentially unchanged compared with 31 March 2015 at € 294 million.

As at 30 September 2015, the overall risk position remained unchanged compared with 31 March 2015 at 34%. This means that the risk coverage potential is comfortably sufficient to cover the economic capital requirements arising from the occurrence of unexpected risks across the risk horizon. All regulatory minimum capital requirements under Basel III will continue to be met – even excluding diversification effects – should these unexpected risks occur.

In addition to the above going-concern perspective, the Bank observes and analyses the overall risk position and risk coverage potential from a liquidation perspective. Unlike the primarily management-oriented going-concern perspective, risk coverage potential from the liquidation perspective is calculated as the sum of all the equity components available to the Bank, including profit participation capital and subordinated capital. At the same time, all hidden liabilities/reserves from loans, securities and derivatives are included in full.

Risk coverage potential amounted to € 1,783 million in the liquidation perspective, a decrease of € 121 million compared with 31 March 2015. This means that the risk coverage potential is sufficient to cover the overall risk position at a confidence level of 99.76% (derived from a BBB rating) with utilisation of 75% (31 March 2015: utilisation of 78%). Even excluding diversification effects, the risk coverage potential still exceeds the overall risk position.

Forecast calculations and stress tests

In light of the continued uncertainty with regard to macroeconomic development, the Bank prepares different forecast calculations for the next two financial years. These forecast calculations are based on the Bank's business plan. The Bank also performs various stress tests on a regular basis and as required. The outcome is that, assuming the business plan occurs in reality, the risk cover will exceed the economic capital requirements for unexpected risks in the going-concern perspective in the next two financial years.

An analysis of the stress tests shows that more extreme assumptions, such as the collapse of the euro zone with wider economic consequences for the entire European Economic Area, would mean that risk cover would no longer be sufficient to fully cover the resulting overall risk position.

Risk strategy

The individual risk strategies are a component of the integrated business and risk strategy. They set out the framework towards which IKB’s business activities are geared. In the first half of the financial year 2015/16, the risk strategies were revised as required in order to reflect the current business focus and the economic situation. The areas of the strategies requiring adjustment as identified by the Strategy and Risk Committee were taken into account.

Credit risk strategy

In its lending business, the Bank intends to limit its overall risk in relation to its credit portfolio and thereby to further lower allowances for losses on loans and advances in the coming financial years to a low level. In addition to restricting new business to good credit standings to improve or stabilise the average credit rating over time, this also includes limiting concentration risks at individual borrower and borrower group levels. Over recent years, the application of different minimum credit rating requirements for new business depending on the respective product type has led to a continuous improvement in the average credit rating throughout the entire portfolio. Despite the high credit rating and risk requirements, the earnings contributions from lending business have also developed positively over recent years.

Given its core business, IKB’s regional focus will remain on Germany in future. With regard to its target customers in the high-end SME segment, industry diversification is also highly significant. In assessing its limits, the Bank looks at both the significance of the industry to the German economy and an analysis of the industry in terms of its forecast development.

Details of the other risk strategies can be found in IKB's 2014/15 annual report (see pages 36 and 37).

Counterparty default risk

Details of the credit approval process and individual exposure monitoring, sovereign risk, the quantification of credit risk and portfolio monitoring and controlling can be found in IKB's 2014/15 annual report (see pages 37 to 39).

Rating process and systems

IKB uses computer-aided rating systems tailored to the respective customer segment or the specific finance type to carry out credit assessments. The forecast overall economic performance is reviewed regularly and included in the rating. The individual rating classes are assigned probabilities of default based on the analysis of historical defaults.

In the case of classic corporate financing, IKB uses a corporate rating that assesses the economic situation of the borrower based on financial ratios using mathematical and statistical processes. Individual customer and industry characteristics (qualitative factors) are taken into consideration by means of expert opinions.

For acquisition finance, the Bank uses a system that has been specially developed for leveraged finance transactions, which takes into account the financing structure on the basis of key ratios as well as qualitative factors of the transaction.

Bank creditworthiness is also assessed using a specially developed system that applies quantitative and qualitative company information taking into account influences from the banking system and factors based on market data.

The development, maintenance and operation of the rating systems for acquisition finance and banks have been outsourced to an external service provider.

For project and special financing, IKB uses models that enable statements as to the debt service capacity by means of various scenarios, as the focus in this area is on the amount and sustainability of the cash flow for servicing interest payments and repayments which arise during the project duration. The real estate rating procedure used in commercial real estate financing rates creditworthiness on the basis of a variety of specific property data and investor information.

Structure of counterparty default risk

The credit volume as at 30 September 2015 was composed as follows:

Table: Credit volume – Group

in € million	30 Sep. 2015	31 Mar. 2015	Change	30 Sep. 2014	Change
Receivables from banks	2,211	2,300	-89	2,180	31
Receivables from customers	10,249	11,090	-841	11,510	-1,261
Bonds and other fixed-income securities not including own bonds	5,356	5,764	-408	7,189	-1,833
Equities and other non-fixed-income securities	485	483	2	566	-81
Assets held for trading	253	271	-18	305	-52
Equity investments[1)]	19	23	-4	25	-6
Lease assets	968	1,030	-62	1,089	-121
Subtotal: Balance sheet assets	**19,541**	**20,961**	**-1,420**	**22,864**	**-3,323**
Contingent liabilities[2)]	2,221	2,184	37	1,640	581
Asset derivatives in the non-trading book	1,499	2,066	-567	1,873	-374
Write-downs[3)]	386	474	-88	473	-87
Leasing: Deferred income and advance payments for intangible assets	-80	-74	-6	-76	-4
Provisions for expected losses for embedded derivatives	-50	-52	2	-45	-5
less portions of bonds and receivables from banks attributable to third parties	-	-	-	-18	18
Gross credit volume	**23,517**	**25,559**	**-2,042**	**26,711**	**-3,194**
For information purposes: other significant counterparty default risks outside the gross credit volume					
Irrevocable loan commitments	1,327	1,080	247	779	548
Investments[1)] and shares in associated and affiliated companies	35	39	-4	40	-5

1) In the Group, investments after consolidation are part of the gross credit volume, at IKB AG they are outside the gross credit volume.
2) Before deducting risk provisions. This item contains the nominal value of all protection seller CDSs, including a nominal amount of € 1,263 million (31 March 2015: € 1,222 million) that is treated as a derivative for accounting purposes in accordance with the provisions of IDW RS BFA 1 n.F.
3) not including provisions for expected losses for embedded derivatives in structured products; credit volume after deduction of valuation allowances on bonds and other fixed-income securities

The gross credit volume at the Group decreased by around € 2 billion as against 31 March 2015. The majority of this figure (€ -1.6 billion) is attributable to the "Over € 50 million" category.

Table: Credit volume by size – Group

	30 Sep. 2015 in € million	30 Sep. 2015 in %	30 Sep. 2015 Number[1)]	31 Mar. 2015 in € million	31 Mar. 2015 in %
Under € 5 million	2,727	12%	21,503	2,931	11%
Between € 5 million and € 10 million	1,494	6%	211	1,606	6%
Between € 10 million and € 20 million	2,508	11%	181	2,407	9%
Between € 20 million and € 50 million	3,433	15%	110	3,515	14%
Over € 50 million	12,465	53%	61	14,032	55%
Subtotal	**22,627**	**96%**	**22,066**	**24,491**	**96%**
Risk transferred to third parties[2)]	890	4%	-	1,068	4%
Total	**23,517**	**100%**	**22,066**	**25,559**	**100%**

1) Borrower groups in accordance with section 19 KWG
2) Hermes guarantees, indemnifications, risks transferred

€ 1.3 billion of the decrease in the "Over € 50 million" category is attributable to banks and the financial sector and is due to the reduction in bonds, the derivative book and cash and term deposits, while repayments of corporate loans account for a further € 0.3 billion. As at 30 September 2015, the share of the credit volume in this category attributable to banks, the financial sector and the public sector was 90%, with corporate loans accounting for the remaining 10%.

In terms of both volume and number, the “Under € 5 million” category primarily consists of lease finance.

The volume of risks transferred to third parties (liability sub-participations by banks of € 0.7 billion, public guarantees of € 0.1 billion and synthetic securitisations of € 0.1 billion) declined to € 0.9 billion as against 31 March 2015, largely as a result of repayments of loans secured by way of liability sub-participations.

Collateral, risk transfer and securitisation

Table: Credit volume by type of collateral – Group

	30 Sep. 2015 in € million	30 Sep. 2015 in %	31 Mar. 2015 in € million	31 Mar. 2015 in %
Property liens and charges	2,940	13%	3,247	13%
Transfers of ownership and leased assets	2,266	10%	2,393	9%
Other collateral[1)]	2,774	12%	2,711	11%
Collateralised[2)]	1,462	6%	2,057	8%
Secured credit volume[3)]	**9,442**	**40%**	**10,408**	**41%**
Without collateral[4)]	13,185	56%	14,083	55%
Subtotal	**22,627**	**96%**	**24,491**	**96%**
Risk transferred to third parties[5)]	890	4%	1,068	4%
Total	**23,517**	**100%**	**25,559**	**100%**

1) e.g. assignment of receivables, participation rights, assignment of shares, ownership rights, subordinations, positive/ negative pledges
2) Derivatives for which derivatives with positive fair values are offset by derivatives with negative fair values in the same amount and that are permitted to be offset in the event of counterparty default.
3) including credit portions beyond collateral value
4) including collateral provided by the Bank on the interbank market in the form of term money and call money for derivatives
5) Hermes guarantees, indemnifications, risks transferred

While exposures secured by means of mortgage loans, transfers of ownership and other collateral declined slightly compared with 31 March 2015, the share of "Other collateral" (mostly guarantees and positive/negative pledges) increased slightly.

The aforementioned reduction in the derivative volume is also reflected in the "Collateralised" category.

Unsecured loans primarily related to banks and the financial sector (€ 5.7 billion; 31 March 2015: € 6.5 billion) and the public sector (€ 4.8 billion; 31 March 2015: € 4.6 billion). This mainly includes securities that are assigned to the cash portfolio and are eligible at the ECB. € 2.7 billion of unsecured loans relate to corporate financing (31 March 2015: € 3.0 billion).

Geographical structure

The total credit volume can be broken down by region as follows:

Table: Credit volume by region – Group

	30 Sep. 2015 in € million	30 Sep. 2015 in %	31 Mar. 2015 in € million	31 Mar. 2015 in %
Germany	10,423	44%	11,219	44%
Outside Germany	12,204	52%	13,272	52%
Western Europe	9,707	41%	10,420	41%
Eastern Europe	1,163	5%	1,179	5%
North America	952	4%	1,314	5%
Other	382	2%	359	1%
Subtotal	**22,627**	**96%**	**24,491**	**96%**
Risk transferred to third parties[1)]	890	4%	1,068	4%
Total	**23,517**	**100%**	**25,559**	**100%**

1) Hermes guarantees, indemnifications, risks transferred

The € 0.4 billion reduction in the volume in North America is primarily attributable to the lower derivative volume and collateral provided. Around 11% of financing in Eastern Europe relates to business activities in Russia. There are no business relationships with Ukraine. The € 0.4 billion reported as "Other" primarily relates to the People's Republic of China, Malaysia, Australia and Mexico.

Table: Breakdown of country lending obligations by IKB country rating – Group

30 Sep. 2015	Country ratings[1)]					
in € million	Total[2)]	1-6	7-9	10-12	13-15	16-19
Western Europe	9,707	8,478	1,168	61	-	-
Eastern Europe	1,163	816	108	239	-	-
North America	952	952	-	-	-	-
Other	382	282	54	37	9	-
Total	**12,204**	**10,528**	**1,330**	**337**	**9**	**-**

1) excluding risks transferred to third parties; higher credit ratings reflect higher risk levels
2) Export credit guarantees are deducted from the figures presented above. No other adjustments for collateral are made.

86% of the credit volume attributable to countries outside Germany in the amount of € 12.2 billion was assigned to the best country ratings 1-6. The country obligations in risk classes 13-15 relate to two existing exposures in Iran and Egypt.

Within Western Europe, risks relate to the following countries:

Table: Credit volume in Western Europe by risk – Group

30 Sep. 2015 in € million	Credit volume after risk mitigation	thereof public sector	thereof banks and financial sector[1]	thereof other counterparty default risks
UK	2,221	-	1,667	554
France	1,619	424	758	437
Spain	1,402	816	223	363
EU[2]	1,258	413	845	-
Italy	1,109	637	95	377
Ireland	443	280	87[3]	76
Netherlands	401	13	284	104
Belgium	396	295	95	6
Switzerland	337	-	266	71
Austria	186	89	4	93
Denmark	119	112	7	-
Slovenia	50	50	-	-
Finland	37	-	1	36
Sweden	34	-	-	34
Other	95	-	8	87
Total	**9,707**	**3,129**	**4,340**	**2,238**

1) Bank exposures in Spain and Italy primarily contain covered bonds.
2) European Commission, Council of Europe Development, European Stability Mechanism and European Investment Bank
3) The figure for Ireland contains portfolio investments of € 29 million held via special purpose entities located in Ireland.

Sector structure

Table: Credit volume by sector – Group

	30 Sep. 2015 in € million	30 Sep. 2015 in %	31 Mar. 2015 in € million	31 Mar. 2015 in %
Industrial sectors	10,313	44%	10,743	42%
Mechanical engineering	1,035	4%	1,130	4%
Energy supply	725	3%	682	3%
Metal products	725	3%	727	3%
Retail	619	3%	787	3%
Chemical industry	604	3%	526	2%
Other industrial sectors	6,605	28%	6,891	27%
Real estate	442	2%	622	2%
Financial sector	1,158	5%	1,726	7%
Banks	5,906	25%	6,714	26%
Public sector	4,808	20%	4,686	18%
Subtotal	**22,627**	**96%**	**24,491**	**96%**
Risk transferred to third parties[1]	890	4%	1,068	4%
Total	**23,517**	**100%**	**25,559**	**100%**

1) Hermes guarantees, indemnifications, risks transferred

The reduction in the credit volume is reflected in almost all of the industry clusters. The degree of diversification in the industrial sectors is still high, with no single sector accounting for more than 5% of the portfolio. The above-average decrease in the credit volume attributable to banks and the financial sector is due to the reduction in bonds, derivatives and term money and call money.

Credit rating structure

The credit volume is assigned to the internal rating classes as follows:

Table: Credit volume by credit rating structure[1] – Group

	30 Sep. 2015 in € million	30 Sep. 2015 in %	31 Mar. 2015 in € million	31 Mar. 2015 in %
1-4	7,948	34%	9,297	36%
5-7	7,881	34%	8,063	32%
8-10	4,126	18%	4,263	17%
11-13	1,622	7%	1,628	6%
14-15	293	1%	341	1%
Non-performing assets[2]	757	3%	899	4%
Subtotal	**22,627**	**96%**	**24,491**	**96%**
Risk transferred to third parties[3]	890	4%	1,068	4%
Total	**23,517**	**100%**	**25,559**	**100%**

1) higher rating classes reflect lower creditworthiness
2) Carrying amounts, i.e. after deducting losses from securities with specific valuation allowances
3) Hermes guarantees, indemnifications, risks transferred

While the reduction in the volume in the best rating category (1-4) was primarily due to the scaling back of business activities with banks and the financial sector, the absolute decrease in the next-best rating category (5-7) was largely attributable to repayments of corporate loans. All in all, the share attributable to the two best rating categories (1-4 and 5-7) remained unchanged at 68% of the total credit volume.

Non-performing assets (problem exposures)

Table: Non-performing assets[1] – Group

	30 Sep. 2015 in € million	31 Mar. 2015 in € million	Change in € million	Change in %
Impaired	552	638	-86	-13%
Non-impaired	234	290	-56	-19%
Total	**786**	**928**	**-142**	**-15%**
as % of credit volume	3.3%	3.6%		

1) Credit volume including losses from impaired securities (30 September 2015: € 29 million; 31 March 2015: € 29 million).

Non-performing assets were again reduced significantly compared with 31 March 2015.

Non-performing assets do not include:

- € 125 million in risks transferred to public sector entities or loans transferred via collateralised loan obligations (CLOs), even if the borrowers meet one of the default criteria defined by the CRR. The credit portions for which the risk is transferred are only considered to be non-performing assets if the party assuming liability also meets one of the default criteria (double default).
- € 33 million in unutilised commitments for debtors whose residual exposure is classified as a non-performing asset (31 March 2015: € 19 million); open commitments are not included in the credit volume but are reported separately (see the "Credit volume" table in section 4. "Risk report"); and
- € 115 million (amortised cost) in impaired securities transferred to Rio Debt Holdings – see the “Structured credit products” subsection of “Counterparty default risk” in section 4. “Risk report”.

Table: Assets with specific valuation allowances – Group

	30 Sep. 2015 in € million	31 Mar. 2015 in € million	Change in € million	Change in %
Germany	255	321	-66	-21%
Outside Germany	242	254	-12	-5%
Loans with specific valuation allowances	**497**	**575**	**-78**	**-14%**
Securities with specific valuation allowances[1)]	55	63	-8	-13%
Assets with specific valuation allowances (total)	**552**	**638**	**-86**	**-13%**
as % of credit volume	2.3%	2.5%		

1) Carrying amounts plus losses from securities with specific valuation allowances (30 September 2015: € 29 million; 31 March 2015: € 29 million)

As part of the Bank's workout activities, the volume of loans with specific valuation allowances was reduced by € 78 million through targeted settlement and sales activities in Germany and abroad. Once again, the Bank also disposed of older non-performing assets while reversing the specific valuation allowances it had previously recognised. The reduction in securities with specific valuation allowances was due to payments received.

Provisions for possible loan losses

Table: Provisions for possible loan losses – Group

	30 Sep. 2015 in € million	30 Sep. 2014 in € million	Change in %	31 Mar. 2015 in € million
Additions to specific valuation allowances/provisions[1)]	33.3	52.3	-36%	133.8
Direct write-downs	10.9	0.8	>100%	2.7
Recoveries on loans previously written off	-3.4	-5.2	-35%	-13.8
Reversal and unwinding of specific valuation allowances/ provisions[1)]	-25.7	-47.1	-45%	-106.3
Additions to/reversals of global valuation allowances[2)]	-20.4	24.0		49.1
Provisions for possible loan losses	**-5.3**	**24.8**		**65.5**
Embedded derivatives/recoveries on receivables from portfolio investments previously written off	-	-		0.3
Net addition to risk provisioning	**-5.3**	**24.8**		**65.8**
Net income from securities and derivatives in the liquidity reserve	-8.5	-1.0	>100%	-1.0
Net risk provisioning	**-13.8**	**23.8**		**64.8**
Development of specific valuation allowances/provisions[3)]				
Opening balance	330.7	406.6	-19%	406.6
Utilisation	-77.5	-60.8	27%	-120.8
Reversal	-22.6	-41.7	-46%	-96.5
Reclassification and net interest expense and discounting	1.5	5.1		14.1
Unwinding	-3.1	-5.4	-43%	-9.8
Additions to specific valuation allowances/provisions	33.3	52.3	-36%	133.8
Effect of changes in exchange rates	-0.4	0.4		3.3
Total specific valuation allowances/provisions	**261.9**	**356.5**	**-27%**	**330.7**
Global valuation allowances[4)]				
Opening balance	159.2	109.9	45%	109.9
Addition/reversal	-20.4	24.0		49.1
Reclassification	-	-		0.2
Total global valuation allowances	**138.8**	**133.9**	**4%**	**159.2**
Total provisions for possible loan losses (including provisions)	**400.7**	**490.4**	**-18%**	**489.9**

1) excluding global valuation allowance for contingent liabilities recognised as provisions, the net amount of which was unchanged in the period from 1 April 2015 to 30 September 2015; addition of € 1.5 million in prior-year period; prior-year figure restated
2) including global valuation allowance for contingent liabilities recognised as provisions; prior-year figure restated
3) excluding provisions for embedded derivatives, excluding global valuation allowance for contingent liabilities recognised as provisions in the amount of € 7.3 million at 30 September 2015 (unchanged as against 31 March 2015); prior-year figure restated
4) including global valuation allowance for contingent liabilities recognised as provisions; prior-year figure restated

A net reversal of € 5 million (shown with a minus sign in the table above) meant that provisions for possible loan losses in the first half of the current financial year were significantly lower than in the same period of the previous year (net addition of € 25 million). This was not least due to the development of general valuation allowances, € 20 million of which were reversed in the current financial year (compared with an addition of € 24 million in the same period of the previous year). The reversals of general valuation allowances in the first half of the year were attributable in equal measure to:

- The sale of PFI financing in connection with public-private partnerships offset by write-downs in the same amount, and
- the reduction in receivables from customers.

Net risk provisioning, which was positive at € 14 million (previous year: € -24 million), also contains income of € 9 million due to claims for reimbursement for securities in the liquidity reserve at the special-purpose entity Rhinebridge.

Structured credit products

The Bank's involvement in structured credit products was scaled back significantly in the current financial year as a result of the sale of two synthetic transactions (corporate and state reference assets) with a total nominal volume of € 200 million at face value.

The risks of the remaining structured credit products relate to items that mostly reference corporate risks and the retention of IKB's own securitisation. IKB now has economic risks from investments with sub-prime content only for the assets transferred to the special-purpose entity Rio Debt Holdings.

The portfolio investments subsegment consisted of two elements as at 30 September 2015. This primarily related to IKB's own securitisation and securities transferred to Rio Debt Holding:

- Securitisation positions with a nominal volume of € 68 million (31 March 2015: € 81 million) and a carrying amount of € 38 million (31 March 2015: € 49 million) primarily deriving from the securitisation of own loans and assigned to the Bank's strategic core business. These assets largely have an investment grade rating.
- Securities with a nominal volume of € 159 million (31 March 2015: € 179 million) and a carrying amount of € 73 million (31 March 2015: € 75 million) that were transferred to Rio Debt Holdings. This includes € 115 million (amortised cost) in impaired securities for which loan loss provisions of € 82 million have already been recognised.

Of the portfolio investments, a carrying amount of € 29 million (31 March 2015: € 239 million) relates to investments with corporate underlyings (CLOs) and € 81 million (31 March 2015: € 84 million) relates to assets with ABS underlyings (ABS and CDO of ABS). Of this figure, € 32 million (31 March 2015: € 30 million) relates to underlying assets that were previously assigned to sub-prime assets.

Liquidity risk

Refinancing situation

In addition to programme loans and global loans from government development banks, secured financing on the interbank market (including Eurex Repo transactions) and refinancing via the ECB (totalling € 2.1 billion; 31 March 2015: € 3.0 billion) and deposits (€ 5.7 billion; 31 March 2015: € 5.7 billion) and promissory note loans (€ 2.0 billion; 31 March 2015: € 2.1 billion) with corporate clients, retail customers and institutional investors secured via the Deposit Protection Fund form a key element of IKB's refinancing.

The volume of unsecured bearer bonds issued by IKB in the retail customer segment amounted to € 0.5 billion as at 30 September 2015 (31 March 2015: € 0.5 billion).

Liquidity situation

As at 30 September 2015, the minimal liquidity balance amounted to around € 1.1 billion even assuming stress conditions.

In accordance with the German Liquidity Regulation (LiqV), the Bank will ensure that its liquidity ratio remains within a corridor of between 1.25 and 2.00. In the period under review, the average liquidity ratio was 1.9, thereby comfortably exceeding the regulatory minimum of 1.00.

A minimum liquidity coverage ratio (LCR) of 60% applies with effect from 1 October 2015 in accordance with Article 460 (2) of Regulation (EU) No. 575/2013 in conjunction with Article 38 (2) of Delegated Regulation (EU) 2015/61. The Bank also intends to comfortably exceed this minimum requirement. Its target is in excess of 100%.

Depending on the development of its new business and taking into account credit facilities and liquidity commitments not yet utilised by customers, the Bank expects its liquidity requirements to amount to around € 7 billion over the next twelve months. This figure is derived from the legal maturities of the Bank's asset and liability positions.

As previously, the main options available for refinancing are accepting secured customer deposits and promissory note loans, secured borrowing on the interbank market (cash and term deposits), participating in ECB tenders, bearer bonds and selling balance sheet assets. Collateralised refinancing structures represent a further refinancing option for the Bank.

Liquidity planning is based on a range of assumptions as to the above and other factors which can determine liquidity, both on the assets side and the liabilities side. In the event that a number of these assumptions do not come to fruition, this may result in liquidity bottlenecks. For example, this may include market developments that prevent the Bank from extending liabilities guaranteed by the Deposit Protection Fund or selling balance sheet assets to a sufficient extent or at all, or changes in the value of securities in the liquidity reserve and derivatives that could lead to changes in the liquidity situation via changes in collateral values/holdings. IKB has a liquidity contingency plan for this eventuality that describes the measures and the procedure for responding to a liquidity bottleneck.

Market price risk

The following table shows the development of the market price risk profile at the level of the risk consolidation group.

Table: Market price risk profile

in € million	Value at 30 Sep. 2015	Value at 31 Mar. 2015
Interest rate base point value (BPV)[1]	**-1.6**	**-1.5**
Credit spread BPV[2]	**-6.5**	**-7.3**
VaR – interest rate and volatility	-15.9	-29.2
VaR – credit spread	-55.3	-58.8
VaR – FX and volatility	-3.5	-1.5
VaR – inflation and volatility	-1.7	-1.4
Correlation effect	25.8	39.0
VaR[3] (total)	**-50.6**	**-51.9**
thereof proprietary and customer trading	**-0.5**	**-0.2**

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

1) Change in the value of the portfolio in the event of a parallel shift in the yield curve of one basis point

2) Change in the value of the portfolio in the event of a parallel shift in the spread curve of one basis point

3) 99% confidence level applying a holding period of one day

Operational risk

The gross loss volume in the first half of the year totalled € 0.9 million at Group level (prior-year figure restated to reflect more recent information: € 1.6 million). Around € 0.8 million of this figure related to IKB AG (previous year: € 0.1 million). In individual cases, the loss amounts are still based on estimates for which it may not be possible to obtain accurate figures until considerably later in some cases.

Legal risk

The changes since the report as at 31 March 2015 are as follows:

Special audit under German stock corporation law

Detailed information on the special audit under German stock corporation law by Dr Harald Ring can be found on page 61 of IKB's 2014/15 annual report. The special audit report was included on the agenda of the Annual General Meeting on 27 August 2015.

The Supervisory Board discussed the report comprehensively and, following a thorough analysis, initially adopted a resolution to assert claims for damages against former members of the Board of Managing Directors for the failure to publish an ad-hoc announcement in July 2007. In the meantime, settlements for these claims have been agreed with three former members of the Board of Managing Directors and the D&O insurer. The Annual General Meeting approved these settlement agreements by a majority vote on 27 August 2015.

All in all, the possibility that the facts and assessments included in the report by the special auditor will lead to the initiation of legal proceedings against the company by third parties cannot be ruled out. IKB expects any such legal proceedings to be unsuccessful.

Recessionary actions against resolutions by Annual General Meetings

Recessionary and revocation claims against resolutions made by the Annual General Meeting on 25 March 2009 (including agenda items 3 and 4: cancellation of the special audit with regard to the Board of Managing Directors and the Supervisory Board) are currently still pending.

Settlement agreement in active proceedings in New York

In September 2015, IKB successfully agreed a settlement in one of its active proceedings in New York. The amount of the payment to IKB and all of the other details of the settlement are confidential. IKB will continue to pursue its claims against various parties in the USA.

Derivatives trading

Of the six legal actions listed in IKB's 2014/15 annual report (see page 62), one has been concluded. The values in dispute of the aforementioned actions currently total around € 20.7 million.

Dissenting view of the tax authorities

In August 2015, IKB AG received tax assessment notices in which the dissenting view of the tax authorities on the application of section 8c of the German Corporate Income Tax Act (KStG)/section 10a of the German Trade Tax Act (GewStG) in connection with the capital increase implemented by IKB AG during the course of the year and the subsequent sale of KfW’s shares in IKB to Lone Star in the financial year 2008/09 was implemented. IKB has appealed against the tax assessments. The corporation tax and the solidarity surcharge for 2009 were paid including interest. Payment was made in the amount of around € 140 million from the provisions recognised as at 31 March 2015 and in the amount of € 1 million from net other operating income (other interest). At its application, IKB was granted a suspension of execution for trade tax. The trade tax and the associated interest were therefore not yet payable.

IKB's assessment of the tax law situation is unchanged as against the report dated 31 March 2015. IKB continues to believe that it would have a good chance of success with regard to corporation tax and the solidarity surcharge and a very good chance of success with regard to trade tax when it comes to enforcing its legal position in the court of last instance.

As previously no provision was recognised for trade tax or the corresponding interest on account of IKB’s extremely good chance of success in the court of last instance, and hence the extremely positive assessment of the corresponding risk. At the same time, there is a possibility that this risk will need to be reassessed as proceedings continue. The risk for trade tax currently amounts to around € 117 million plus interest of 0.5% per month and cost allocations for chamber of commerce and industry membership fees in the amount of € 1.2 million. The potential interest rate risk amounted to around € 29 million as at 30 September 2015 plus around € 0.6 million for each additional month. If this risk were to occur, this would have the following impact on the key financial performance indicators as at 31 March 2015:

- The regulatory tier 1 ratio or common equity tier 1 ratio calculated as at 30 September 2015 would deteriorate by 1.1 percentage points at the level of the IKB Group and by 1.2 percentage points at the level of IKB AG.
- The leverage ratio calculated as at 30 September 2015 would decline by 0.7 percentage points for the regulatory Group and IKB AG alike.
- Net income after taxes and before additions to/reversals of the fund for general banking risk (section 340g HGB) as at 30 September 2015 would decline by around € 147 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.

Other risks

Information on risks relating to information security and IT, compliance, human resources, business, strategic, reputational and participation risks can be found in IKB's Group management report for the year ended 31 March 2015. There have been no significant changes since this date.

Overall assessment of the risk situation

In terms of the regulatory capital and liquidity ratios, IKB had a satisfactory position at the end of the first half of the financial year 2015/16. The CET 1 ratio increased to 11.3% at Group level, while the leverage ratio was comfortably in excess of 8%. This meant that the targets required by the ECB's comprehensive assessment were exceeded by some distance while ensuring that the Bank still had the planned scope for expanding its business volume. At the same time, however, there remains considerable uncertainty due to a number of banking supervisory projects that are expected to be realised cumulatively over the coming months and in the medium term. These are ultimately leading to continuous pressure to introduce higher ratios for equity or eligible liabilities. As a result of the considerable uncertainty and capital risks connected with these projects, the Bank has taken the precaution of establishing and maintaining an adequately high capital buffer. The development of earnings and the business model as planned will play a key role in ensuring that the necessary strengthening of the capital base can take place successively.

Improving the Bank's resistance remains important not only in respect of regulation, but also on account of the changing macroeconomic stress factors. In the financial year to date, these again included the fragile euro zone as well as China in particular. One increasingly important development is the fact that the current highly expansive monetary policy around the world is showing signs of coming to an end. The Federal Reserve Board has already taken concrete steps in this direction, with the capital markets responding accordingly. If the Fed postpones this move, this could necessitate a further relaxation in monetary policy in the euro zone. In turn, this could cement the phase of near- or below-zero interest rates for years to come. As such, higher market price risks for banks in general, and hence for IKB, are unavoidable in order to be prepared for an even more extreme low-interest scenario. By contrast, a sudden increase in interest rates in the near term is highly unlikely. IKB is exposed to increased market price risk largely as a result of the higher measurement of positions at fair value due to the Bank’s chosen early, precautionary positioning in anticipation of the ECB’s programme of quantitative easing. With this, the Bank is reducing the potentially heightened earnings risk that could result from a sustained period of low interest rates, which could encompass the flattening of the yield curve, negative interest rates and deflationary trends in general.

It remains to be seen whether the capital markets will lose further liquidity, making repositioning difficult. It also remains to be seen whether prices on the asset markets in particular will development in an inflationary manner and become detached from the actual risks.

IKB sees the development of credit risk and the extremely low level of new risk provisions as a sign of the extremely positive sentiment among German companies at present, a situation that has yet to be adversely affected by the sanctions involving Russia and the weaker growth outlook for China. This almost low-risk scenario will not remain in place in the long term, which is why there needs to be an examination of the potential build-up of latent risk for which global valuation allowances should be recognised. The Bank currently considers there to be a slightly heightened latent risk with regard to development in Russia and various financing arrangements in the southern EU member states in particular.

The events surrounding the VW emissions scandal could represent an additional risk, as the extent of the potential fines, the cost of damage repair and the slump in sales at VW are all subject to significant uncertainty. IKB does not currently see a materially dangerous transfer of risk to suppliers or the industry as a whole.

The "Grexit" that was still a possibility in June 2015 has been averted for the time being. However, there remains a nervousness in the euro zone member states, and particularly those where elections are imminent. For the euro zone as a whole, the Bank believes that a renewed euro crisis is a far-flung possibility, and fears of default have largely disappeared on the capital markets.

Taking the Bank's planning into account, risk-bearing capacity from a going-concern perspective remains secure without restriction for the next twelve months and a further two years after that. This means that the Bank continues to enjoy sufficient scope in terms of free risk coverage potential. The Bank’s risk-bearing capacity in the liquidation perspective remains in place despite the chosen precautionary positioning in anticipation of quantitative easing, which resulted in increased market price risk. With regard to the further development of market price risk, the Bank considers the potential for a sustained low interest rate environment and the substantially opposing nature of interest rate and price effects at present – and not only in historical scenarios – to be the key factors in its risk assessment.

IKB spreads the euro securities it holds primarily for liquidity purposes among supranational counterparties and counterparty states in Europe. In addition it focuses almost exclusively on good-quality covered debt securities (mortgage bonds, covered bonds, etc.). The interest receivables that the Bank is guaranteed to receive from these market risk positions will help to stabilise net interest income in an extremely low-interest environment in the immediate future. The impact of the ECB’s quantitative easing programme will need to be closely observed with regard to the development of the Bank’s position, as this could be reflected in the level of interest rates and/or in an upturn in the yield curve depending on the rapidly changing assessment of the markets. It remains uncertain as to whether any such movements would be long-term in nature.

In IKB's lending business with corporate customers, there remains a stable situation with regard to German companies. However, due to the strong attraction of companies as a target group for banks, a high level of competitive intensity can be observed on the banking market at inappropriately low margins. In its lending activity, IKB is maintaining its standards in respect to appropriate conditions and acceptable risks. At the same time, lending was increased compared with the previous year, with the "originated" credit volume, which includes the syndicated volume, seeing significant growth.

The process of creating the banking union and the accompanying banking supervisory measures are entering the next phase. Over the next months, IKB will be faced with the Supervisory Review and Evaluation Process (SREP) and the implementation of the requirements on bank recovery and resolution. Reporting is being expanded considerably and there will be substantial intervention in the procedural and structural organisation and overall bank management. The planned and potential regulatory measures for banks (such as the “Basel IV” package) will present IKB with significant challenges. The cost of fulfilment, including the bank levy, will be a major cost driver. The wave of regulation is therefore increasingly becoming a risk and competitive factor as a result of the considerable impact it could have on the alignment of business models and the above-average burden it poses for smaller banks.

5. Report on opportunities

IKB reports on its opportunities in detail on pages 71 and 72 of its 2014/15 annual report. There have been no material changes to this information since its publication.

With regard to the "dissenting view of the tax authorities (see the "Legal risk" subsection of section 4. "Risk report"), IKB still believes that it has a good chance of success if any judicial proceedings were to reach the court of last instance based on the risk assessment by internal and external experts, even after having received the tax assessment notices in the meantime. In this case, the reimbursement of the taxes and interest paid and the reversal of the write-down of the tax receivable could have a positive effect on earnings.

6. Outlook

Future general economic conditions

The pace of global economic expansion is unlikely to change significantly and is set to remain moderate. The robust growth in the advanced economies is expected to continue. Expansion in the emerging economies will remain weak, with little in the way of improvement. Although countries such as Brazil and Russia are likely to gradually emerge from recession, the signs are that China will see a further slowdown in economic growth.

The US economy will remain stronger than its euro zone counterpart in 2015 and 2016. In the euro zone, economic development is being curbed by the high debt levels in many nations. However, the financing conditions have improved, with financial policy no longer having an adverse effect and real income on the rise. This means the recovery is likely to continue. The euro zone is also benefiting from the sustained weakness of the euro. For Italy and France, the joint diagnosis by the research institutes shows forecast GDP growth of 0.7% and 1.0% respectively in 2015, followed by 1.1% for both countries in 2016. Spain is expected to enjoy a significant upturn (2015: +3.0%, 2016: +2.4%) while the United Kingdom is set to remain on its growth path (2015: +2.5%, 2016: +2.4%). In many countries, the economy will continue to be affected for some time by the substantial exchange rate adjustments since summer 2014.

For the German economy, the institutes are forecasting growth of 1.8% in both 2015 and 2016. The sustained positive consumer environment means that economic performance will continue to benefit from private consumer spending, which will increase as a result of growing refugee migration – a development that will also see a rise in government consumption. With financing conditions remaining favourable, capital expenditure will enjoy stronger growth. Construction investment is on the rise, with residential construction and public investment in particular set to enjoy considerable growth. Investment in equipment will also increase, albeit at a slower pace than in previous upswings. In light of the only moderate development of the global economy, exports are set to enjoy modest growth, particularly as the positive effect of the depreciation of the euro is gradually waning. All in all, foreign trade is expected to provide only limited growth impetus in 2016.

Monetary policy in the advanced economies began to diverge slightly in 2014, but remains extremely expansionary on the whole. Even if the Fed raises interest rates in 2016, it will only do so in small steps while fundamentally maintaining its accommodating monetary policy. The ECB is not expected to deviate from its policy of zero interest rates. Speculation is focusing instead on whether it will expand or extend its purchase programme.

Lending in the countries that are relevant to IKB is expected to improve as the economic recovery progresses. In addition to the upturn in investment activity and the sustained positive financing conditions, Italy and Spain are likely to see a reduction in the supply-side restrictions that are still in place. Needless to say, there is a risk that the high volume of non-performing loans that can still be found on bank balance sheets in both countries will not be resolved as quickly as might be liked.

Banks continue to be faced with considerable challenges. Extensive regulatory requirements and the sustained low-interest environment are likely to limit earnings opportunities in the euro zone. Low interest rates for the foreseeable future could intensify the pressure on earnings: As higher-interest loans expire, they are being replaced by lower-interest loans. This is having an adverse effect on net interest income. This situation is exacerbated by the fact that banks are unable to pass on the reduction in interest rates for loans by cutting their deposit rates even further, as these are already close to 0% at many banks. Banks are also increasingly having to prepare themselves for a general shift in corporate financing, with corporations and large midmarket companies at least favouring capital market finance over traditional bank lending to an ever greater extent. As such, the adaptation of their business models remains on the agenda.

Forecast risk arises from a range of uncertainties concerning monetary policy decisions and, in particular, development in China. There is currently a very real risk that China will see a significant downturn. In particular, there remains a high degree of transparency concerning the current situation, particularly when it comes to the asset situation in various sectors of the economy. The turbulence on the stock markets could reflect more deep-rooted structural problems in the Chinese economy or simply a correction to the sharp price rises that had taken place previously. A significant downturn in the Chinese economy would undoubtedly go hand in hand with a substantial slowdown in global economic performance.

There is also the risk that falling commodity prices accompanied by the expected rise in the key lending rate in the USA could lead the increased withdrawal of capital from commodity-exporting emerging economies. The sustained uncertainty on the financial markets could also start to have an even more pronounced negative impact, as there would likely be a tangible reduction in international capital flows to the emerging economies in this scenario. In extreme circumstances, massive capital outflows could lead to heightened turbulence on the financial markets or even trigger currency crises. However, it is entirely possible that the rise in the US key lending rate will reduce the level of uncertainty on the international financial markets. This could mean positive effects for the emerging economies in particular if the risk premiums on these countries' financial securities were to fall and the withdrawal of international capital were to decline.

Net assets

For the period under review, the Bank refers to the information on net assets in section 6. “Outlook” on pages 74 and 75 of IKB's 2014/15 annual report and is also maintaining this forecast for the second half of the financial year 2015/16.

Liquidity situation

For the period under review, the Bank refers to the information on the liquidity situation in section 6. “Outlook” on page 75 of IKB's 2014/15 annual report.

As forecast on page 75 of IKB's 2014/15 annual report, the Bank expects its liquidity ratio in accordance with the German Liquidity Regulation (LiqV) to remain within a corridor of between 1.25 and 2.00 in the second half of the 2015/16 financial year. In the first half of the current financial year, the liquidity ratio fell within a corridor of between 1.63 and 2.05. After collecting data from application within the supervisory monitoring period that began on 1 January 2014, IKB additionally integrated the liquidity coverage ratio (LCR) into its liquidity management. The LCR amounted to 335% at Group level as at 30 September 2015, thereby significantly exceeding the level of 60% that is required to be observed since 1 October 2015.

Leverage ratio

The basis of calculation for the leverage ratio changed as a result of Delegated Regulation (EU) 2015/62 of the European Commission dated 17 January 2015 and is expected to apply six months after the publication of the Implementing Technical Standards on Amending Commission Implementing Regulation (EU) No. 680/2014 on Supervisory Reporting of Institutions with regard to the debt ratio in accordance with the Delegated Regulation in the Official Journal of the European Commission. Publication in the Official Journal of the European Commission is still outstanding. Accordingly, IKB does not expect Delegated Regulation (EU) 2015/62 to apply to its reporting in the financial year 2015/16, and therefore expects the IKB Group's leverage ratio in accordance with the basis of calculation prior to the application of Delegated Regulation (EU) 2015/62, which was 8.9% as at 30 September 2015, to increase moderately between now and the end of the financial year 2015/16.

Results of operations

For the period under review, the Bank refers to the information on the results of operations in section 6. “Outlook” on pages 75 and 76 of IKB's 2014/15 annual report and is also maintaining this forecast for the second half of the financial year 2015/16.

Overall assessment

IKB generated positive earnings in the first six months of the current financial year. On this basis, it expects to generate positive net income after taxes and before additions to the fund for general banking risks (section 340g HGB) for the financial year 2015/16 as a whole as planned. As stated in the 2014/15 annual report, net income is expected to be slightly higher than in the financial year 2014/15. Should profits be accumulated by IKB AG, IKB intends to transfer them to the fund for general banking risk in accordance with section 340g HGB as at the end of the financial year. Among other things, the transfer, which will take into account IKB's general banking risk, is intended to secure the Bank against the risks described in this management report.

Servicing the compensation agreements of a total amount of € 1,151.5 million and the value recovery rights of the hybrid investors mean that IKB AG will probably not report any, or only minimal, profit for a long time to come, even if results are positive. In addition, to the extent that net income can be reported in future, the reduction of net accumulated losses means that it will not be possible to distribute a dividend to the shareholders of IKB AG.

Combined Interim Financial Statements of IKB Deutsche Industriebank AG and the Group

Consolidated balance sheet of IKB Deutsche Industriebank AG as at 30 September 2015

in € million	30 Sep. 2015	31 Mar. 2015
Assets		
Cash reserve	**77.3**	**34.6**
a) Cash on hand	-	-
b) Balances with central banks	77.3	34.6
thereof: with Deutsche Bundesbank	77.3	34.6
c) Balances in postal giro accounts	-	-
Debt instruments of public sector entities and bills of exchange eligible for refinancing of central banks	**-**	**-**
Receivables from banks	**2,210.6**	**2,300.0**
a) Repayable on demand	1,857.2	2,195.4
b) Other receivables	353.4	104.6
Receivables from customers	**10,249.4**	**11,089.8**
thereof: mortgage loans	1,071.2	1,164.3
thereof: public sector loans	613.0	717.9
Bonds and other fixed-income securities	**5,860.1**	**6,529.4**
a) Money market securities	-	-
b) Bonds and notes	5,355.9	5,764.2
ba) Public sector issuers	3,394.2	3,345.7
thereof: eligible as collateral for Deutsche Bundesbank	3,293.7	3,345.7
bb) Other issuers	1,961.7	2,418.5
thereof: eligible as collateral for Deutsche Bundesbank	1,799.4	2,042.8
c) Own bonds	504.2	765.2
Nominal amount	504.3	765.6
Equities and other non-fixed-income securities	**484.8**	**483.2**
Assets held for trading	**253.3**	**270.5**
Equity investments	**19.1**	**22.7**
thereof: banks	0.2	0.2
thereof: financial services institutions	-	-
Investments in associates	**14.0**	**13.6**
thereof: banks	-	-
thereof: financial services institutions	14.0	13.6
Investments in affiliated companies	**2.3**	**2.3**
thereof: banks	-	-
thereof: financial services institutions	-	-
Assets held in trust	**-**	**-**
Equalisation claims on the public sector including debt securities arising from their exchange	**-**	**-**
Lease assets	**968.1**	**1,029.9**
Intangible assets	**8.5**	**10.9**
a) Internally generated industrial and similar rights and assets	-	-
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	8.3	10.4
c) Goodwill	-	-
d) Advance payments made	0.2	0.5
Tangible assets	**26.4**	**25.7**
Called unpaid capital	**-**	**-**
Other assets	**234.8**	**235.1**
Prepaid expenses	**74.2**	**74.7**
Deferred tax assets	**254.4**	**243.1**
Excess of plan assets over post-employment benefit liability	**7.8**	**44.5**
Total assets	**20,745.1**	**22,410.0**

in € million	30 Sep. 2015	31 Mar. 2015
Equity and liabilities		
Liabilities to banks	**7,941.8**	**8,893.3**
a) Repayable on demand	729.6	924.8
b) With agreed lifetime or notice period	7,212.2	7,968.5
Liabilities to customers	**7,989.3**	**8,165.3**
a) Savings deposits	-	-
b) Other liabilities	7,989.3	8,165.3
ba) Repayable on demand	1,273.5	1,590.1
bb) With agreed lifetime or notice period	6,715.8	6,575.2
Securitised liabilities	**1,248.0**	**1,511.9**
a) Bonds issued	1,248.0	1,511.9
b) Other securitised liabilities	-	-
Liabilities held for trading	**204.5**	**279.7**
Liabilities held in trust	**-**	**-**
Other liabilities	**375.0**	**465.1**
Deferred income	**115.5**	**113.3**
Deferred tax liabilities	**-**	**-**
Provisions	**267.3**	**398.3**
a) Provisions for pensions and similar obligations	13.7	3.5
b) Tax provisions	86.0	220.0
c) Other provisions	167.6	174.8
Subordinated liabilities	**966.6**	**970.9**
Profit participation capital	**32.2**	**32.2**
thereof: due within two years	32.2	32.2
Fund for general banking risks	**579.7**	**579.7**
thereof: trading-related special reserve according to section 340e(4) HGB	1.8	1.8
Equity	**1,025.2**	**1,000.3**
a) Called-up capital	1,621.5	1,621.5
Subscribed capital	1,621.5	1,621.5
Less uncalled unpaid contributions	-	-
Contingent capital	619.1	810.7
b) Capital reserves	1,750.7	1,750.7
c) Revenue reserves	5.1	5.1
ca) Legal reserve	2.4	2.4
cb) Reserve for shares in a parent or majority investor	-	-
cc) Statutory reserves	-	-
cd) Other revenue reserves	2.7	2.7
d) Difference in equity from currency translation	-3.8	-5.5
e) Net accumulated losses	-2,348.3	-2,371.5
Total equity and liabilities	**20,745.1**	**22,410.0**

Contingent liabilities	**952.3**	**1,156.2**
a) Contingent liabilities from rediscounted and settled bills of exchange	-	-
b) Liabilities from guarantees and indemnity agreements	952.3	1,156.2
c) Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations	**1,327.0**	**1,079.7**
a) Repurchase obligations from non-genuine repurchase agreements	-	-
b) Placement and underwriting obligations	-	-
c) Irrevocable loan commitments	1,327.0	1,079.7

Balance sheet of IKB Deutsche Industriebank AG as at 30 September 2015

in € million	30 Sep. 2015	31 Mar. 2015
Assets		
Cash reserve	**77.2**	**34.5**
a) Cash on hand	-	-
b) Balances with central banks	77.2	34.5
thereof: with Deutsche Bundesbank	77.2	34.5
c) Balances in postal giro accounts	-	-
Debt instruments of public sector entities and bills of exchange eligible for refinancing of central banks	**-**	**-**
Receivables from banks	**2,118.5**	**2,158.1**
a) Repayable on demand	1,770.5	2,062.3
b) Other receivables	348.0	95.8
Receivables from customers	**11,975.8**	**12,864.6**
thereof: mortgage loans	1,071.2	1,164.3
thereof: public sector loans	613.0	717.9
Bonds and other fixed-income securities	**5,038.5**	**5,442.4**
a) Money market securities	-	-
b) Bonds and notes	5,026.2	5,432.7
ba) Public sector issuers	3,014.1	2,959.7
thereof: eligible as collateral for Deutsche Bundesbank	2,913.6	2,959.7
bb) Other issuers	2,012.1	2,473.0
thereof: eligible as collateral for Deutsche Bundesbank	1,683.0	1,928.7
c) Own bonds	12.3	9.7
Nominal amount	12.5	10.0
Equities and other non-fixed-income securities	**1.5**	**1.5**
Assets held for trading	**253.3**	**270.5**
Equity investments	**9.9**	**9.9**
thereof: banks	0.2	0.2
thereof: financial services institutions	-	-
Investments in affiliated companies	**160.2**	**160.2**
thereof: banks	-	-
thereof: financial services institutions	-	-
Assets held in trust	**-**	**-**
Equalisation claims on the public sector including debt securities arising from their exchange	**-**	**-**
Intangible assets	**5.9**	**8.1**
a) Internally generated industrial and similar rights and assets	-	-
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	5.9	8.1
c) Goodwill	-	-
d) Advance payments made	-	-
Tangible assets	**5.5**	**5.5**
Called unpaid capital	**-**	**-**
Other assets	**358.2**	**368.7**
Prepaid expenses	**120.0**	**128.9**
Deferred tax assets	**250.1**	**238.1**
Excess of plan assets over post-employment benefit liability	**7.7**	**43.5**
Total assets	**20,382.3**	**21,734.5**

in € million	30 Sep. 2015	31 Mar. 2015
Equity and liabilities		
Liabilities to banks	**7,924.3**	**8,881.7**
a) Repayable on demand	726.5	924.5
b) With agreed lifetime or notice period	7,197.8	7,957.2
Liabilities to customers	**8,300.4**	**8,198.4**
a) Savings deposits	-	-
b) Other liabilities	8,300.4	8,198.4
ba) Repayable on demand	1,526.2	1,613.8
bb) With agreed lifetime or notice period	6,774.2	6,584.6
Securitised liabilities	**799.9**	**1,014.2**
a) Bonds issued	799.9	1,014.2
b) Other securitised liabilities	-	-
Liabilities held for trading	**204.5**	**279.7**
Liabilities held in trust	**-**	**-**
Other liabilities	**466.1**	**537.2**
Deferred income	**127.7**	**131.4**
Deferred tax liabilities	**-**	**-**
Provisions	**243.8**	**376.9**
a) Provisions for pensions and similar obligations	5.0	-
b) Tax provisions	83.9	218.8
c) Other provisions	154.9	158.1
Subordinated liabilities	**491.5**	**495.8**
Profit participation capital	**32.2**	**32.2**
thereof: due within two years	32.2	32.2
Fund for general banking risks	**579.7**	**579.7**
thereof: trading-related special reserve according to section 340e(4) HGB	1.8	1.8
Equity	**1,212.2**	**1,207.3**
a) Called-up capital	1,621.5	1,621.5
Subscribed capital	1,621.5	1,621.5
Less uncalled unpaid contributions	-	-
Contingent capital	619.1	810.7
b) Capital reserves	1,750.7	1,750.7
c) Revenue reserves	2.4	2.4
ca) Legal reserve	2.4	2.4
cb) Reserve for shares in a parent or majority investor	-	-
cc) Statutory reserves	-	-
cd) Other revenue reserves	-	-
d) Difference in equity from currency translation	-	-
e) Net accumulated losses	-2,162.4	-2,167.3
Total equity and liabilities	**20,382.3**	**21,734.5**
Contingent liabilities	**1,885.0**	**2,086.8**
a) Contingent liabilities from rediscounted and settled bills of exchange	-	-
b) Liabilities from guarantees and indemnity agreements	1,885.0	2,086.8
c) Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations	**1,197.9**	**968.6**
a) Repurchase obligations from non-genuine repurchase agreements	-	-
b) Placement and underwriting obligations	-	-
c) Irrevocable loan commitments	1,197.9	968.6

Consolidated income statement of IKB Deutsche Industriebank AG for the period from 1 April to 30 September 2015

in € million	2015/16	2014/15
Expenses		
Lease expenses	**-99.1**	**-100.6**
Interest expenses	**-341.5**	**-495.0**
Commission expenses	**-7.0**	**-5.3**
Net trading results	**-**	**-**
General administrative expenses	**-138.3**	**-148.6**
a) Personnel expenses	-89.9	-88.1
aa) Wages and salaries	-75.3	-74.0
ab) Social security, post-employment and other employee benefit costs	-14.6	-14.1
thereof: for pensions	-5.4	-5.0
b) Other administrative expenses	-48.4	-60.5
Depreciation and write-downs of intangible and tangible assets	**-163.2**	**-183.1**
a) On leasing assets	-158.6	-178.2
b) On intangible and tangible assets	-4.6	-4.9
Other operating expenses	**-398.8**	**-50.2**
Expenses for the addition to the fund for general banking risks	**-**	**-**
Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	**-**	**-23.8**
Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investment securities	**-4.2**	**-14.8**
Expenses of assumption of losses	**-**	**-**
Extraordinary expenses	**-2.3**	**-2.3**
Income taxes	**4.9**	**-15.4**
Other taxes not reported under “Other operating expenses”	**-0.7**	**-0.8**
Profit transfer on the basis of profit-pooling, profit transfer and partial profit transfer agreements	**-**	**-**
Net income for the year	**-23.1**	**-72.7**
Total expenses	**-1,173.3**	**-1,112.6**

in € million	2015/16	2014/15
Income		
Lease income	**292.4**	**313.3**
Interest income from	**445.9**	**579.6**
a) Lending and money market transactions	379.7	493.1
b) Fixed-income securities and government-inscribed debts	66.2	86.5
Current income from	**2.4**	**11.9**
a) Equities and other non-fixed-income securities	0.2	8.2
b) Equity investments	1.2	0.7
c) Investments in associates	1.0	1.0
d) Investments in affiliated companies	-	2.0
Income from profit-pooling, profit transfer and partial profit transfer agreements	**-**	**-**
Commission income	**21.3**	**22.1**
Net trading results	**0.4**	**1.6**
Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	**13.8**	**-**
Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	**94.5**	**115.3**
Other operating income	**301.8**	**67.7**
Income from the reversal of the fund for general banking risks	**-**	**-**
Extraordinary income	**0.8**	**1.1**
Income from assumption of losses	**-**	**-**
Net loss for the year	**-**	**-**
Total income	**1,173.3**	**1,112.6**
Net income for the year	**23.1**	**72.7**
Loss carryforward from the previous year	**-2,371.5**	**-2,376.2**
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	**-**	**-**
Net accumulated losses	**-2,348.3**	**-2,303.4**

Income statement of IKB Deutsche Industriebank AG for the period from 1 April to 30 September 2015

in € million	2015/16	2014/15
Expenses		
Interest expenses	**-350.6**	**-509.5**
Commission expenses	**-2.6**	**-2.2**
Net trading results	**-**	**-**
General administrative expenses	**-115.6**	**-125.4**
a) Personnel expenses	-70.7	-71.2
aa) Wages and salaries	-59.8	-60.1
ab) Social security, post-employment and other employee benefit costs	-10.9	-11.1
thereof: for pensions	-4.2	-4.5
b) Other administrative expenses	-44.9	-54.2
Depreciation and write-downs of intangible and tangible assets	**-2.6**	**-4.9**
Other operating expenses	**-359.5**	**-28.1**
Expenses for the addition to the fund for general banking risks	**-**	**-**
Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	**-**	**-23.7**
Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investment securities	**-1.2**	**-9.2**
Expenses of assumption of losses	**-**	**-**
Extraordinary expenses	**-2.0**	**-2.0**
Income taxes	**7.4**	**-13.5**
Other taxes not reported under “Other operating expenses”	**-0.1**	**-0.2**
Profit transfer on the basis of profit-pooling, profit transfer and partial profit transfer agreements	**-**	**-**
Net income for the year	**-4.9**	**-16.9**
Total expenses	**-831.7**	**-735.6**

in € million	2015/16	2014/15
Income		
Interest income from	**455.4**	**594.3**
a) Lending and money market transactions	398.3	516.8
b) Fixed-income securities and government-inscribed debts	57.1	77.5
Current income from	**1.0**	**2.2**
a) Equities and other non-fixed-income securities	-	-
b) Equity investments	1.0	0.2
c) Investments in affiliated companies	-	2.0
Income from profit-pooling, profit transfer and partial profit transfer agreements	**-**	**-**
Commission income	**19.4**	**21.2**
Net trading results	**0.4**	**1.6**
Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	**14.2**	**-**
Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	**78.8**	**88.7**
Other operating income	**260.1**	**26.5**
Income from the reversal of the fund for general banking risks	**-**	**-**
Extraordinary income	**2.4**	**1.1**
Income from assumption of losses	**-**	**-**
Net loss for the year	**-**	**-**
Total income	**831.7**	**735.6**
Net income for the year	**4.9**	**16.9**
Loss carryforward from the previous year	**-2,167.3**	**-2,167.3**
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	**-**	**-**
Net accumulated losses	**-2,162.4**	**-2,150.4**

Notes to the combined interim financial statements of the Group and IKB Deutsche Industriebank AG

Applied accounting principles

The interim financial report of IKB Deutsche Industriebank AG (IKB AG) and the IKB Group ("Group") for the period ended 30 September 2015 is prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) in conjunction with the Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV – German Bank Accounting Directive) and taking into account the relevant regulations of the Aktiengesetz (AktG – German Stock Corporation Act) and the standards promulgated by the German Standardisation Council (DSR) and endorsed by the German Federal Ministry of Justice in accordance with section 342(2) HGB. These financial statements should be read together with the audited single-entity and consolidated financial statements of IKB AG for the year ended 31 March 2015.

The interim financial report for the period ended 30 September 2015 comprises the balance sheet, the income statement and selected explanatory disclosures in the condensed notes to the financial statements in addition to a condensed Group management report. IKB has opted against the voluntary preparation of a (condensed) statement of changes in equity and a (condensed) cash flow statement. With respect to the events and items arising in the current interim reporting period that are relevant for an understanding of the material changes in items of the balance sheet and the income statement in comparison to the comparative figures shown, please refer to the information on the assets, financials and income in the interim management report of the Group in addition to the disclosures in the condensed notes to the interim financial statements.

The comparative figures for the previous year were calculated in line with German Commercial Code and disclosed in accordance with section 298(1) in conjunction with section 265(2) HGB.

The balance sheet and the income statement are structured in line with the formats for banks in accordance with section 2 RechKredV. The consolidated balance sheet and the consolidated income statement have been supplemented by items specific to the leasing industry. The income statement is structured in account format (format 2 RechKredV).

Amounts are disclosed in millions of euro. Minor deviations can occur in the figures in the notes due to the rounding of totals. Amounts under € 50 thousand and zero values are shown as "-".

The notes to the consolidated financial statements and the notes to the single-entity financial statements of IKB AG have been compiled. Unless noted otherwise, comments apply to both the Group and IKB AG. The interim financial statements and the interim management report of this half-year financial report were neither reviewed by an auditor nor audited in accordance with section 317 HGB.

The financial year of IKB begins on 1 April and ends on 31 March.

Changes in reporting and measurement

With the following exceptions, the same accounting policies were applied in preparing the interim financial statements as for the single-entity and consolidated financial statements for the year ended 31 March 2015.

IKB implemented a change in its measurement model for derivatives in May 2015. The cash flows of secured derivatives are now discounted using the overnight indexed swap rate (OIS), as is standard. Had this change been implemented at 31 March 2015, the unrealised gains/losses for the previous year shown under note (20) would have decreased by € 50.1 million.

Since 31 March 2015, IKB also applies the revised IDW standard on the accounting treatment of credit derivatives in the non-trading portfolio (IDW RS BFA 1 new version), the final version of which was published on 4 May 2015.

If the updated version of IDW RS BFA 1 had already been applicable as at 30 September 2014, it would have been necessary to recognise provisions for expected losses of € 13.3 million (IKB AG: € 1.8 million) at the expense of other operating expenses. Furthermore, the adoption of IDW RS BFA 1 new version had taken place at 30 September 2014 it would have resulted in the following changes in prior-year figures:

Interest income in the IKB Group would have been reduced by € 9.6 million (IKB AG: € 8.3 million), while at the same time other operating income would have increased by € 6.4 million (IKB AG: € 5.1 million) and commission income by € 3.2 million. In addition, interest expense would have been reduced by € 2.9 million, while other operating expenses would have increased by € 2.8 million and fee and commission expense by € 0.1 million. As a result of the application of the updated version of IDW RS BFA, credit derivatives recognised as guarantees with a nominal volume of € 961.4 million would no longer have been included in the note on “Derivative financial instruments not recognized at fair value”. In addition, credit derivatives recognised as executory contracts with a nominal volume of € 1,458.6 million (IKB AG: € 1,397.2 million) would no longer have been reported as contingent liabilities.

(1) Consolidated group

In addition to IKB AG, 46 (31 March 2015: 47) subsidiaries have been included in consolidation in the consolidated financial statements as at 30 September 2015.

The entire assets of Zweite Equity Suporta GmbH were transferred to IKB Invest GmbH effective 1 January 2015 by way of merger through acquisition. The merger was entered in the commercial register on 31 August 2015. The merger of the company did not result in any material effects.

One associated company is included in the consolidated financial statements using the equity method (31 March 2015: one).

For further information please see note (17).

(2) Consolidation methods

The consolidated financial statements were prepared in accordance with the uniform accounting policies of IKB AG. The annual financial statements of the subsidiaries included that are neither credit nor financial services institutions have been reconciled to the structure of the RechKredV formats. If a Group company has a reporting date other than 30 September, the material transactions that have been occured between its balance sheet date and 30 September 2015 are taken into account. Selected companies are included using financial statements updated to the six-month reporting date of the Group.

The same principles of consolidation were applied in the interim financial statements as in the consolidated financial statements as at 31 March 2015.

Since the entry into effect of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Act to Modernise Accounting Law), capital consolidation for companies included in consolidation for the first time has been in line with the revaluation method in accordance with section 301 HGB. Before the BilMoG came into effect, the book value method was used for companies included in consolidation for the first time.

Assets, liabilities, deferred income and expenses as well as revenue and expenses between the Group companies included are consolidated, provided that there are no industry-specific accounting regulations preventing this. Intercompany Group profits from internal transactions are eliminated if not immaterial.

Investments in associated companies are measured using the equity method in accordance with section 312 HGB (book value method). Uniform accounting policies are disregarded when using the equity method in the Group, as their impact in terms of the presentation of a true and fair view of the net assets, financial position and results of operations is immaterial.

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Notes on the balance sheet

(3) Structure of maturities of selected balance sheet items by remaining term

	Group		IKB AG	
in € million	**30 Sep. 2015**	**31 Mar. 2015**	**30 Sep. 2015**	**31 Mar. 2015**
Receivables from banks[1)]	**353.4**	**104.6**	**348.0**	**95.8**
remaining term				
up to 3 months	296.7	66.5	291.3	59.3
between 3 months and 1 year	10.0	4.4	10.0	2.8
between 1 and 5 years	23.8	17.4	23.8	17.4
more than 5 years	22.9	16.3	22.9	16.3
Receivables from customers	**10,249.4**	**11,089.8**	**11,975.8**	**12,864.6**
remaining term				
up to 3 months	1,275.6	1,680.9	1,323.5	1,712.7
between 3 months and 1 year	1,393.0	1,687.1	1,523.4	1,861.0
between 1 and 5 years	5,304.1	5,487.5	6,571.3	6,776.3
more than 5 years	2,276.7	2,234.3	2,557.6	2,514.6
Liabilities to banks[1)]	**7,212.2**	**7,968.5**	**7,197.8**	**7,957.2**
remaining term				
up to 3 months	1,675.1	1,905.6	1,674.3	1,905.1
between 3 months and 1 year	1,071.8	1,358.0	1,064.5	1,352.2
between 1 and 5 years	3,264.3	3,518.5	3,258.0	3,513.5
more than 5 years	1,201.0	1,186.4	1,201.0	1,186.4
Liabilities to customers[1)]	**6,715.8**	**6,575.2**	**6,774.2**	**6,584.6**
remaining term				
up to 3 months	1,455.6	1,181.9	1,513.9	1,191.2
between 3 months and 1 year	1,798.7	2,185.5	1,798.7	2,185.5
between 1 and 5 years	2,639.6	2,278.1	2,639.7	2,278.2
more than 5 years	821.9	929.7	821.9	929.7

1) not including receivables or liabilities repayable on demand

€ 170.2 million (31 March 2015: € 712.7 million) of bonds and other fixed-income securities are payable in the following year in the Group and € 164.0 million (31 March 2015: € 445.4 million) are payable in the following year at IKB AG. € 221.3 million (31 March 2015: € 769.9 million) of the bonds issued and reported under securitised liabilities are payable in the following year in the Group and € 132.3 million (31 March 2015: € 658.6 million) are payable in the following year at IKB AG.

(4) Trading financial instruments

Assets held for trading break down as follows:

	Group		IKB AG	
in € million	**30 Sep. 2015**	**31 Mar. 2015**	**30 Sep. 2015**	**31 Mar. 2015**
Derivative financial instruments	177.2	254.0	177.2	254.0
Receivables	45.1	4.9	45.1	4.9
Bonds and other fixed-income securities	32.5	12.1	32.5	12.1
Risk deduction	-1.5	-0.5	-1.5	-0.5
Total	**253.3**	**270.5**	**253.3**	**270.5**

The trading book derivatives are interest swaps, spot transactions, CDS/caps/floors/collars, FX swaps, FX options, FX forwards, cross-currency swaps and swaptions.

Liabilities held for trading include the following items:

	Group		IKB AG	
in € million	**30 Sep. 2015**	**31 Mar. 2015**	**30 Sep. 2015**	**31 Mar. 2015**
Derivative financial instruments	182.9	263.6	182.9	263.6
Liabilities	21.6	16.1	21.6	16.1
Total	**204.5**	**279.7**	**204.5**	**279.7**

After taking into account a risk deduction, trading activities generated net income of € 0.4 million as at 30 September 2015 (previous year: € 1.6 million).

(5) Fixed assets

Group:

in € million	Intangible assets	Tangible assets	Lease assets	Equity investments	Investments in associ-ates	Investments in affiliated companies	Bonds and other fixed-income securities	Equities and other non-fixed-income securities	Total
Acquisition costs as at 31 Mar. 2015	**61.3**	**77.8**	**2,091.2**	**30.7**	**11.1**	**12.1**	**6,373.2**	**487.9**	**9,145.3**
Additions	0.4	2.7	136.0	-	-	-	1,091.2	13.0	1,243.3
Reclassifications	-	-	-	-	-	-	-	-	-
Effects of currency translation	-	0.1	0.1	-	-	-	-4.5	-	-4.3
Disposals	-	-0.5	-243.5	-4.0	-	-2.9	-1,547.7	-11.1	-1,809.7
Acquisition costs as at 30 Sep. 2015	**61.7**	**80.1**	**1,983.8**	**26.7**	**11.1**	**9.2**	**5,912.2**	**489.8**	**8,574.6**
Cumulative depreciation/ amortisation, write-downs and reversals thereof by 31 Mar. 2015	**-50.4**	**-52.1**	**-1,061.3**	**-8.0**	**2.5**	**-9.8**	**-77.5**	**-4.6**	**-1,261.2**
Reversals of write-downs	-	-	0.7	-	0.4	-	8.6	-	9.7
Depreciation/amortisation and write-downs	-2.8	-2.0	-159.3	-	-	-	-1.1	-0.4	-165.6
Reclassifications	-	-	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-	1.7	-	1.7
Disposals	-	0.4	204.2	0.4	-	2.9	3.7	-	211.6
Cumulative depreciation/ amortisation, write-downs and reversals thereof by 30 Sep. 2015	**-53.2**	**-53.7**	**-1,015.7**	**-7.6**	**2.9**	**-6.9**	**-64.6**	**-5.0**	**-1,203.8**
Residual book value as at 30 Sep. 2015	**8.5**	**26.4**	**968.1**	**19.1**	**14.0**	**2.3**	**5,847.6**	**484.8**	**7,370.8**
Residual book value as at 31 Mar. 2015	**10.9**	**25.7**	**1,029.9**	**22.7**	**13.6**	**2.3**	**6,295.7**	**483.3**	**7,884.1**

Deferred interest for the financial year and the previous year is shown in additions and disposals.

IKB AG:

in € million	Intangible assets	Tangible assets	Equity investments	Investments in affiliated companies	Bonds and other fixed-income securities	Equities and other non-fixed-income securities	Total
Acquisition costs as at 31 Mar. 2015	**85.7**	**26.2**	**10.1**	**1,175.6**	**5,465.2**	**1.5**	**6,764.3**
Additions	0.1	0.3	-	-	834.7	-	835.1
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-2.2	-	-2.2
Disposals	-	-	-	-2.9	-1,239.1	-	-1,242.0
Acquisition costs as at 30 Sep. 2015	**85.8**	**26.5**	**10.1**	**1,172.7**	**5,058.6**	**1.5**	**6,355.2**
Cumulative depreciation/ amortisation, write-downs and reversals thereof by 31 Mar. 2015	**-77.6**	**-20.7**	**-0.2**	**-1,015.4**	**-32.5**	**-**	**-1,146.4**
Reversals of write-downs	-	-	-	-	0.5	-	0.5
Depreciation/amortisation and write-downs	-2.3	-0.3	-	-	-0.4	-	-3.0
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-	-
Disposals	-	-	-	2.9	-	-	2.9
Cumulative depreciation/ amortisation, write-downs and reversals thereof by 30 Sep. 2015	**-79.9**	**-21.0**	**-0.2**	**-1,012.5**	**-32.4**	**-**	**-1,146.0**
Residual book value as at 30 Sep. 2015	**5.9**	**5.5**	**9.9**	**160.2**	**5,026.2**	**1.5**	**5,209.2**
Residual book value as at 31 Mar. 2015	**8.1**	**5.5**	**9.9**	**160.2**	**5,432.7**	**1.5**	**5,617.9**

Deferred interest for the financial year and the previous year is shown in additions and disposals.

Operating and office equipment are included in tangible assets in the Group and in IKB AG. The Group has one asset (land/buildings) partially used for banking operations in the portfolio.

Amortisation of intangible lease assets in the Group amounted to € 0.3 million (previous year: € 0.3 million).

The item “Bonds and other fixed-income securities” predominantly includes European government bonds, bank bonds and structured products in the form of CDOs.

Shares in special funds are in particular assigned to fixed assets in the item “Equities and other non-fixed-income securities” in the Group.

In total, in the Group there were unrealised losses from long-term investments of € 76.9 million (31 March 2015: € 49.7 million) based on the carrying amounts of € 947.6 million (31 March 2015: € 588.8 million) and the fair values of € 870.7 million (31 March 2015: € 539.1 million). At IKB AG, based on carrying amounts of € 530.0 million (31 March 2015: € 542.6 million) and fair values of € 473.7 million (31 March 2015: € 500.6 million), the unrealised losses from long-term investments amounted to a total of € 56.3 million (31 March 2015: € 42.0 million).

No write-downs have been recognised for these unrealised losses in the Group or at IKB AG as the differences are not considered to be permanent impairment.

(6) Receivables from and liabilities to affiliated companies and other investees and investors

	Group			
	30 Sep. 2015		31 Mar. 2015	
in € million	Affiliated companies 1)	Investees and investors	Affiliated companies 1)	Investees and investors
Receivables from banks	-	-	-	-
Receivables from customers	9.5	30.2	9.5	20.2
Other assets	-	-	-	-
Liabilities to banks	-	-	-	-
Liabilities to customers	3.9	0.2	3.0	0.3
Securitised liabilities	-	-	0.9	-
Other liabilities	124.3	-	145.0	-

1) for affiliated companies not included in consolidation only

The prior-period figure as at 31 March 2015 for other liabilities to affiliated companies was increased by amounts due to an unconsolidated special-purpose entity.

	IKB AG			
	30 Sep. 2015		31 Mar. 2015	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Receivables from banks	-	-	-	-
Receivables from customers	2,661.3	30.0	2,730.6	20.0
Other assets	186.2	-	184.7	-
Liabilities to banks	-	-	-	-
Liabilities to customers	361.2	0.2	68.8	0.3
Securitised liabilities	281.6	-	508.6	-
Other liabilities	8.8	-	15.6	-

(7) Subordinated assets

	Group		IKB AG	
in € million	30 Sep. 2015	31 Mar. 2015	30 Sep. 2015	31 Mar. 2015
Receivables from customers	447.5	548.0	447.4	547.9
Bonds and other fixed-income securities	0.7	0.7	0.7	0.7
Assets held for trading	6.0	3.8	6.0	3.8
Total	**454.2**	**552.5**	**454.1**	**552.4**

The subordinated assets reported in “Bonds and other fixed-income securities” are own bonds.

(8) Repurchase agreements

The carrying amount of assets reported in the balance sheet as at the reporting date and transferred in repurchase agreements is € 2,163.9 million (31 March 2015: € 2,134.2 million) in the Group and, at IKB AG, € 1,515.2 million (31 March 2015: € 1,460.7 million).

(9) Other assets and other liabilities

Other assets include the following items:

	Group		IKB AG	
in € million	**30 Sep. 2015**	**31 Mar. 2015**	**30 Sep. 2015**	**31 Mar. 2015**
Foreign currency adjustment item[1)]	1.4	-	1.4	-
Receivables from leasing business	34.1	26.3	-	-
Receivables from tax authorities	41.1	41.9	36.3	36.7
Hire-purchase properties not yet realised	11.6	7.5	-	-
Receivables from derivatives	7.5	7.8	9.5	9.8
Deferred interest on derivatives	96.5	123.1	96.9	123.6
Trade accounts and other receivables	1.6	2.4	0.9	1.2
Receivables from affiliated companies	-	-	186.2	184.7
Miscellaneous assets	41.0	26.1	27.0	12.7
Total	**234.8**	**235.1**	**358.2**	**368.7**

1) from spot exchange rate neutralisation

Receivables from leasing business in the Group are essentially down-payments on hire purchase agreements not yet invoiced.

Other liabilities break down as follows:

	Group		IKB AG	
in € million	**30 Sep. 2015**	**31 Mar. 2015**	**30 Sep. 2015**	**31 Mar. 2015**
True sale securitisations	-	-	251.3	261.4
Liabilities from the disposal of lease receivables	124.3	145.0	-	-
Synthetic securitisations	-	-	0.7	0.7
Foreign currency adjustment item[1)]	-	53.0	-	53.0
Obligations from derivatives	84.4	79.8	84.4	79.8
Deferred interest on derivatives	109.4	112.9	104.2	107.2
Liabilities to tax authorities	10.5	13.6	7.8	11.4
Deferred income for subordinated liabilities	3.7	2.6	3.7	2.6
Trade payables	1.0	4.5	0.4	2.4
Miscellaneous liabilities	41.7	53.7	13.6	18.7
Total	**375.0**	**465.1**	**466.1**	**537.2**

1) from spot exchange rate neutralisation

The foreign currency adjustment item from spot exchange rate neutralisation represents the balance sheet contra account to the foreign exchange gains on currency derivatives in the non-trading book, which is required to be applied in currency valuation in accordance with section 340h HGB.

Under true sale securitisation transactions IKB AG reports liabilities from special-purpose entities offset by credit receivables not derecognised on account of the retention of credit risks in the same amount.

Beside it lease receivables were sold to non-consolidated special-purpose entities in the Group. The transaction did not result in an accounting disposal, hence corresponding other liabilities are reported for the leasing receivables sold. These liabilities have been reported separately for the first time in the interests of a more transparent presentations.

(10) Deferred income and prepaid expenses

Prepaid expenses essentially include discounts on liabilities recognised at nominal amount of € 5.5 million (31 March 2015: € 6.9 million) in the Group and € 5.5 million (31 March 2015: € 6.9 million) at IKB AG and prepaid expenses for derivatives business of € 56.9 million (31 March 2015: € 54.7 million) in the Group and € 108.6 million (31 March 2015: € 113.3 million) at IKB AG.

Deferred income essentially include discounts on receivables recognised at nominal amount of € 24.3 million (31 March 2015: € 21.5 million) in the Group and € 24.3 million (31 March 2015: € 21.5 million) at IKB AG and deferred income for derivatives business of € 36.5 million (31 March 2015: € 33.4 million) in the Group and € 101.7 million (31 March 2015: € 108.0 million) at IKB AG.

(11) Deferred tax assets

	Group		IKB AG	
in € million	**30 Sep. 2015**	**31 Mar. 2015**	**30 Sep. 2015**	**31 Mar. 2015**
Excess deferred tax assets	254.4	243.1	250.1	238.1

Distribution restrictions break down as follows as at 30 September 2015:

Group:

30 Sep. 2015 in € million	**Gross income**	**Deferred tax assets**	**Deferred tax liabilities**	**Restriction on distribution**
Unrealised gains on plan assets	21.2	-	-5.9	15.3
Recognition of deferred taxes	-	350.7	-90.4	260.3
Total	**21.2**	**350.7**	**-96.3**	**275.6**

IKB AG:

30 Sep. 2015 in € million	**Gross income**	**Deferred tax assets**	**Deferred tax liabilities**	**Restriction on distribution**
Unrealised gains on plan assets	19.0	-	-5.9	13.1
Recognition of deferred taxes	-	280.0	-24.0	256.0
Total	**19.0**	**280.0**	**-29.9**	**269.1**

Notes on the income statement

(12) Other operating income

The “Other operating income” item essentially breaks down as follows:

in € million	Group		IKB AG	
	1 Apr. 2015 - 30 Sep. 2015	1 Apr. 2014 - 30 Sep. 2014	1 Apr. 2015 - 30 Sep. 2015	1 Apr. 2014 - 30 Sep. 2014
Income from the reversal of swap agreements	222.6	3.7	222.6	3.7
Income from derivatives in the non-trading book	20.0	11.3	19.9	11.3
Income from currency translation	36.7	23.1	6.2	0.1
Reversal of provisions	6.9	3.1	6.0	1.4
Pension scheme income (CTA-funded)	-	3.5	-	3.3
Rental income	1.6	1.7	1.6	1.7
Compensation payments[1)]	6.6	11.4	0.2	-
Income from discounting provisions	0.1	1.1	0.1	1.1

1) from out-of-court settlements

Early strategic close-outs of derivative transactions in the banking book are reported in income from the reversal of swap agreements. These are offset by expenses in the item “Other operating expenses”.

(13) Other operating expenses

“Other operating expenses” essentially include:

in € million	Group		IKB AG	
	1 Apr. 2015 - 30 Sep. 2015	1 Apr. 2014 - 30 Sep. 2014	1 Apr. 2015 - 30 Sep. 2015	1 Apr. 2014 - 30 Sep. 2014
Expenses from the reversal of swap agreements	-270.2	-12.0	-270.2	-12.0
Expenses from derivatives in the non-trading book	-35.1	-7.2	-35.1	-7.2
Addition to provisions	-8.6	-1.4	-8.3	-0.3
Expenses from currency conversion	-30.2	-19.5	-	-2.3
Rent/upkeep (not for operational purposes)	-2.1	-3.2	-2.8	-4.2
Expenses of interest on provisions	-1.0	-1.2	-1.0	-1.2
Pension scheme expense (CTA-funded)	-46.3	-0.1	-41.1	-

(14) Income taxes

Income taxes are calculated using the expected effective income tax rate for earnings before income taxes (DRS 16.24).

For the German group of IKB AG, income taxes are calculated on the basis of the earnings incurred as at the interim reporting date as a more exact estimate (DRS 16.25).

(15) Other financial obligations

There have been the following key changes in ”Other financial obligations” since the report as at 31 March 2015:

IKB AG acquired the administrative building for its headquarters in Düsseldorf used for banking operations. The transfer took effect in October 2015. The resulting payment obligations in connection with long-term rental agreement will therefore no longer apply in future. As at 31 March 2015 these amounted to around € 168 million in the Group and around € 167 million at IKB AG.

Given the loss allocation in previous years, there was no repayment on a profit participation certificate issue with a nominal amount of € 150 million that matured on 31 March 2015. If the bearers of the profit participation certificate are owed a replenishment of the profit participation capital within a four-year recovery period from the maturity date on the basis of the profit participation certificate conditions, the repayment amount will thus be revived. The repayment amount is payable directly and does not bear interest.

Bank levy

From 2015, the bank levy charged in Germany since 2011 is calculated according to a new system put forth by the European Bank Recovery and Resolution Directive (BRRD, Directive 2014/59/EU). In the event that IKB AG generates net income, it was previously possible that the German bank levy would be subsequently reassessed with the result that the bank levy would exceed the minimum contribution already paid (subsequent assessment). On the introduction of the European Bank Recovery and Resolution Directive and the associated amendment of the Restructuring Fund Act and the Restructuring Fund Regulation, there is no longer any legal basis for the subsequent assessment of contributions. IKB AG’s subsequent assessment contribution amounted to € 4.1 million as at 31 March 2015.

Dissenting view of the tax authorities

In August 2015 IKB AG received tax assessment notices in which the dissenting view of the tax authorities on the application of section 8c of the German Corporate Income Tax Act (KStG)/section 10a of the German Trade Tax Act (GewStG) in connection with the capital increase implemented by IKB AG during the course of the year and the subsequent sale of KfW’s shares in IKB to Lone Star in the financial year 2008/09 was implemented. IKB has appealed against the tax assessments. The corporation tax and the solidarity surcharge for 2009 were paid including interest. Payment was made in the amount of around € 140 million from the provisions recognised as at 31 March 2015 and in the amount of € 1 million from net other operating income (further interests). At its application, IKB was granted a suspension of execution for trade tax. The trade tax and the associated interest were therefore not yet payable.

If, contrary to expectations, IKB is unsuccessful in the court of last instance in any judicial appeal proceedings against the application of section 8c of the German Corporate Income Tax act (KStG)/section 10a of the German Trade Tax Act (GewStG) to the offsetting of trade tax losses within the tax group, this could result in a payment obligation of around € 147 million for trade tax, interest on this (with interest calculated until 30 September 2015) and additional CIC contributions. A further € 0.6 million would be added per month by the end of the proceedings. IKB has appealed against the corresponding assessments.

The decline in tax provisions essentially relates to the payment of corporation tax, the solidarity surcharge and interest on corporation tax on the basis of the tax assessments received for the 2009 period.

Other disclosures

(16) Consolidated group as at 30 September 2015

			Equity interest in %
A.	**Consolidated subsidiaries**		
1.	**Other domestic companies**		
	Aleanta GmbH, Düsseldorf		100
	Equity Fund GmbH, Düsseldorf	1)	100
	IKB Beteiligungen GmbH, Düsseldorf		100
	IKB Beteiligungsgesellschaft 1 mbH, Düsseldorf		100
	IKB Beteiligungsgesellschaft 2 mbH, Düsseldorf		100
	IKB Beteiligungsgesellschaft 3 mbH, Düsseldorf		100
	IKB Beteiligungsgesellschaft 4 mbH, Düsseldorf		100
	IKB Beteiligungsgesellschaft 5 mbH, Düsseldorf		100
	IKB Data GmbH, Düsseldorf		100
	IKB Equity Capital Fund GmbH, Düsseldorf	1)	100
	IKB Grundstücks GmbH & Co. Objekt Holzhausen KG, Düsseldorf		100
	IKB Grundstücks GmbH, Düsseldorf		100
	IKB Invest GmbH, Düsseldorf	1)	100
	IKB Leasing GmbH, Hamburg	1)	100
	IKB Leasing Beteiligungsgesellschaft mbH, Hamburg	1)	100
	IKB Projektentwicklung GmbH & Co. KG i.L., Düsseldorf	3)	100
	Istop 1 GmbH, Düsseldorf	1)	100
	Istop 2 GmbH, Düsseldorf	1)	100
	Istop 4 GmbH, Düsseldorf	1)	100
	Istop 5 GmbH, Düsseldorf	1)	100
	Istop 6 GmbH, Düsseldorf	1)	100
	IKB Struktur GmbH, Düsseldorf	1)	100
	Projektbeteiligung TH GmbH & Co. KG, Düsseldorf	1)	89.8
	Tempelhofer Hafen GmbH & Co. KG, Düsseldorf	1)	94.9
	MATRONA GmbH, Düsseldorf	1)	100
2.	**Other foreign companies**		
	IKB Finance B.V., Amsterdam, Netherlands		100
	IKB Funding LLC II, Wilmington, United States of America	1)	100
	IKB Funding LLC I, Wilmington, United States of America	1)	100
	IKB International S.A. i.L., Munsbach, Luxembourg	2)	100
	IKB Leasing Austria GmbH, Vienna, Austria	1)	100
	IKB Leasing CR s.r.o., Prague, Czech Republic	1)	100
	IKB Leasing Finance IFN SA, Bucharest, Romania	1)	100
	IKB Leasing France S.A.R.L., Marne La Vallée, France	1)	100
	IKB Leasing Kft., Budapest, Hungary	1)	100
	IKB Leasing Polska Sp. z o.o, Poznan (Posen), Poland	1)	100
	IKB Leasing SR, s.r.o., Bratislava, Slovakia	1)	100
	IKB Leasing S.R.L., Bucharest, Romania	1)	100
	IKB Lux Beteiligungen S.à.r.l, Munsbach, Luxembourg		100
	IKB Pénzügyi Lízing Zrt., Budapest, Hungary	1)	100
	STILL LOCATION S.à.r.l., Marne La Vallée, France	1)	100
	IKBL Renting and Service S.r.l., Lainate (MI), Italy	1)	100
	IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia	1)	100
3.	**Special-purpose entities in accordance with section 290(2) no. 4 HGB**		
	Bacchus 2008-2 Plc, Dublin, Ireland		
	German Mittelstand Equipment Finance No. 1 S.A., Luxembourg, Luxembourg		
	German Mittelstand Equipment Finance S.A., Luxembourg, Luxembourg		
	RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin, Ireland		
B.	**Associates**		
	Linde Leasing GmbH, Wiesbaden	1)	30.0

1) Indirect investment 2) in liquidation (banking licence returned) 3) in liquidation

(17) List of shareholdings as at 30 September 2015

30 Sep. 2015		Financial year	Letter of comfort	Equity interest in %	Equity € thousand	Result € thousand
1. German subsidiaries (consolidated)						
Aleanta GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	1,551	1
Equity Fund GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	13,525	0
IKB Beteiligungen GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	79,742	0
IKB Beteiligungsgesellschaft 1 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	55	0
IKB Beteiligungsgesellschaft 2 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	80	0
IKB Beteiligungsgesellschaft 3 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	55	0
IKB Beteiligungsgesellschaft 4 mbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	54	0
IKB Beteiligungsgesellschaft 5 mbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	54	0
IKB Data GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	13,000	0
IKB Equity Capital Fund GmbH, Düsseldorf		1 Apr. - 31 Mar.	X	100.00	11,732	9,208
IKB Grundstücks GmbH, Düsseldorf		1 Jan. - 31 Dec.	X	100.00	98	-9
IKB Grundstücks GmbH & Co.Objekt Holzhausen KG, Düsseldorf	3)	1 Jan. - 31 Dec.	X	100.00	7,872	1,029
IKB Invest GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	298,408	0
IKB Leasing Beteiligungsgesellschaft mbH, Hamburg		1 Apr. - 31 Mar.		100.00	5,825	0
IKB Leasing GmbH, Hamburg		1 Apr. - 31 Mar.	X	100.00	178,223	0
IKB Projektentwicklung GmbH & Co. KG i.L., Düsseldorf	3),4)	1 Jan. - 31 Dec.	X	100.00	6,615	2,266
IKB Struktur GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	103,750	0
Istop 1 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	115,975	0
Istop 2 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	155,025	0
Istop 4 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	93,525	0
Istop 5 GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	525	0
Istop 6 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00	114,445	0
MATRONA GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00	525	0
Projektbeteiligung TH GmbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		89.80	4	-4
Tempelhofer Hafen GmbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		94.90	0	721
2. Foreign subsidiaries (consolidated)						
IKB Leasing France S.A.R.L., Marne La Vallée, France		1 Jan. - 31 Dec.		100.00	3,347	980
STILL LOCATION S.à.r.l., Marne La Vallée, France		1 Jan. - 31 Dec.		100.00	16,875	2,104
IKB International S.A. i.L., Munsbach, Luxembourg	4)	1 Apr. - 31 Mar.	X	100.00	39,782	11,969
IKB Lux Beteiligungen S.à.r.l., Munsbach, Luxembourg		1 Apr. - 31 Mar.	X	100.00	20,317	1,983
IKB Finance B.V., Amsterdam, Netherlands		1 Apr. - 31 Mar.	X	100.00	-2,546	1,438
IKB Leasing Austria GmbH, Vienna, Austria		1 Jan. - 31 Dec.		100.00	737	149
IKB Leasing Polska Sp. z o.o, Poznan (Posen), Poland		1 Jan. - 31 Dec.		100.00	10,828	144
IKB Leasing Finance IFN S.A., Bucharest, Romania		1 Jan. - 31 Dec.		100.00	4,289	743
IKB Leasing S.R.L., Bucharest, Romania		1 Jan. - 31 Dec.		100.00	1,347	366
IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia		1 Jan. - 31 Dec.		100.00	2,784	-10,671
IKB Leasing SR, s.r.o., Bratislava, Slovakia		1 Jan. - 31 Dec.		100.00	1,850	736
IKB Leasing CR s.r.o., Prague, Czech Republic		1 Jan. - 31 Dec.		100.00	28,844	2,016
IKB Leasing Kft., Budapest, Hungary		1 Jan. - 31 Dec.		100.00	5,275	183
IKB Pénzügyi Lizing Zrt., Budapest, Hungary		1 Jan. - 31 Dec.		100.00	2,722	270
IKB Funding LLC I, Wilmington, United States of America	2)	1 Apr. - 31 Mar.	X	100.00	345	47
IKB Funding LLC II, Wilmington, United States of America	2)	1 Apr. - 31 Mar.	X	100.00	598	834
IKBL Renting and Service S.r.l., Lainate (MI), Italy		1 Jan. - 31 Dec.		100.00	1,020	19
3. Special-purpose entities (special-purpose entities included in the consolidated financial statements in line with section 290 (2) no. 4 HGB)						
Bacchus 2008-2 Plc, Dublin, Ireland						
RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin, Ireland						
German Mittelstand Equipment Finance No. 1 S.A., Luxembourg, Luxembourg						
German Mittelstand Equipment Finance S.A., Luxembourg, Luxembourg						

30 Sep. 2015		Financial year	Letter of comfort	Equity interest in %
4. German subsidiaries (not included in consolidation due to section 296 HGB)	1)			
Brunnenstraße 105-109 Berlin Grundbesitz GmbH, Münster		1 Jan. - 31 Dec.		94.90
Einsteinufer 63-65 Berlin GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Erste Equity Suporta GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
Feldmühleplatz 1 Verwaltungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
FRANA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
GAP 15 GmbH, Düsseldorf		1 Jan. - 31 Dec.		92.80
GARUMNA GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
HAUSTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Yachtzentrum Berlin KG, Düsseldorf		1 Jan. - 31 Dec.		94.67
IKB Beteiligungsgesellschaft 6 mbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
IKB Beteiligungsgesellschaft 7 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 8 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 9 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 10 mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Projektentwicklungsverwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 30 Sep.	X	100.00
IKB NewCo 1 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB NewCo 3 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB NewCo 4 GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
IKB NewCo 5 GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
IKB Real Estate GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
ILF Immobilien-Leasing-Fonds Verwaltung GmbH & Co. Objekt Boxdorf KG, Düsseldorf		1 Jan. - 31 Dec.		94.26
ilmenau center Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
IMAS Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf		1 Apr. - 31 Mar.	X	100.00
INCO Ingenieur Consult Geschäftsführungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Istop 3 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Dritte Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Erste Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf	5)	1 Jan. - 31 Dec.		100.00
ISTOS Zweite Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		100.00
Ligera GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
MD Capital Solingen Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Capital Stromstrasse Verwaltungsgesellschaft mbH i. L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Capital Verwaltungs GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Objekt Lorsch Verwaltungs GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Objekt Solingen Verwaltungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
MD Objekt Stromstrasse Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MFRSI Beteiligungsholding Verwaltungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
RAVENNA Vermögensverwaltungs AG, Berlin		1 Jan. - 31 Dec.		100.00
Restruktur 2 GmbH i.L., Düsseldorf	4)	1 Apr. - 31 Mar.		100.00
Restruktur 3 GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
Rhodana GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
Robert Adams Str. 12 London GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
SEQUANA GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00

30 Sep. 2015		Financial year	Letter of comfort	Equity interest in %
5. Foreign subsidiaries (not included in consolidation due to section 296 HGB)	1)			
Valin Asset Management S.à.r.l., Luxembourg, Luxembourg		1 Apr. - 31 Mar.		100.00
IKB Funding Trust I, Wilmington, United States of America		1 Apr. - 31 Mar.		100.00
IKB Funding Trust II, Wilmington, United States of America		1 Apr. - 31 Mar.		100.00
6. Special-purpose entities (not included in consolidation due to section 296 HGB)				
Weinberg Capital Ltd., Dublin, Ireland				
Corelux Purchaser No. 1 S. A., Luxembourg, Luxembourg				
HIMERA Grundstücks-Vermietungsgesellschaft mbH, Pullach i. Isartal, Deutschland				
Rosaria Grundstücks-Vermietungsgesellschaft mbH Objekt Heimstetten KG, Grünwald, Germany				
7. German associates	1)			
Linde Leasing GmbH, Wiesbaden		1 Jan. - 31 Dec.		30.00
8. German associates/joint ventures (not accounted for using the equity method due to section 311(2) HGB)	1)			
Argantis GmbH i.L., Cologne	4)	1 Jan. - 31 Dec.		50.00
AWEBA Werkzeugbau GmbH Aue, Aue		1 Jan. - 31 Dec.		25.10
Chemtura Verwaltungs GmbH, Bergkamen		1 Jan. - 31 Dec.		50.00
equiNotes Management GmbH, Düsseldorf		1 Jan. - 31 Dec.		50.00
FUNDIS Projektentwicklungsholding GmbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		50.00
FUNDIS Verwaltungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		50.00
HABITO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt EINS KG, Pullach i. Isartal		1 Jan. - 31 Dec.		6.00
Hafenspitze Verwaltungsgesellschaft mbH, Hamburg		1 Jan. - 31 Dec.		25.00
ISOG Technology Holding GmbH, Weilheim		1 Apr. - 31 Mar.		49.03
LOUDA SYSTEMS GmbH, Triptis		1 Jan. - 31 Dec.		45.00
MD Capital Beteiligungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		50.00
MFRSI Beteiligungsholding GmbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		50.00
Mike’s Sandwich GmbH, Hamburg		1 Jan. - 31 Dec.		35.59
MOTORRAD-ECKE GmbH, Villingen-Schwennigen		1 Jan. - 31 Dec.		38.86
ODS Business Services Group GmbH, Hamburg		1 Jan. - 31 Dec.		32.00
Vermögensverwaltungsgesellschaft DVD Dassow GmbH, Dassow		1 Jan. - 31 Dec.		30.00
9. German equity investments in corporations and partnerships in which the interest exceeds 5% of voting rights	1)			
AXA Immoselect Hauptverwaltungsgebäude GmbH & Co. Objekt Düsseldorf Uerdinger Straße KG, Köln		1 Jan. - 31 Dec.		5.10
CoBaLe Immobilien GmbH & Co. Objekt Stuttgart KG, Frankfurt am Main		1 Jan. - 31 Dec.		5.10
Global Safety Textiles HoldCo One GmbH i.L., Maulburg	4)	1 Jan. - 31 Dec.		8.80
Industriedruck Krefeld Kurt Janssen, GmbH & Co., Krefeld		1 Jan. - 31 Dec.		12.00
Janßen-Druck Gesellschaft mit beschränkter Haftung, Krefeld		1 Jan. - 31 Dec.		12.00
Könemann Verlagsgesellschaft mbH, Cologne		1 Jan. - 31 Dec.		12.50
10. Foreign equity investments in large corporations in which the interest exceeds 5% of voting rights	1)			
Ring International Holding AG, Vienna, Austria		1 Jan. - 31 Dec.		9.37

1) The information in accordance with section 285 no. 11 HGB on equity and results is not shown for companies not included in the consolidated financial statements in accordance with section 286 (3) sentence 1 no. 1 HGB.
2) Subordinated letter of comfort
3) Company exercised exemption under section 264b HGB and did not prepare notes
4) in liquidation
5) After 30 September 2015 the company accrued to ISTOS Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf.

The capital shares in the associates are in general the same as the voting shares. IKB has one deviating share of voting rights in HABITO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt EINS KG, Pullach im Isartal (capital share: 6.00%; share of voting rights: 16.00%).

As a result of the expiry of the IKB profit participation certificates it acquired, ProPart Funding Limited Partnership is no longer listed as a consolidated special-purpose entity as at 30 September 2015. The companies Capital Raising GmbH and Hybrid Raising GmbH also no longer qualify as consolidated special-purpose entities in accordance with the criteria of section 290 HGB. The companies Capital Raising GmbH and Hybrid Raising GmbH are therefore no affiliated companies of IKB in accordance with section 271 HGB. The inclusion of these companies in the consolidated financial statements was waived in previous years on the basis of section 296 HGB. This qualification did not result in a change in the net assets of the Group.

(18) Related party transactions

Transactions with related parties were conducted at standard market terms. There were no significant transactions at non-standard market conditions that would have been reportable in line with section 314(1) no. 13 HGB for the IKB Group or section 285 no. 21 HGB for IKB AG.

(19) Derivative financial instruments not recognised at fair value

Group:

	Nominal	**Fair value**		**Carrying amount**	
30 Sep. 2015 in € million		**Positive**	**Negative**	**Assets**	**Liabilities**
Interest-related derivatives	27,406.2	1,317.4	2,638.5	123.3	188.6
Credit-related derivatives	1,423.7	12.2	61.8	10.0	77.2
Currency-related derivatives	1,141.1	14.8	14.4	8.8	9.3
Derivatives assigned to several categories	1,469.3	155.1	160.6	13.2	14.3
Total	**31,440.3**	**1,499.5**	**2,875.3**	**155.3**	**289.4**

IKB AG:

	Nominal	**Fair value**		**Carrying amount**	
30 Sep. 2015 in € million		**Positive**	**Negative**	**Assets**	**Liabilities**
Interest-related derivatives	28,076.9	1,332.3	2,637.1	175.8	247.7
Credit-related derivatives	1,423.7	12.2	61.8	10.0	77.2
Currency-related derivatives	1,145.7	14.8	14.5	8.8	9.3
Derivatives assigned to several categories	1,469.3	155.1	160.6	14.8	15.5
Total	**32,115.6**	**1,514.4**	**2,874.0**	**209.4**	**349.7**

(20) Unrealised gains and losses

The following table shows the unrealised gains and losses for the following material financial balance sheet items and off-balance-sheet derivatives of the IKB Group.

Group	30 Sep. 2015			31 Mar. 2015		
in € million	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference[1)]
Receivables from banks	2,210.6	2,211.0	0.4	2,300.0	2,301.0	1.0
Receivables from customers	10,249.4	10,673.2	423.8	11,089.8	11,595.6	505.8
Bonds and other fixed-income securities	5,860.1	6,298.5	438.4	6,529.4	7,436.6	907.2
Equities and other non-fixed-income securities	484.8	476.2	-8.6	483.2	490.6	7.4
Derivative financial instruments not recognised at fair value	155.2	1,499.5	1,344.3	177.8	2,051.2	1,873.4
Subtotal	**18,960.1**	**21,158.4**	**2,198.3**	**20,580.2**	**23,875.0**	**3,294.8**
Liabilities to banks	7,941.8	8,067.7	-125.9	8,893.3	9,076.5	-183.2
Liabilities to customers	7,989.3	8,132.3	-143.0	8,165.3	8,341.6	-176.3
Securitised liabilities	1,248.0	1,217.4	30.6	1,511.9	1,485.9	26.0
Subordinated liabilities	966.6	565.3	401.3	970.9	561.7	409.2
Profit participation capital	32.2	27.4	4.8	32.2	27.2	5.0
Silent partnership contributions	0.0	47.4	-47.4	0.0	53.5	-53.5
Derivative financial instruments not recognised at fair value	289.4	2,875.3	-2,585.9	337.7	3,839.8	-3,502.1
Subtotal	**18,467.3**	**20,932.8**	**-2,465.5**	**19,911.3**	**23,386.2**	**-3,474.9**
Total			**-267.2**			**-180.1**

1) During the financial year IKB implemented changes in the calculation of fair values. Applying the current measurement methods to the portfolio as at 31 March 2015, unrealised losses would be around € 50.1 million higher. Please see the comments on the changes in measurement methods for an explanation of the effect.

Also, in addition to its net asset surplus included in the consolidated financial statements, the IKB Leasing Group has a net asset value (unrealised gains from leasing business) of € 130.2 million (31 March 2015: € 145.4 million). The net asset value is calculated using the model of Bundesverband Deutscher Leasingunternehmen e.V.

The unrealised profit or loss is calculated by comparing the net book value and the fair value. The recognition of specific and general allowances has no influence on unrealised gains or losses as recognised specific and general allowances are also taken into account in the calculation of fair value. The carrying amount is taken as being equal to fair value for receivables and liabilities repayable on demand as well as prepaid expenses/deferred income.

The fair values of receivables as determined for reporting in the notes are calculated on the basis of the discounted cash flow method. Fair value is calculated using assumptions that would arise between independent business partners using similar parameters for their purchase price calculation. Discounting is carried out using term-differentiated swap rates on the balance sheet date plus a credit spread derived using IKB's internal risk measurement methods. The credit spread for the loan fluctuates according to changes in the measured standard risk costs, which are determined by the customer's internal rating, the collateral situation and the remaining term of the loan on the measurement date. In addition, the pre-tax returns of third parties derived from accounting equity, the administrative expenses of IKB and the funding costs observed on the market of banks with a rating of A or AA are also taken into account.

Receivables from promotional loans offset by individual financing loans under equity and liabilities are measured without taking into account funding costs. The present value of individual financing loans under equity and liabilities is calculated by discounting the interest and principal repayment cash flows using matched-term, risk-free swap rates.

Securities (including securitised subordinated liabilities, securitised profit participation capital and securitised silent partnership contributions) are measured at the quoted or market price on the reporting date if a liquid price is available. A quoted or market price is considered to be liquid if the number of available price quotations exceeds a minimum number defined in accordance with an analysis based on statistical methods. This applies to both traded and non-traded observable prices. If there are no closing rates, the market value is calculated on the basis of price information from market data providers and tested for plausibility using suitable methods. If there are no quoted prices or price information from contractual providers for securities available, their value is determined on the basis of own measurement models by discounting forecast cash flows. The discounting rate is calculated using the risk profile of similar securities. Among others, parameters not observed on the market are used among others for this. The fair values for fund units recognised in the IKB Group are the total net asset value relating to the units held.

The fair value of derivatives in the non-trading book is calculated in line with the measurement hierarchy set out in section 255 (4) HGB. The fair values of derivatives not traded on stock exchanges are determined on the basis of mathematical measurement models and market measurement parameters (including interest rates, interest rate volatilities, exchange rates). Future cash flows are discounted using currency-specific and tenor-specific swap curves. The amount, timing and certainty of cash flows are amongst others dependent on the development of interest and exchange rates, contractual regulations on payment dates for the respective derivative and the credit quality of the respective counterparty. Unlike derivatives in the non-trading book, the future cash flows of secured derivatives in the trading book are discounted using the overnight index swap curve.

To calculate the fair values for liabilities to customers and banks the contractual cash flows are discounted using a matched-term swap rate plus IKB's specific funding costs. The funding costs are derived from the costs of similar issues.

(21) Executive bodies

Board of Managing Directors

Dr Michael H. Wiedmann (Chairman)

Dr Dieter Glüder

Claus Momburg

Supervisory Board

Bruno Scherrer (Chairman)

Dr Karl-Gerhard Eick (Deputy Chairman)

Stefan A. Baustert

Sven Boysen* (since 27 August 2015)

Benjamin Dickgießer

Dr Lutz-Christian Funke

Arndt G. Kirchhoff

Bernd Klein*

Rainer Lenz*

Dr Claus Nolting

Nicole Riggers*

Carmen Teufel* (until 27 August 2015)

William D. Young

* elected by the employees

Düsseldorf, 17 November 2015

IKB Deutsche Industriebank AG

The Board of Managing Directors

Dr. Michael H. Wiedmann	Dr. Dieter Glüder	Claus Momburg

Note on forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that do not describe past events; they also include statements on IKB's assumptions and expectations. These statements are based on the planning, estimates and forecasts currently available to the management of IKB. Forward-looking statements therefore apply only on the day on which they are made. IKB accepts no obligation to update such statements in light of new information or future events.

Forward-looking statements naturally include risks and uncertainty factors. A large number of important factors can contribute towards actual results deviating considerably from forward-looking statements. Such factors include economic developments, the condition and development of the finance markets in Germany, Europe, the US and other places where IKB generates income from securities trading, the possible default of borrowers or counterparties in trades, the implementation of our management agenda, the reliability of risk management policies, procedures and methods and the liquidity situation.

IKB Deutsche Industriebank AG
Communications – COM
Wilhelm-Bötzkes-Str. 1
40474 Düsseldorf, Germany
Tel.: +49 211 8221-4511
Fax: +49 211 8221-2511
E-mail: investor.relations@ikb.de

(Only the German version of this report is legally binding.)