

Annual General Meeting

IKB's shareholders exercise their rights and cast their votes at the General Meeting. Important company events are regularly communicated to shareholders via a financial calendar published in the bank's annual report, in quarterly reports, and on the IKB website (<http://www.ikb.de>).

Shareholders can either exercise their voting rights at General Meetings themselves, via a proxy of their own choice, or via a proxy appointed by the company and bound to vote in accordance with their instructions.

Transparency and information

Transparency of information is of great importance to us. In this context, we strictly observe the principle of equality – meaning that all information must be made available to all those interested at the same time. Current developments within the IKB Group are published on the IKB website (<http://www.ikb.de>). This information, which is fully accessible to private investors, includes ad-hoc disclosures required under the German Securities Trading Act, the calendar of regular financial disclosures, as well as other material events disclosed by way of press releases.

Pursuant to section 15a of the German Securities Trading Act, persons exercising management functions – in particular, the members of IKB's Board of Managing Directors and Supervisory Board – and their related parties, are obliged to disclose transactions involving IKB shares (or financial instruments based thereon). No such transactions were disclosed during the financial year under review. As at 31 March 2005 there were no shareholdings subject to a reporting requirement within the meaning of Section 6.6 of the German Corporate Governance Code.

To receive information without delay, interested parties can subscribe to IKB's electronic newsletter,

which contains current financial reports, ad-hoc disclosures and press releases.

Accounting and audit of the financial statements

The financial statements of IKB and the consolidated financial statements of the IKB Group are prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch – HGB*) and the German Accounting Directive for Banks (*Verordnung über die Rechnungslegung der Kreditinstitute – RechKredV*), taking into account the supplementary regulations of the *AktG*. Further details are set out in the Notes to the Financial Statements and Consolidated Financial Statements 2004/2005. The changeover of IKB's accounting to comply with International Financial Reporting Standards (IFRS) is planned for the financial year 2005/2006.

In accordance with the provisions of the *AktG*, the external auditors are appointed by shareholders at the Annual General Meeting. The Finance and Audit Committee has prepared the proposal of the Supervisory Board to the Annual General Meeting regarding the appointment of external auditors for the financial year 2004/2005. In accordance with the recommendation of the German Corporate Governance Code, the Committee has obtained the auditors' declaration regarding any reasons for exclusion, or for disqualification on the grounds of bias, and has entered into all agreements required in the course of instructing the auditors.

Declaration of Compliance within the meaning of section 161 of the German Public Limited Companies Act

The Board of Managing Directors and the Supervisory Board of IKB Deutsche Industriebank AG declare that the company has complied with the recommendations of the Government commission 'German Cor-

porate Governance Code', as published by the German Federal Ministry of Justice in the official section of the electronic Federal Gazette (*Bundesanzeiger*), since the last declaration issued on 1 July 2004, and will continue to comply in the future, subject to the following exceptions:

- *Section 3.8 of the German Corporate Governance Code recommends that a suitable deductible be agreed where the company takes out a D&O (directors and officers' liability insurance) policy for members of the Board of Managing Directors and Supervisory Board.*

IKB has taken out a D & O liability insurance policy chosen that does not provide for a deductible. Our view remains unchanged: that such a deductible would not boost the motivation of the members of the company's executive bodies, nor would it enhance their sense of responsibility in carrying out their duties and functions.

- *Sections 4.2.4 and 5.4.5 of the German Corporate Governance Code recommend that the compensation of the members of the Board of Managing Directors and the Supervisory Board be disclosed on an individual basis in the Notes to the Consolidated Financial Statements.*

IKB will disclose the remuneration paid to the Chairman of the Board of Managing Directors and to the Chairman of the Supervisory Board, on an individual basis, in the Notes to the Financial Statements and Consolidated Financial Statements 2004/2005. As before, the remuneration of other members of the Board of Managing Directors and the Supervisory Board will be disclosed as a total amount, broken down by fixed and variable components. We believe that the information given is sufficient to assess whether the compensation paid is appropriate. In addition, the main components of the compensation system for the Board of Managing Directors and the Supervisory Board are published on IKB's website, and in the Notes to the

Financial Statements and Consolidated Financial Statements 2004/2005.

- *Section 5.4.5 of the Code recommends that the performance of the duties as Chairman or member of Supervisory Board committees shall also be taken into consideration when determining the compensation of members of the Supervisory Board.*

There is no additional remuneration for members of the two Supervisory Board committees (except for the employee representative who is a member of the Finance and Audit Committee), nor for the Chairmen of the two committees. A proposal to implement a new remuneration system for the Supervisory Board will be submitted to the Annual General Meeting on 9 September 2005. This will also provide for compensation for membership in Supervisory Board committees. Subject to approval by the Annual General Meeting, the company will comply with this recommendation of the Code in future.

- *Section 7.1.1 of the Code recommends that the consolidated financial statements and interim reports be prepared in compliance with internationally recognised accounting principles.*

The changeover of IKB's accounting to comply with International Financial Reporting Standards is planned for the financial year 2005/2006. The obligation for exchange-listed companies to prepare financial statements in accordance with internationally recognised accounting principles only applies to financial years commencing on or after 1 January 2005. We will comply with this deadline.

Düsseldorf, 29 June 2005

IKB Deutsche Industriebank AG



Dr. h.c. Ulrich Hartmann

For the Supervisory Board



Stefan Ortseifen

For the Board of Managing Directors