

## IKB Deutsche Industriebank: Results for the financial year 2014/15

- Positive consolidated net income
- Further increase in common equity tier 1 ratio (CET 1)
- High leverage ratio
- Low risk provisioning
- Increased administrative and tax expenses

[Düsseldorf, 17 June 2015] IKB Deutsche Industriebank AG generated consolidated net income of € 5 million in the financial year 2014/15 (1 April 2014 to 31 March 2015) despite increased administrative and tax expenses. IKB successfully participated in the ECB's stress test during the financial year. The CET 1 ratio for the Group now amounts to 10.9%. This is higher than the figure of 9.4% at the end of 2013, with which IKB passed the ECB's comprehensive assessment. The leverage ratio is 8.5% (previous year: 7.4%).

The consolidated income statement for the financial year 2014/15 is as follows:

*Table: IKB consolidated income statement in accordance with the German Commercial Code (HGB)*

in € million	1 Apr. 2014 to 31 Mar. 2015	1 Apr. 2013 to 31 Mar. 2014	Change
Net interest and lease income	290	310	-20
Net fee and commission income	42	29	13
Net trading income	8	6	2
Administrative expenses	-312	-285	-27
<i>Personnel expenses</i>	-183	-161	-22
<i>Other administrative expenses</i>	-129	-124	-5
Net other income	161	-73	234
Net risk provisioning	-65	-88	23
Tax expenses (-)/income	-120	133	-253
<b>Consolidated net income</b>	<b>5</b>	<b>32</b>	<b>-28</b>

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

Despite restrained demand for credit on the market and selective lending by IKB, the Group's new business volume increased by € 0.5 billion year-on-year to € 3.2 billion in the financial year 2014/15. At the same time, however, total receivables from customers declined as expected.

As announced previously, the Group's net interest and lease income was down on the prior-year figure of € 310 million; however, the reduction was a moderate € 20 million, with net interest and lease income amounting to € 290 million.

The Group recorded net fee and commission income of € 42 million, up on the prior-year figure of 29 Mio. €. Fee and commission income increased in connection with the lending business and financial market and advisory activities.

Administrative expenses amounted to € 312 million in the period under review after € 285 million in the previous year. The main factors influencing this were the rise in personnel expenses as a result of strengthened sales activities and the expenses for participation in the ECB's comprehensive assessment and the new European bank levy.

Net other income increased by € 234 million, from € -73 million to € 161 million. This figure includes an expense for the addition to the fund for general banking risks in accordance with section 340g HGB in the amount of € 5 million (previous year: € 402 million). Net income of € 127 million was realised from financial instruments (previous year: € 289 million).

Net risk provisioning decreased by € 23 million year-on-year to € 65 million (previous year: € 88 million).

Tax expenses amounted to € 120 million in the period under review after tax income of € 133 million in the previous year. As a precautionary measure, IKB recognised a provision of € 140 million and wrote down an existing receivable in the amount of € 5 million in light of the as yet unresolved differences in opinion with the tax authorities concerning taxation in the financial year 2008/09. This relates to the offsetting of losses within the tax entity during the financial year in connection with IKB's change of shareholder in the financial year 2008/09. IKB believes it is very likely that it will prevail in any court proceedings on this matter.

The Group's total assets declined by € 2.3 billion in the period under review, amounting to € 22.4 billion at the reporting date.

### **Earnings of IKB AG and loss participation of hybrid securities**

IKB recorded a net result of € 0 in the financial year 2014/15 (previous year: € 0).

The following financial instruments participate in this result by way of deferral of interest/distributions: DE0002731197, DE0002731429, DE0002731569, DE000A0GF758, DE0007490724, DE000A0AMCG6, DE0008592759, XS0194701487.

There was no change in the repayment amount of hybrid securities as a consequence of the net result of IKB AG for the year under review.

## Profit participation certificates issued by IKB AG

Maturity	ISIN	Total repayment amount before loss participation in €	Denomination to original nominal amount before loss participation in €	Repayment amount per certificate after loss participation					
				2009/10 in €	2010/11 in €	2011/12 in €	2012/13 in €	2013/14 in €	2014/15 in €
2015	DE0002731197	30,000,000	100.00	3.94	0.14	0.00	0.00	0.00	0.00
2017	DE0002731429	50,000,000	1,000.00	387.48	349.45	298.28	268.41	268.41	268.41
2017	DE0002731569	70,000,000	50,000.00	19,373.81	17,472.39	14,913.82	13,420.28	13,420.28	13,420.28
2015	DE000A0GF758 (ProPart Funding)	150,000,000	50,000.00	1,972.27	71.53	0.00	0.00	0.00	0.00

## Silent partnership interests in the commercial enterprise of IKB AG securitised by way of securities issued by Capital Raising GmbH and Hybrid Raising GmbH

Maturity	ISIN	Total repayment amount before loss participation in €	Repayment amount per security before loss participation in €	Pro rata repayment amount of underlying silent partnership interest per security after loss participation					
				2009/10 in €	2010/11 in €	2011/12 in €	2012/13 in €	2013/14 in €	2014/15 in €
Open	DE0007490724 (Capital Raising)	200,000,000	100.00	3.94	0.14	0.00	0.00	0.00	0.00
Open	DE000A0AMCG6 (Hybrid Raising)	200,000,000	100.00	3.94	0.14	0.00	0.00	0.00	0.00

Under certain circumstances set out in the terms and conditions of the profit participation certificates and the silent partner contributions, the reduced repayment claims of the profit participation certificates and the carrying amounts of the silent partner contributions can be replenished in future periods. Were such a claim to arise in a financial year, this would reduce the net retained profits available for distribution for the financial year in question.

In addition, under specific conditions set out in the terms and conditions of the profit participation certificates, holders of profit participation certificates may be entitled to the subsequent payment of deferred interest in future periods, which would also reduce the net accumulated profits available for distribution for the financial year in question. However, the loss of interest on the other securities listed here is final.

## Outlook

IKB is forecasting positive net income after taxes and before additions to the fund for general banking risk (section 340g HGB) for the coming financial year 2015/16. Net income is expected to be slightly higher than in the financial year 2014/15. IKB intends to transfer any net income generated by IKB AG to the fund for general banking risk in accordance with section 340g HGB as at the end of the financial year.

Servicing the compensation agreements of a total amount of € 1,151.5 million and the value recovery rights of the hybrid investors means that IKB AG will probably not report any, or only minimal, profit for a long time to come, even if its 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.

Further details on developments in the financial year 2014/15 can be found in the 2014/15 annual report at

<https://www.ikb.de/en/investor-relations/financial-reports>.

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