IKB Deutsche Industriebank:
Figures for the first half of the financial year 2015/16

- Positive consolidated net income
- CET 1 ratio increased further
- Leverage ratio at high level
- Administrative expenses reduced

[Düsseldorf, 30 November 2015] IKB Deutsche Industriebank AG generated consolidated net income of € 23 million in the first six months of the financial year 2015/16 (1 April to 30 September 2015). The CET 1 ratio increased to 11.3% as at 30 September 2015. The leverage ratio amounted to 8.9%, while the liquidity coverage ratio was 335%.

The consolidated income statement for the first half of 2015/16 is as follows:

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

in € million	1 Apr. 2015 to 30 Sep. 2015	1 Apr. 2014 to 30 Sep. 2014	Change
Net interest and lease income	142	131	10
Net fee and commission income	14	17	-2
Net trading income	0	2	-1
Administrative expenses	-143	-154	11
Personnel expenses	*-90*	*-88*	*-2*
Other administrative expenses	*-53*	*-65*	*12*
Net other income	-8	117	-125
Net risk provisioning	14	-24	38
Tax income/expenses	4	-16	20
Consolidated net income	**23**	**73**	**-50**

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

Net interest and lease income in the Group amounted to € 142 million in the period under review (first half of 2014/15: € 131 million). The increase was largely due to lower refinancing costs. Despite intense competition, the Group's new business volume increased by € 0.5 billion year-on-year to € 1.8 billion in the first half of the financial year 2015/16. In its lending activity, IKB is maintaining its standards in respect to appropriate conditions and acceptable risks.

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

Administrative expenses in the Group declined to € 143 million in the period under review (€ 154 million). The prior-year figure included a higher level of audit and consulting expenses for the ECB comprehensive assessment. In addition, expenses for IT and project consulting were reduced and deposit protection expenses decreased as against the previous year.

Net other income fell to € -8 million (€ 117 million). The main reason for this development: The measurement and sale of long-term investments and close-out payments in connection with the strategic early dissolution of derivative transactions in the banking book resulted in reduced net income of € 26 million (€ 92 million).

Net risk provisioning improved to € +14 million compared with the first half of the financial year 2014/15 (€ -24 million). IKB sees the development of credit risk as a sign of the extremely positive sentiment among German companies at present.

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.

The Group's total assets amounted to € 20.7 billion at the reporting date (31 March 2015: € 22.4 billion). The CET 1 ratio amounted to 11.3% (10.9%), meaning that IKB exceeded the statutory minimum requirement (CRR) of 4.5% for the CET 1 ratio. Applying the Basel III provisions in full results in a "fully loaded" CET 1 ratio of 10.3% as at 30 September 2015 (10.0%).

Applying the transitional provisions for 2014, the leverage ratio of the IKB Group in accordance with Article 429 CRR amounted to 8.9% as at 30 September 2015 (8.5%), thereby exceeding the frequently cited benchmark of 3.0%. The liquidity coverage ratio amounted to 335% as at 30 September 2015 (273%). A minimum requirement of 60% has been in place since 1 October 2015.

The possibility that future EBA/ECB standards and interpretations or other supervisory actions could lead to a retrospective change in the regulatory ratios cannot be ruled out.

Outlook

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. This 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 risks 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 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.

Further details on developments in the first half of 2015/16 can be found in the 6-Month Report 2015/16 at
https://www.ikb.de/en/investor-relations/financial-reports.

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