

IKB Deutsche Industriebank: Six-month figures for the 2019/20 financial year

- Consolidated net result increased to € 46 million
- Administrative expenses reduced by 11%
- Common equity tier 1 ratio (CET 1) fully loaded at Group level: 12.2%
- NPL ratio (EBA definition) of 1.4%

[Düsseldorf, 21 November 2019] IKB Deutsche Industriebank AG generated consolidated net income after taxes of € 46 million (same period the previous year: € 18 million) in the first half of the 2019/20 financial year (1 April 2019 to 30 September 2019). This positive development was largely due to reduced administrative expenses, increases in net interest income and net fee and commission income as well as lower risk provisioning.

In the ongoing environment of low interest rates, IKB's focus is on profitability and an appropriate risk/return profile in the lending business. The Bank's risk profile in the reporting period was favourable: the NPL ratio, as defined by the European Banking Authority (EBA), was 1.4%.

IKB has a solid capital base. The common equity tier 1 ratio (CET 1) in the Group was stable at 12.2% as of 30 September 2019 (31 March 2019: 12.1%) and fully loaded also 12.2%. The leverage ratio at 7.0% remained high, while the liquidity coverage ratio was 188%.

The consolidated income statement for the first half of the 2019/20 financial year is as follows:

Table: IKB income statement (Group, HGB)

in € million	1 Apr. 2019 to 30 Sep. 2019	1 Apr. 2018 to 30 Sep. 2018	Change
Net interest and lease income	110	106	4
Net fee and commission income	22	19	3
Administrative expenses	-84	-94	10
<i>Personnel expenses</i>	-45	-52	7
<i>Other administrative expenses</i>	-39	-42	3
Net other income	5	1	4
Net risk provisioning	-5	-10	5
Tax expenses	-2	-3	2
Consolidated net result	46	18	28

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

The Group's net interest income amounted to € 110 million in the reporting period (same period the previous year: € 106 million). Net interest income from the lending business increased, in particular due to reduced refinancing expenses. The Group's net fee and commission income rose to € 22 million, compared to € 19 million the previous year.

Continued cost-cutting and optimisation measures reduced the Group's administrative expenses to € 84 million in the reporting period (same period the previous year: € 94 million). This reduction in administrative expenses is mainly attributable to the € 7 million decrease in personnel expenses to € 45 million. Other administrative expenses and depreciation, amortisation and write-downs of intangible and tangible assets at € 39 million were also below the previous year's level (same period the previous year: € 42 million).

Compared to the first half of the 2018/19 financial year, net risk provisioning declined from negative € 10 million to negative € 5 million.

Net other income improved from positive € 1 million in the same period the previous year to positive € 5 million. At € 2 million, tax expenses in the reporting period saw a slight decrease below the level in the same period the previous year.

Compared to 31 March 2019, the Group's total assets remained virtually unchanged at € 16.2 billion. The common equity tier 1 ratio (CET 1) in the Group was 12.2% as of 30 September 2019 (31 March 2019: 12.1%), fully loaded also 12.2%. The leverage ratio remained high at 7.0%, while the liquidity coverage ratio was 188%. IKB regards itself well prepared for future banking supervisory projects.

Outlook

IKB sees major challenges in the market and a competitive environment that remains demanding. Extensive regulatory requirements, the low level of interest rates and the economic slowdown in Germany have a negative impact on the earnings potential.

IKB reported positive consolidated results in the first half of the financial year. Given this development, the Bank also anticipates clearly positive consolidated net income after taxes for the 2019/20 financial year as a whole, in contrast to the forecast as of 31 March 2019. If strategic options to terminate the silent participations issued by IKB AG arise in the second half of the financial year, the related expenses would result in an approximately balanced Group result for the year.

For further information on developments in the first half of 2019/20, please refer to the 6-month report for 2019/20 at

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

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