

IKB Deutsche Industriebank: Six-month figures for the 2018/19 financial year

- Consolidated net income of € 18 million
- Administrative expenses reduced by 10%
- Common equity tier 1 ratio (CET 1) of 11.4% at Group level (fully loaded: 11.1%)
- NPL ratio (EBA definition) of 1.3%

[Düsseldorf, 23 November 2018] IKB Deutsche Industriebank AG generated consolidated net income of € 18 million in the first half of the 2018/19 financial year (1 April to 30 September 2018). At € 1.8 billion the new business volume remained stable compared with the previous year.

IKB is maintaining its high lending standards even in the sustained low-interest environment. The NPA ratio of 0.7% based on the entire credit volume and the NPL ratio of 1.3% in accordance with the European Banking Authority (EBA) definition remain very low in historical terms.

The capital base is solid. The common equity tier 1 ratio (CET 1) for the Group amounted to 11.4% (31 March 2018: 11.8%), while the fully loaded CET 1 ratio was 11.1% as at 30 September 2018. The leverage ratio and the liquidity coverage ratio remained high at 7.5% and 331% respectively.

The consolidated income statement for the first half of the 2018/19 financial year is as follows:

Table: IKB income statement (Group, HGB)

in € million	1 Apr. 2018 to 30 Sep. 2018	1 Apr. 2017 to 30 Sep. 2017*	Change
Net interest and lease income	106	114	-8
Net fee and commission income	19	21	-3
Administrative expenses	-94	-105	11
<i>Personnel expenses</i>	-52	-63	11
<i>Other administrative expenses</i>	-42	-42	-
Net other income	1	43	-42
Net risk provisioning	-10	10	-20
Tax expenses	-3	-12	9
Consolidated net income	18	71	-53

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

* Prior-year figures restated to reflect significant changes in the consolidated group, particularly IKB Leasing

Net interest and lease income in the Group amounted to € 106 million in the period under review (comparative prior-year period restated to reflect significant changes in the consolidated group = previous year: € 114 million). In the previous year extraordinarily high returns resulted from the reversal of impaired interest receivables. Adjusted for this non-recurring effect amounting to € 14 million, net interest income increased by € 6 million. Net fee and commission income in the Group amounted to € 19 million after € 21 million in the previous year.

Administrative expenses in the Group were reduced to € 94 million in the period under review (previous year: € 105 million). The reduction in administrative expenses is due in particular to the continuation of cost-cutting and optimisation measures, which primarily resulted in personnel expenses declining by € 11 million year-on-year to € 52 million.

Other administrative expenses and depreciation, amortisation and impairment losses were unchanged year-on-year at € 42 million. The sale of the subsidiary

ikb Data led to a reduction in personnel expenses and an increase in IT costs in non-personnel administrative expenses.

Net risk provisioning amounted to a negative € 10 million after a positive € 10 million in the previous year. The current level is very low and, together with the extremely low ratios for non-performing assets, reflects the sustained positive economic situation and IKB's risk-conscious lending policy.

Net other income declined from a positive € 43 million in the previous year to a positive € 1 million in the period under review. The prior-year figure contained a high level of extraordinary income from the simplification of the capital structure. Tax expenses amounted to € 3 million in the period under review after € 12 million in the previous year.

The lower level of net other income as a result of the extraordinary income reported in the previous year is the main reason for the reduction in consolidated net income from € 71 million to € 18 million. The risk situation also normalised, meaning that risk provisioning returned to constitute a cost item following the additional income from risk provisioning that was reported in previous periods.

The Group's total assets declined by € 1.2 billion as against 31 March 2018, amounting to € 16.1 billion at the end of the period under review. The IKB Group's CET 1 ratio as at 30 September 2018 was 11.4%. The fully loaded CET 1 ratio as at 30 September 2018 was 11.1% (31 March 2018: 11.6%).

The IKB Group's leverage ratio as at 30 September 2018 was 7.5%, thereby comfortably exceeding the future minimum ratio of 3.0%. The liquidity cover-

age ratio of the IKB Group was 331% as at 30 September 2018, while the minimum requirement has been 100% since 1 January 2018.

Outlook

IKB reported positive consolidated net income in the first half of the financial year and therefore confirms the forecast to generate moderately positive consolidated net income after taxes for the full financial year 2018/19.

Further details on developments in the first half of 2018/19 can be found in the 6-month report for 2018/19 at

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

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