IKB Deutsche Industriebank AG

19 March 2021, Düsseldorf

Financial Year 2020 Results

Highlights of the Financial Year 2020

IKB changed its financial year (previously 1 April to 31 March) to a calendar year end (31 December), using a nine-month shortened financial year in 2020

1. Positive Result	✓ Solid net consolidated income with €73 million in line with forecast despite an economic environment impacted by the COVID-19 pandemic ✓ Resumption of dividend payments after 15 years and adoption of dividend policy ✓ Return on equity[1)] of 8.3% after 5.9% in FY 2019/20
2. Successful Cost Control	✓ Administrative expenses lowered to €104 million (FY 2019/20: €156 million) ✓ Cost income ratio reduced to 56% (FY 2019/20: 65%)
3. Focused Core Business	✓ Resilient lending book at €9.4 billion, generating a net interest margin of 1.93% ✓ Reduced new business volume of €1.5bn in 2020 due to reduced risk profile in Covid context and focused on supporting existing clients with distribution of €0.6 billion KfW Covid lines during 2020 ✓ Consolidated net interest income at €165 million (FY 2019/20: €201 million) ✓ Net fee and commission income amounted to €20 million (FY 2019/20: €40 million); in response to COVID-19 KfW-business has been temporarily shifted to a higher share of PPL which generate less ancillary fee income
4. Low Risk Profile	✓ Non-performing assets at €144 million remain at an overall low level with an NPL ratio (EBA definition) of 1.6% ✓ Net risk provisioning of €20 million at a moderate level despite initial coronavirus effects (FY 2019/20: €30 million; risk costs at 0.27%)
5. Solid Capital Position	✓ CET 1 (fully phased) of 14.3% (FY 2019/20: 12.0%), pro-forma Basel IV CET 1 ratio of 15.3% ✓ €2.5 billion reduction RWA's from 31 March to 31 December 2020 ✓ Leverage ratio (fully phased) at 7.4% (FY 2019/20: 7.1%) ✓ Investment grade ratings received by Moody's (Baa1) and Fitch (BBB) in January 2021
6. Sufficient Liquidity	✓ LCR increased to 271% (FY 2019/20: 235%) ✓ Unencumbered available liquidity reserve amounted to €2.7 billion (FY 2019/20: €1.8 billion) ✓ Loan to deposit ratio (excluding public programme loans) at 70% (FY 2019/20: 80%)

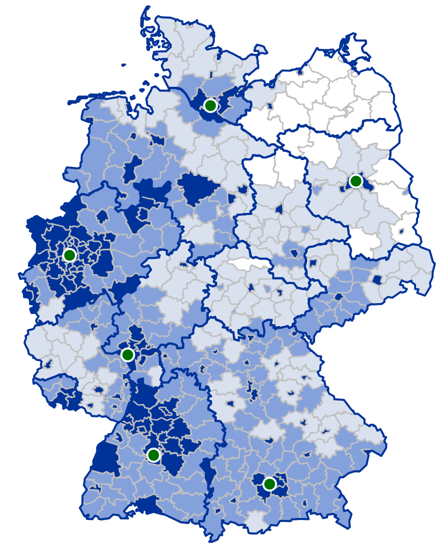
All figures as of 31 December 2020 respectively as of fiscal year 2020 (1 April – 31 December) unless otherwise stated

1) Calculated on a normalized CET1 ratio of 12% and based on average risk-weighted assets, adjusted for consistent IRBA application

Very Well Positioned in the German Mittelstand – Focused Business Model and Profitable Products

1. Client Focus	✓ Focus on high-end Mittelstand companies, i.e. internationally successful companies, 'backbone' of the German economy ✓ Clearly defined customers with annual turnover above €100 million ✓ Access to c. 2,900 focus clients of which 500 are customers ✓ Diversified client base across industries ✓ Investment demand driven by high level of innovation
2. Product Focus	✓ Strong commercial lending expertise ✓ Long-standing experience in public programme loans ✓ Among the top 10 on-lending banks for KfW COVID-19 special programmes
3. Low Risk	✓ Long-standing client relationships, profound market knowledge and deep insight in industry sectors ✓ Favourable risk profile: German MidCaps have relatively stable and conservative balance sheets with global diversification on the demand and supply side
4. Profitable	✓ Focus on profit ahead of growth ✓ Outstanding expertise in tailor-made solutions driving higher margins ✓ Lending business with strict price and risk discipline
5. Solid	✓ Solid capital position, diversified funding
6. Lean	✓ Strict cost control, further improvement of Cost income ratio

Revenue Potential German MidCaps



Very high | High | Average | Below average | IKB offices

Key Facts[1)]

- ✓ Financing partner for MidCaps for more than 90 years
- ✓ Based in Düsseldorf with 5 branches across Germany
- ✓ 581 FTE
- ✓ Total assets: €16.9 billion
- ✓ CET1 ratio: 14.3% (fully phased)
- ✓ Shareholder: Lone Star 100%

1) as of 31 December 2020

IKB Deutsche Industriebank

Agile and Successful Niche Player in Lending Business

Strategy

- Tailor-made solutions for Mid-Cap clients allowing for higher margins, centered on two core segments: commercial lending and public programme loans
- Good credit assessment thanks to long-term relationships and stringent lending process
- Streamlined approval processes

Commercial Lending

- Profitable lending business with new and existing clients
- Solid track record in structuring, arranging and syndicating of corporate loans
- Focus on tailored financing solutions which generate more attractive margins
- Structuring expertise allows to generate further fee income
- Strict credit pricing policy to maintain margins across new business
- Profound market and industry expertise
- Coverage based on close strategic dialogue with client companies' management teams
- Lean internal processes and fast decision-making provide a competitive advantage through speed of execution

Commercial Lending Segment	2020 (9M)
Total loan book	€4,013 million (43%)
Total net banking income	€92 million
Consolidated net result	€35 million
RoE[1]	9.2%

Public Programme Loans

- Market leader for the high-end Mittelstand and close relationships with KfW and other promotional banks
- Complex product from eligibility standpoint
- Mid-cap clients provided with targeted support through its extensive expertise in KfW programmes
- Specialist for high volume transactions
- USP advisory: each corporate advisor has extensive know-how in public programme loans
- Stable margins without funding and liquidity risk as well as maturity match
- Among the top 10 on-lending banks for KfW COVID-19 special programmes
- Climate protection programme 2030: Leading market position

Public Programme Loans Segment	2020 (9M)
Total loan book	€5,404 million (57%)
Total net banking income	€67 million
Consolidated net result	€29 million
RoE[1]	9.6%

1) Calculated on a normalized CET1 ratio of 12% and based on average risk-weighted assets, adjusted for consistent IRBA application

IKB's Business Strategy is Geared Towards Sustainability

Strong ESG focus of public programme loans	✓ The aim of public programme loans of KfW and other promotional banks is the support of sustainable economic development in accordance with environmental, social and governance criteria ✓ Environmental public programme loans (such as KfW's Climate protection programme 2030) provide incentives for investing in politically desirable areas such as energy efficiency, CO_2 prevention, sustainability and environmental protection – Approval of such loans require proof of evidence that environmental criteria are met ✓ IKB has a leading position in supporting mid-cap companies to access those loans and financial grants
Sustainability integrated into risk management and reporting	✓ Sustainability is embedded in IKB's business and risk strategy and controlling ✓ IKB takes sustainability risks into account when analyzing single credit decisions and determining industry limits ✓ Assessment of sustainability of business models and companies are key driers for underwriting decisions – Exclusion of higher risk industries and companies ✓ In addition, the bank takes ecological and social factors systematically into account when developing financing solutions ✓ Comprehensive ESG reporting with the non-financial report
Community engagement	✓ IKB's Corporate Social Responsibility focuses on activities which directly benefit local communities

IKB Assessment of Balance Sheet Sustainability

			E	S	G
Loan Book	Public Programme Loans	✓ 100% of public programme loans are linked to ESG criteria			
	Corporate Loans	✓ Exclusive focus on medium and long term corporate loans ✓ Sustainability assessment as part of the underwriting and risk management processes			
Liquidity Portfolio		✓ Focus on sovereign issuers (~53%) resp. issuers from Western Europe (~75%)			

Management Board Extended

The Supervisory Board of IKB has appointed Dr Ralph Müller and Dr Patrick Trutwein to the Board of Managing Directors of IKB with effect from 1 February 2021 to help drive the further development of the bank

Dr Michael Wiedmann

CEO/CFO

Responsible for finance, treasury and investments, legal, investor relations/M&A, human recources, governance & compliance

- Since 2009 at IKB
- CEO since January 2015, member of IKB's Board of Managing Directors since 2009
- Previously with Morgan Stanley in various positions in Frankfurt, Salomon Smith Barney and Boston Consulting Group

Claus Momburg

Chief Sales Officer

Responsible for sales and credit products

- Since 1991 at IKB
- Member of IKB's Board of Managing Directors since 1997
- Previously with IKB as Head of Controlling, held various other positions including Head of Frankfurt branch and Head of HR
- Previously with Simonbank Düsseldorf and WestLB

Dr Ralph Müller

CDO/COO

Responsible for strategy, digitalization and operations

- Started his career at McKinsey
- Thereafter co-founder and CEO of mortgage lending platform PlanetHome AG
- Moved to Deutsche Bank in 2006 to head the mortgage lending business
- Appointed to Postbank AG management board of Postbank AG with responsibility for IT and operations
- In 2015 assumed responsibility for DSL Bank and the corporate customer business

Dr Patrick Trutwein

Chief Risk Officer (CRO)

Responsible for risk management and internal audit

- Joined the IKB management team in 2016
- Previously responsible for corporate development, sales management, operations and transformation management at the bank
- Prior to that he worked at Deutsche Bank and McKinsey with a focus on risk management topics

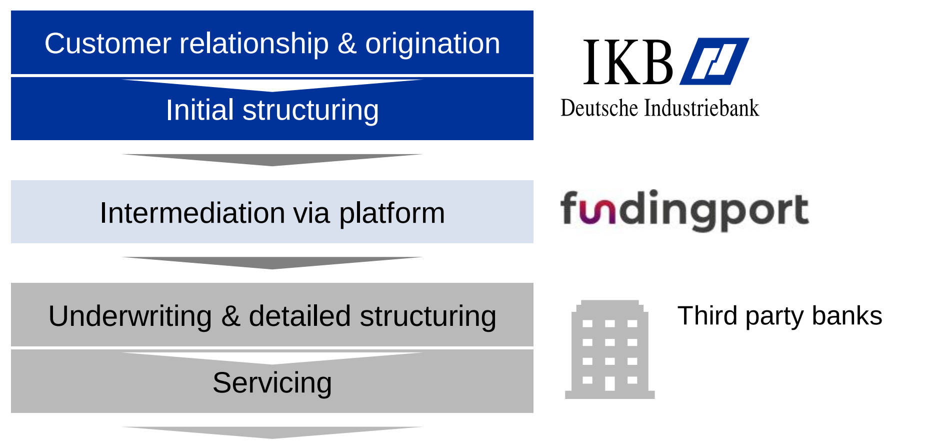
Driving Digital Financial Solutions in Cooperation with Hypoport

Overview

- IKB has entered into a cooperation with Hypoport to create the leading platform for MidCap corporate finance
- The JV combines Hypoport's expertise as operator of funding platforms with IKB's expertise in MidCap lending and public programme loans
- Fundingport GmbH as a platform provider will purely act as an intermediary
- IKB will establish a new sales channel and offer a significant volume of additional corporate finance deals through the fundingport platform
- The IKB sales channel aims to serve mainly small cap clients below IKB's current target customer group and as such is fully complementary to IKB's current business
- In addition, IKB will leverage its expertise in credit processes and public program loans for the purposes of this cooperation
- The JV will operationally be separated from IKB's core business
- Fundingport will continue developing the platform, particularly in the areas of project finance (renewable energies), corporate finance, subsidized loans and associated services during the loan lifetime (e.g. agency)

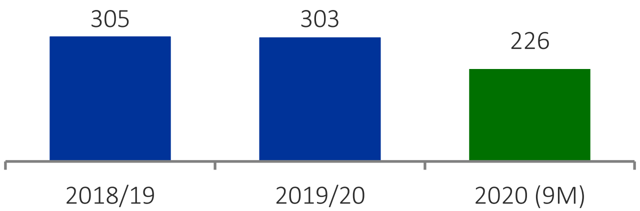
New Joint Venture Structure

Intermediation Process

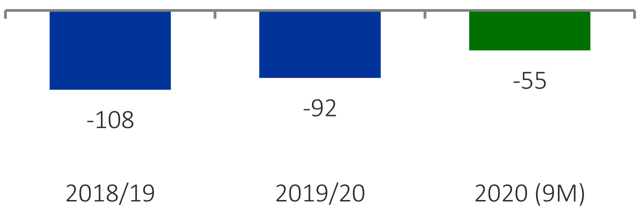


Stable Banking Revenues

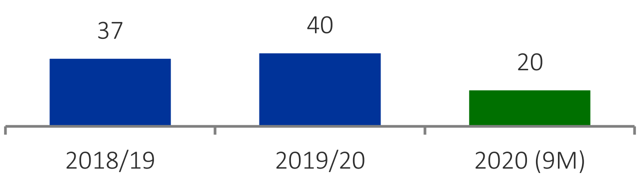
Interest Income[1)] (€ million)



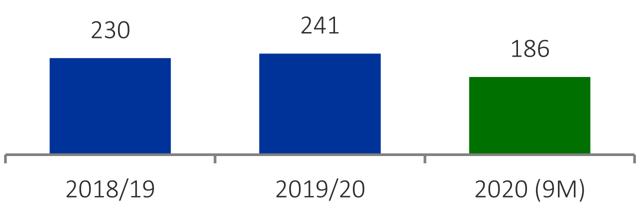
Interest Expense[1)] (€ million)



Net Fee and Commission Income (€ million)



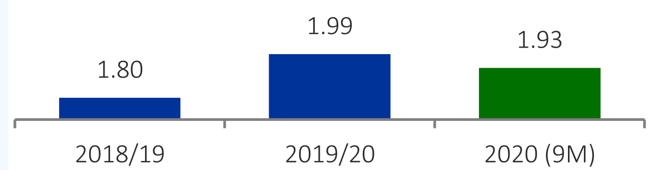
Total Banking Revenues (€ million)



Summary

- Resilient interest income driven by a stable portfolio size and a focussed lending approach with a strict credit pricing policy to maintain margins across new business
- Net interest income continues to increase
  - Driven by reduced interest expenses mainly due to run-off of old expensive liabilities such as term-deposits/promissory note loans, subordinated debt and bearer bonds as well as repricing of deposits
  - Repricing of treasury book will be offset by reduced interest expenses
- As a result, the net interest margin was 1.93% as of FY 2020
- Net fee and commission income amounted to €20 million in FY 2020
  - Largely due to the targeted temporary adjustment of the structure of new business in the response to COVID-19 with a focus on public programme loans from the KfW special programmes which generate less ancillary fee income
  - Expected to revert to normal levels in the future
- **Overall, stable banking revenues with moderate increases expected in the medium term**
- **In 2021, IKB targets net banking income of €250 million**

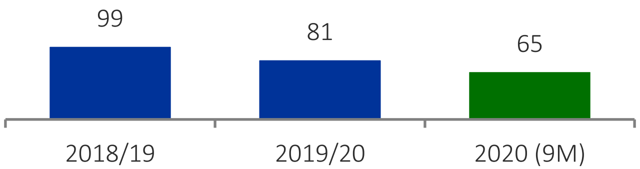
Net Interest Margin (in %)



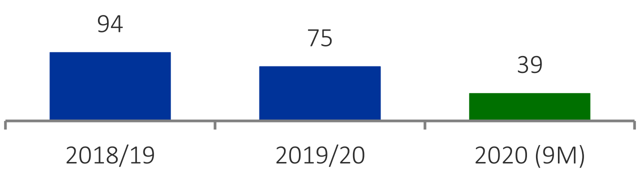
1) excluding derivatives

Strict Cost Control – Further Reductions Implemented

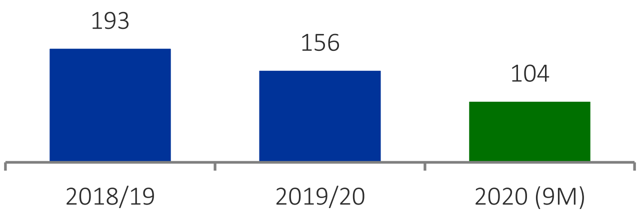
Personnel Expenses (€ million)



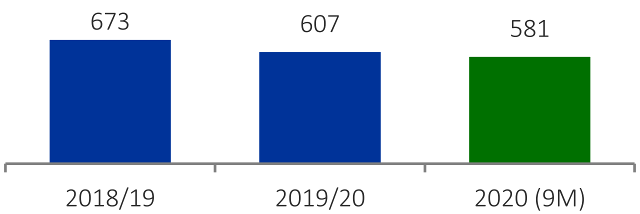
Other Administrative Expenses (€ million)



Total Administrative Expenses (€ million)



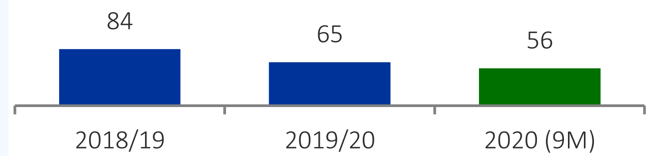
FTE



Summary

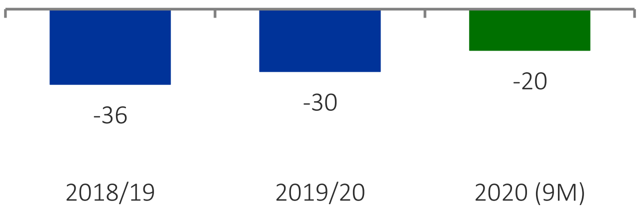
- ✓ Successful reduction of operating expenses with rigorous implementation and execution over the last decade
- ✓ Continous headcount decrease to 581 FTE
- ✓ Total administrative expenses reduced up to 104 million in FY 2020
- ✓ Cost income ratio improved from 65% to 56%
- ✓ Further cost reduction is planned and measures are mostly contractually agreed upon for the period until FY 2022
  - – No further restructuring provisions expected
- ✓ **For 2021, IKB aims for total administrative expenses of c. €130 million, resulting in a targeted cost income ratio slightly above 50%**
- ✓ **In the medium term, IKB aims to reduce its cost basis to €105 million and a cost income ratio of below 40%**

Cost Income Ratio (in %)

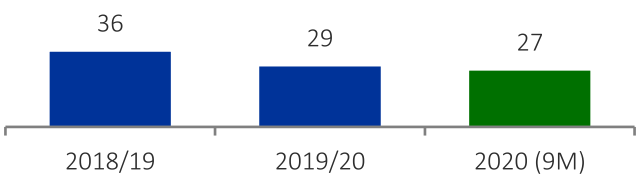


Moderate Risk Provisioning Despite COVID-19

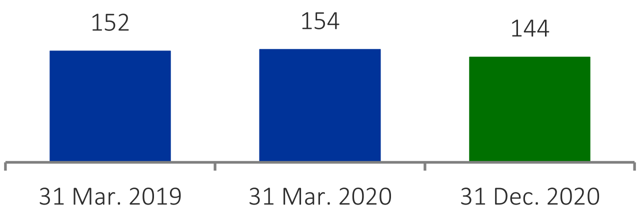
Net Risk Provisioning (€ million)



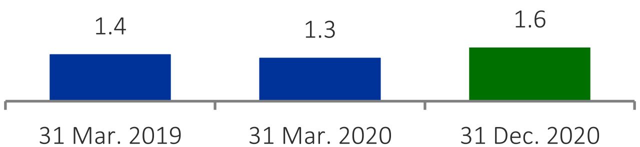
Cost of Risk (bps)



Non-performing Assets (€ million)



NPL Ratio[1] (in %)



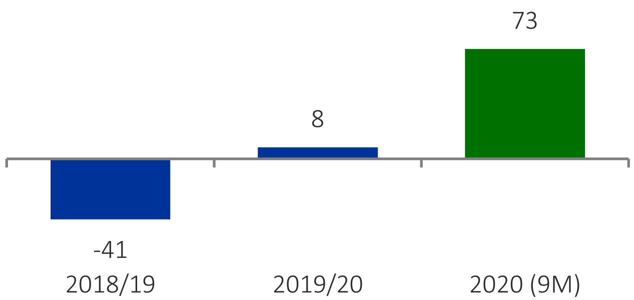
Summary

- ✓ IKB has limited exposure to high COVID-19 impacted industries
  - Some of these exposures have guarantees from public entities
- ✓ Due to a weakening economic outlook, IKB decided to implement more stringent underwriting criteria early on, thereby reducing new business volume with the aim to focus on KfW special programmes
- ✓ Net risk provisioning in FY 2020 with €20 million is at a moderate level despite initial coronavirus effects
- ✓ Cost of risk at 27bps in FY 2020
  - In line with the historic cost of risk which averages ~18bps for public programme loans and ~53bps for mid-cap commercial lending over the last 15 years
- ✓ Decrease of non-performing assets from €154 million to at €144 million remains at an overall low level, despite the slight increase with a current NPL ratio (EBA definition) of 1.6%
- ✓ Total general and specific loan loss provisions amount to €169 million, which include €29 million to mitigate Corona-specific risks
- ✓ **Loan loss provisions expected to remain at a moderate level with a target of €25 million for 2021**
- ✓ Subordinated securities lawsuits remain unsuccessful; three second-instance rulings of the Düsseldorf Higher Regional Court on 24 September 2020 clearly in IKB's favour
- ✓ A precedence tax ruling supports IKB's position in the Aleanta GmbH tax dispute

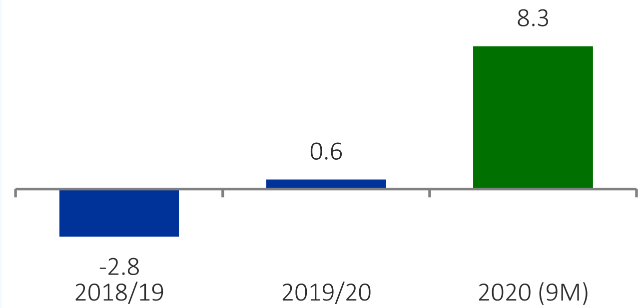
1) NPL ratio according to EBA definition

On a Path to Increasing Profitability

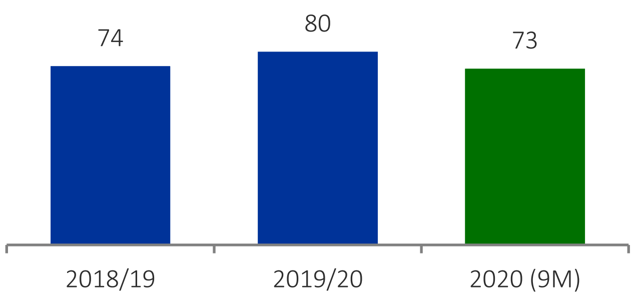
Reported Net Income (€ million)



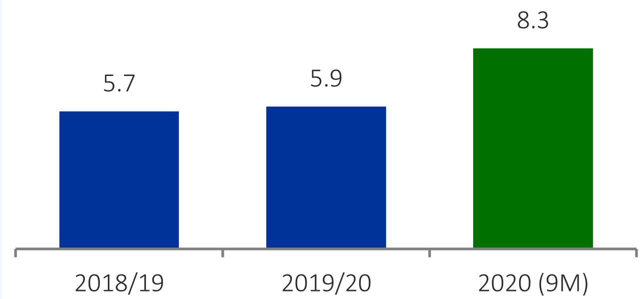
Reported RoE[1] (in %)



Adjusted Net Income (€ million)



Adjusted RoE (in %)



- Net income in recent years significantly impacted by one-off effects from bank simplification measures that are now fully implemented
- Net income of c. €100 million targeted for 2021
- RoE-Target for 2021 of c. 9%
- Medium term objective to increase RoE to more than 10%
- Income taxes for the upcoming years are expected at a maximum tax rate of 12.5% due to significant tax losses carried forward

1) Calculated on a normalized CET1 ratio of 12% and based on average risk-weighted assets, adjusted for consistent IRBA application

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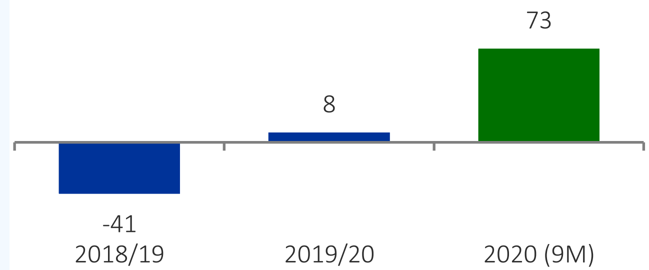
IKB Intends to Pay its First Dividend in 15 Years

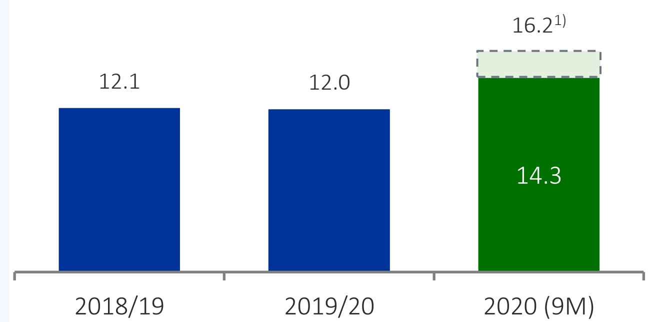
Overview

- IKB is operating again on a sustainably profitable basis and the regulatory capital position of the bank is well above requirements and management buffers
- As a result, the bank proposes to pay a dividend for the first time in 15 years
- Given the excess capital of the bank, IKB intends to pay out the full net income generated at IKB AG level in 2021 in the amount of €164 million
- Due to the regulatory guidance regarding dividend distributions for banks in the context of the current economic environment, IKB intends to distribute the intended total amount in two stages
- A dividend of €12 million will be paid in Q1 2021, in line with the regulatory guidance
- Depending on the economic environment, the regulatory requirements and the risk position of the bank, IKB intends to distribute an additional amount of €152 million in Q4 2021
- The full amount intended for distribution has already been deducted from IKB's regulatory capital position of 14.3% as of 31 December 2020
- IKB has also formally adopted a new dividend policy and going forward, IKB intends to distribute 60-80% of net income after tax to its shareholders
- This will be subject to economic conditions and potential growth opportunities
- Due to IKB's negative taxable distributable profit, IKB can distribute dividends of more than €2 billion without deducting withholding tax

Reported Net Income (€ million)



CET 1 (in %)



Targeted Payout Ratio	60–80%

1) CET 1 ratio of 14.3% adjusted for the intended distributions

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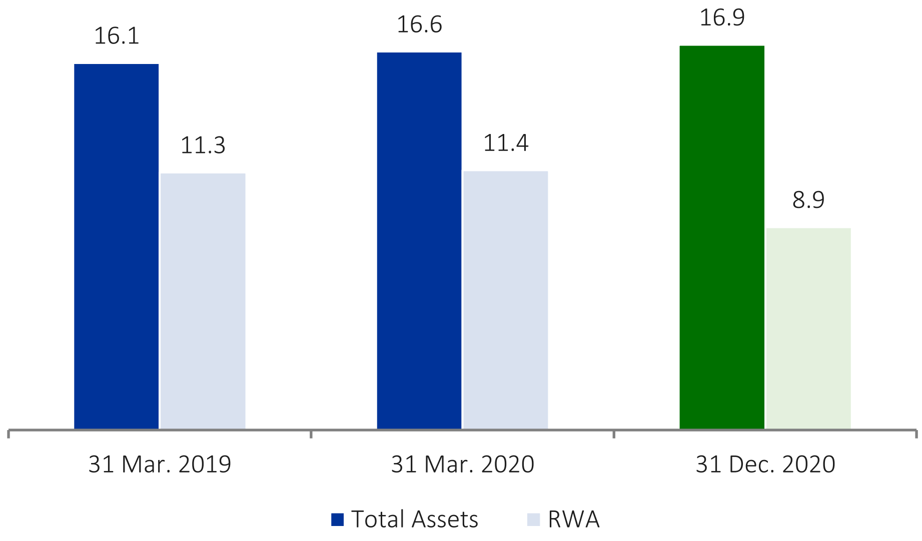
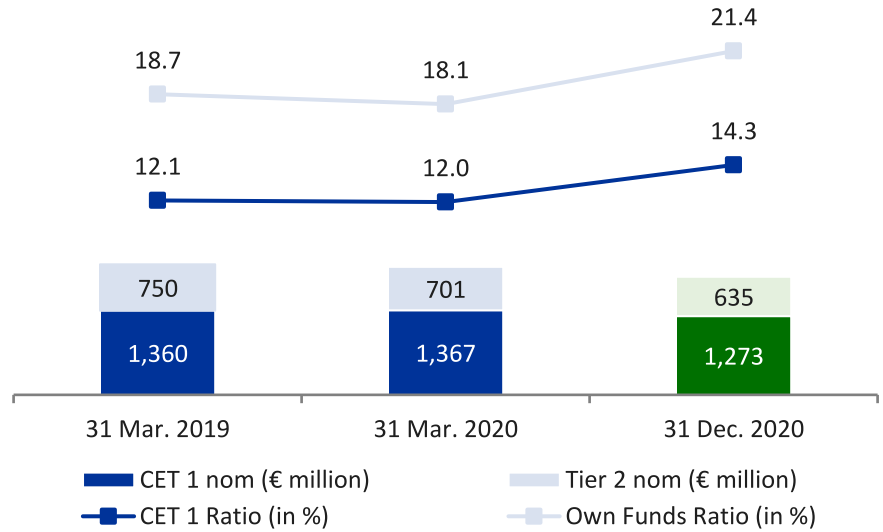
Solid Equity Position

Total Assets and Risk-weighted Assets[1] (€ billion)



Capital Ratios[1] (fully phased)



Key Measures

- Following the implementation of model changes in the IRBA rating system, additional RWA reduction of around €0.8 billion in December 2020
- IKB expects RWAs to slightly increase in 2021

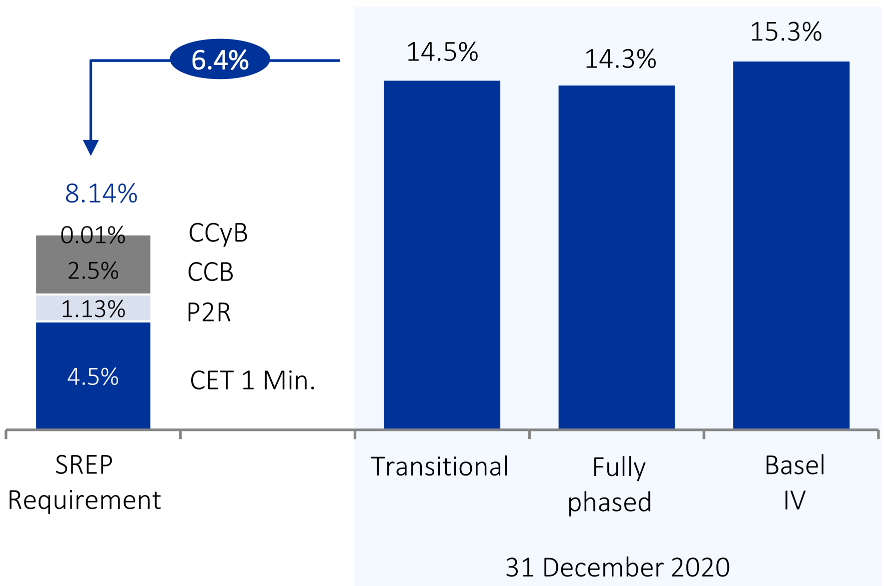
Improvement of Capital Position

- Pro-forma Basel IV common equity tier 1 ratio (CET 1) of 15.3%
- Leverage Ratio as of 31 December 2020 at 7.4%
- CET 1 ratio expected to be maintained above 13% and Leverage Ratio above 7%
- Planned dividend distributions in 2021 fully deducted from 31 December 2020 capital position

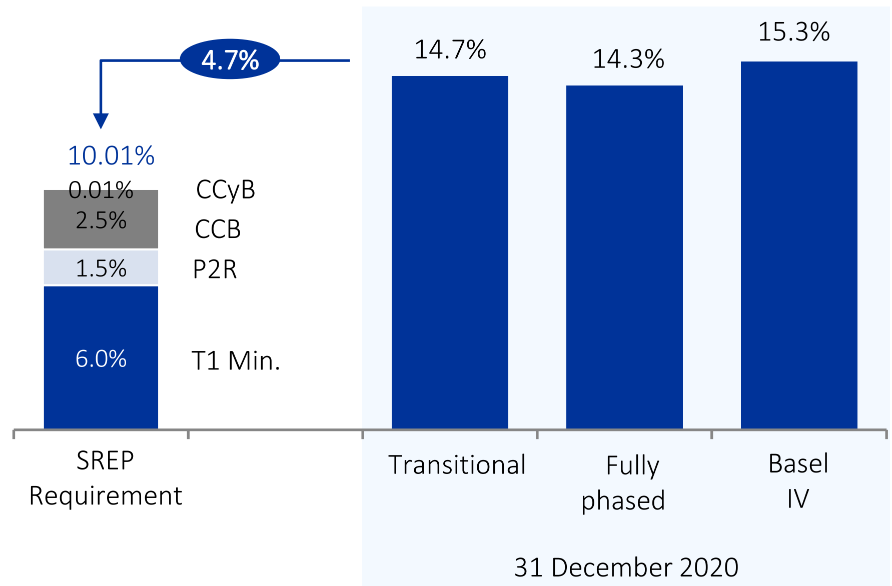
1) IKB Group consolidated

Capital Ratios Well Above Minimum Requirements

CET 1 Position and Capital Requirements[1] (% RWA)



T1 Position and Capital Requirements[1] (% RWA)

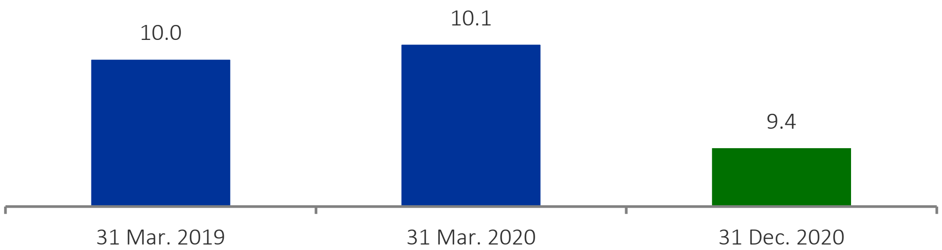


- Total CET 1 capital requirement of 8.14% and T1 capital requirements of 10.01%
  - Pillar 2 Requirement of 2.0% of which at least 1.13% to be held in CET 1 and 1.5% in T1 capital
  - CBR consists of capital conservation buffer of 2.5% and countercyclical buffer of 0.01% (currently no systemic risk buffer requirement)
  - In addition, Pillar 2 Guidance of 0.9% (to be fulfilled with CET 1 capital)
- IKB Group currently holds a buffer to CET 1 requirements of 6.4% and a buffer to T1 requirements of 4.7%[1]
- IKB expects to benefit from the implementation of Basel IV with expected CET 1 & T1-uplift of c. 1% (as of December 2020)

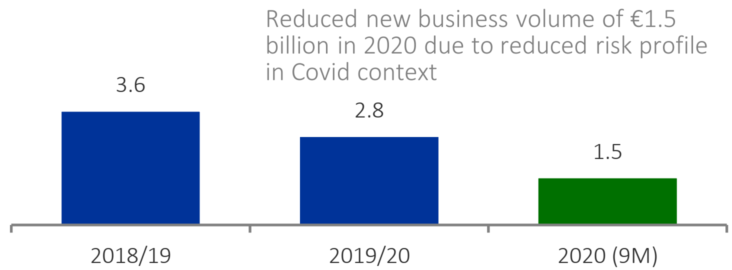
1) IKB Group consolidated

Resilient Lending Book with a Strong Customer Base

Portfolio Volume (€ billion)

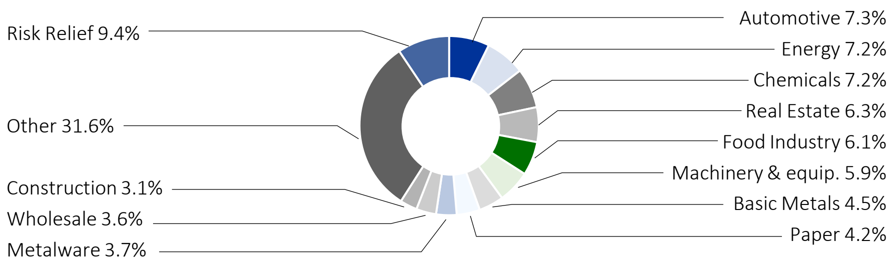


New Business Volume[1] (€ billion)



Target 2021:

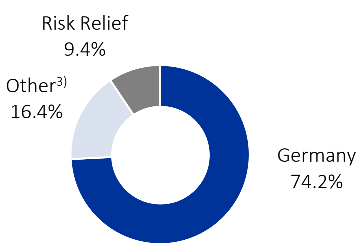
Portfolio by Sector[2] (in %)



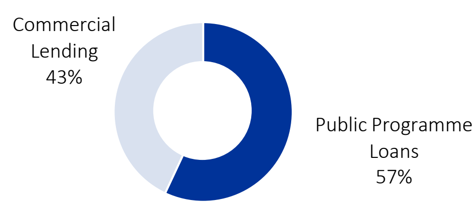
Industries impacted by Covid-19:

IKB has a very small proportion of Covid-19 impacted industries with a total volume of €183 million like culture, sports and entertainment, textile and clothing, hostitality as well as shipping and aviation

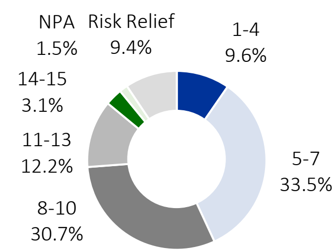
Portfolio by Geography (in %)



Portfolio by Product (in %)



Portfolio by Internal Rating (in %)



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Note: All figures including risk relief (Hermes guarantees, indemnifications, risk transferred)

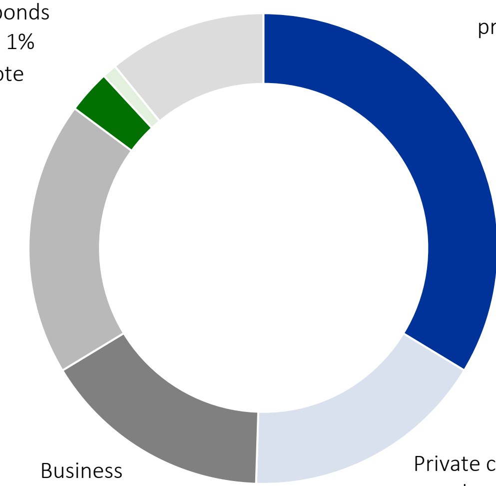
1) Includes also revolving credit facilities volumes in € billion: 0.3 (2018/19), 0.2 (2019/20), 0.0 (2020/21)

2) "Other" consists of 27 different industries each below 3.0% total portfolio

3) Major countries: France, USA, Austria, UK, Netherland

Diversified Funding

Funding Sources



Funding Sources

Public Programme Loan Schemes	✓ Channelling loans from KfW and regional development banks ✓ Volume of €5.4 billion
Deposits	✓ Stable and cost efficient private customer deposits: €2.8 billion ✓ Stable business customer deposits: €2.5 billion ✓ Promissory note loans: €0.4 billion
Repos/ECB	✓ Financing of liquidity portfolio ✓ Portfolio serves as collateral ✓ €3 billion funded in ECB's TLTRO III

Liquidity Position

Liquidity Coverage Ratio	✓ Group LCR with 271% well above target, increased from 235% as of 31 Mar 2020
Liquidity Reserve	✓ Approx. €2.7billion free and unencumbered available liquidity reserve, increased from €1.8 billion as of 31 Mar 2020

- Liquidity position strengthened in response to COVID-19
- BaFin has not set an MREL requirement for IKB beyond the existing minimum capital requirements

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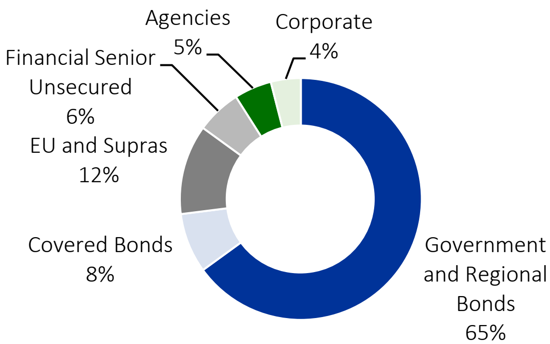
Note: as of 31 December 2020

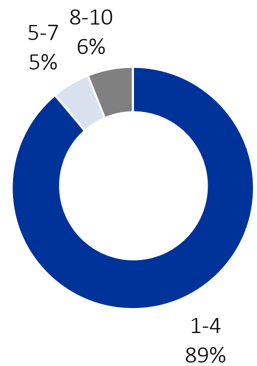
Well Diversified Liquidity Portfolio and Strengthened Liquidity Reserve

Structure of the Liquidity Portfolio (in %)

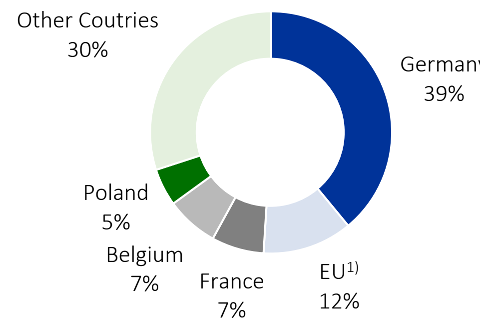
Bond Class Allocation



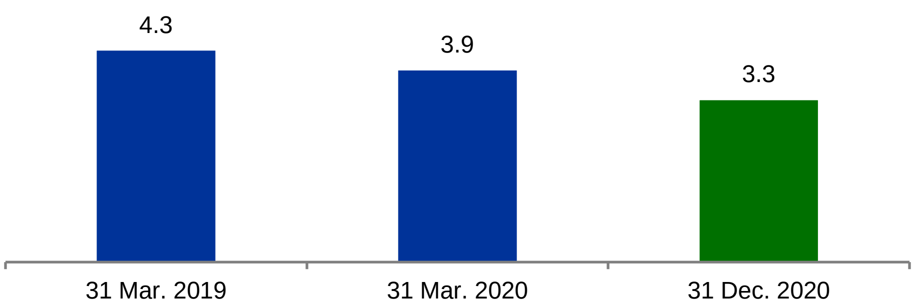
Rating Allocation



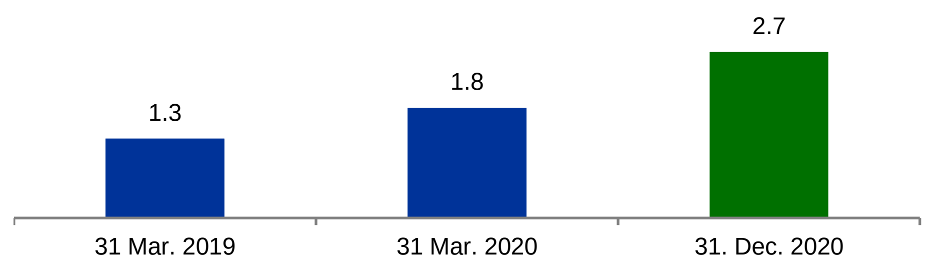
Country Allocation



Volume of Liquidity Portfolio[2] (€ billion)



Unencumbered Liquidity Reserve[3] (€ billion)



1) European Commission, ESM, Council of European Development and European Investmentbank
2) Bonds only
3) Including cash held with ECB and ECB-eligible loans

Recent Investment Grade Ratings Underpin IKB's Improved Profitability

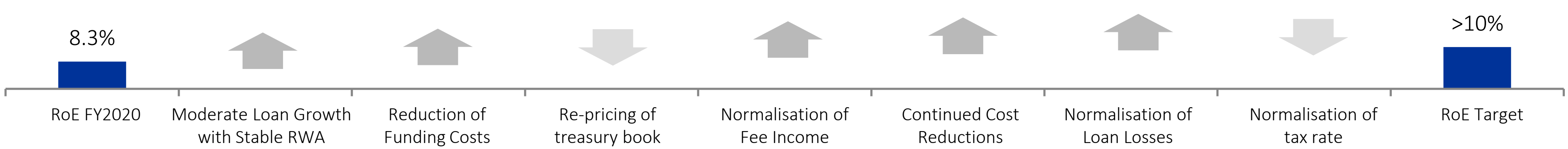
Bank Ratings		Moody's	Fitch
Counterparty Risk Rating	Long-term	A3	NR
	Short-term	P-2	NR
Issuer Credit Rating	Long-term	Baa1 (outlook: stable)	BBB (outlook: negative)
	Short-term	P-2	F3
Deposit Rating	Long-term	Baa1 (outlook: stable)	BBB (outlook: negative)
	Short-term	P-2	F3
Stand-alone Rating		baa3	bbb

- ✓ IKB has been assigned investment grade ratings from rating agencies Moody's and Fitch on 14/15 January 2021
- ✓ These ratings satisfy the requirements of many business partners and institutional investors
- ✓ Moody's highlighted in particular IKB's solid capital position in addition to its good asset quality, as well as its strong market position with German mid-cap clients
- ✓ According to Fitch, IKB's clear business model, which focuses on public programme loans and commercial loans to the German upper mid-cap segment supports its credit strength. Other positive factors are its sound capital position and a strong refinancing and liquidity profile
- ✓ Both rating agencies have emphasised the bank's recent positive revenue and cost development and the resulting improved profitability
- ✓ Fitch's negative outlook mainly reflects the current overall market conditions in the banking sector and not necessarily IKB-specific concerns

Outlook

1. Clear Profile as MidCap Specialist	✓ Leverage strong position in the German Mittelstand sector ✓ Focus on core products commercial lending and PPL with expected new business volume of c. €2.5 billion in 2021
2. Profitability before Growth	✓ New business only taken at an appropriate risk/return profile: every new loan must be profitable in its own right ✓ Net banking revenues of €250 million targeted for 2021
3. Cost Reduction	✓ Reduced administrative expenses by continued cost cutting and optimisation measures ✓ For 2021, IKB aims for total administrative expenses of c. €130 million, resulting in a targeted cost income ratio of slightly above 50% ✓ In the medium term, IKB aims to reduce its cost basis to €105 million and a cost income ratio of below 40%
4. Loan Losses	✓ Loan loss provision expected to remain at a moderate level with target of €25 million in 2021
5. Profitabilty	✓ Net income of c. €100 million targeted for 2021 ✓ RoE-Target for 2021 of c. 9% ✓ Medium term objective to increase RoE to more than 10%
6. Capitalisation	✓ RWAs expected to slightly increase in 2021 ✓ CET 1 ratio expected to be maintained above 13% and Leverage Ratio above 7% ✓ IKB aims to maintain conservative capital ratios well above the regulatory minimum
7. Liquidity Position	✓ Liquidity Coverage Ratio clearly above regulatory requirement of 100%

Expected Key Drivers of Increasing Profitability



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Appendix

Consolidated Income Statement of IKB Group

in € million	2020 (9M)	2019/20	2018/19
Net interest and lease income	165	202	193
Net fee and commission income	20	40	37
Total net banking income	**186**	**241**	**230**
Administrative expenses	-104	-156	-192
Personnel expenses	*-65*	*-81*	*-99*
Other administrative expenses	*-39*	*-75*	*-94*
Pre-provision income	**82**	**85**	**38**
Net risk provisioning	-20	-30	-36
Operating profit	**63**	**56**	**2**
Net other income	1	-47	-106
Income before taxes	**63**	**9**	**-104**
Tax income/expenses	10	-1	64
Consolidated net result	**73**	**8**	**-41**
Adjustment restructuring costs	-	*21*	*4*
Adjustment liability management	-	*51*	*162*
Adjustment disposal of IKB office buildings and subsidiaries	-	-	*-51*
Adjusted consolidated net result after taxes	**73**	**80**	**74**

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Note: Differences of sums to total numbers may occur due to rounding

Segmental Reporting of IKB Group

in € million	PPL (1.4.-31.12.2020)	Corporate Bank (1.4.-31.12.2020)	Corporate Center (1.4.-31.12.2020)	IKB Group (1.4.-31.12.2020)
Net interest and lease income	64	78	23	165
Net fee and commission income	3	13	4	20
Total net banking income	**67**	**92**	**27**	**186**
Administrative expenses	-32	-31	-40	-104
Pre-provision income	**35**	**60**	**-13**	**82**
Net risk provisioning	-2	-17	0	-20
Operating profit	**33**	**43**	**-13**	**63**
Net other income	-	-3	3	1
Income before taxes	**33**	**40**	**-10**	**63**
Tax income/expenses	-4	-5	19	10
Consolidated net result	**29**	**35**	**9**	**73**
New business volume	1,091	379	-	1,470
Credit volume as of the reporting date	5,404	4,013	9,302	18,719
Risk weighted assets	3,322	3,774	1,820	8,916
Interest margin loan book (in %)	1.61	2.31		1.93
Cost Income Ratio (in %)	47.8	34.2		55.7
Risk cost loan book (in %)	0.05	0.52		0.27
Return on Equity[1)] (in %)	9.6	9.3		8.3

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Note: Differences of sums to total numbers may occur due to rounding

1) Calculated on a normalized CET1 ratio of 12% and based on average risk-weighted assets, adjusted for consistent IRBA application

Consolidated Balance Sheet of IKB Group

ASSETS in € million	31 Dec. 2020	31 Mar. 2020	31 Mar. 2019
Cash reserve	2,313	344	25
Receivables from banks	2,044	2,198	1,268
Receivables from customers	8,774	9,530	9,823
Bonds and other fixed-income securities	3,202	3,830	3,953
Equities and other non-fixed-income securities	304	304	463
Equity investments	0	0	1
Investments in affiliated companies	1	7	5
Intangible assets	1	2	3
Tangible assets	4	4	17
Other assets	82	149	330
Prepaid expenses	64	108	101
Deferred tax assets	136	137	137
Excess of plan assets over post-employment benefit liability	5	7	8
Total assets	16,929	16,622	16,132

EQUITY AND LIABILITIES in € million	31 Dec. 2020	31 Mar. 2020	31 Mar. 2019
Liabilities to banks	8,528	7,670	7,352
Liabilities to customers	5,758	6,140	5,749
Securitised liabilities	154	300	446
Other liabilities	49	60	106
Deferred income	49	38	55
Provisions	156	209	181
Subordinated liabilities	789	831	826
Fund for general banking risks[1)]	585	585	585
Equity	862	789	830
Subscribed capital	100	100	1,621
Capital reserves	648	648	1,751
Revenue reserves	2	3	3
Net accumulated losses/gains	116	41	-2,592
Non-controlling interests	-4	-3	47
Difference arising from asset offsetting	0	0	2
Total equity and liabilities	16,929	16,622	16,132

Note: Differences of sums to total numbers may occur due to rounding

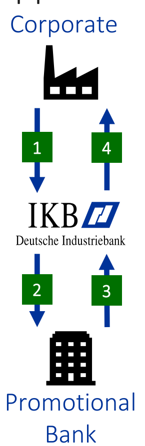
1) Treated as CET 1 capital for regulatory purposes

How the Public Programme Loan Business works

Overview

- Multiple promotional banks such as KfW, the 16 German regional state-owned promotional banks or European promotional banks offer funding at favourable conditions for investments eligible to public programme loan schemes, transmitting their lower funding costs to borrowers
  - KfW is the most significant provider of PPL funding and MidCaps represent a key public policy area for the German government
- Typical uses of PPL funding include long-term investments or specialty funding, particularly in environmental sustainability and energy
- Such funding is attractive for borrowers as it allows them to lock in long term funding at favourable terms and conditions with no possibility that it can be withdrawn during the lifetime of the loan against the objection of the borrower
  - Borrowers need to make sure that investment is in adherence with the strict requirements of the programme loan schemes
- Promotional banks rely on commercial on-lending banks such as IKB for origination, application, risk taking and administration and provide matched funding
- IKB has a strong competitive advantage in PPL lending as a top 3 provider in Germany
  - In-depth knowledge of all available programs, thorough understanding of the application processes, established relationships with the promotional banks, dedicated structuring teams and fast and reliable processes are key competitive advantages for IKB

Application and Funding



1. Client Credit Application	IKB advises the client on how to make the project eligible for public promotion and the client submits the credit application ("Kreditantrag") to IKB
2. Transfer to the Promo-tional Bank	IKB forwards a request for refinancing ("Refinanzierungsantrag") to the promotional bank
3. Refinancing Commitment	The promotional bank reviews the request for refinancing and gives approval after possible inquiries have been answered
4. Loan Agreement	On the basis of the approval, IKB signs a loan agreement with its client reflecting terms and conditions of the promotional bank

- No liquidity risk as payments are not pre-funded at both ends
- No funding risk as all PPL loans are back-to-back match funded

Credit Risk

Ordinary Programmes	✓ In general, PPL credit risk does not differ from commercial loans as PPL does not include risk mitigation and on-lending banks bear the full credit risk ✓ However, some promotional programmes offer optional risk mitigation or partial subordination of up to 50% – IKB rarely uses this option as the application process is quite complicated and the on-lending margin is significantly reduced
COVID-19 KfW Special Programmes	✓ In response to COVID-19, KfW set up special programs to provide additional liquidity to German corporates ✓ These programs offer standardized non-optional risk mitigation between 80% and 100% ✓ IKB mainly accesses the KfW Corporate loan: – Limited to €100 million per company – Standardized term loan (fixed interest, amortizing) with maturities up to 6 years – Fully refinanced by KfW – 80% covered by state guarantee – 2% and 2.12% interest rate according to KfW pricing grid

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