

Capital Raising GmbH

Norderfriedrichskoog, Federal Republic of Germany

Offering Circular/Listing Prospectus for
€ 200,000,000 Perpetual Fixed Rate Capital Notes
with the payment of interest and principal
conditional upon receipt of
profit participations and repayment under
a Silent Participation in the commercial enterprise of

IKB Deutsche Industriebank

Düsseldorf and Berlin

– WKN 749 072 –
– Fondscode F 14332 –
of Capital Raising GmbH

Capital Raising GmbH, a company incorporated in accordance with German law with registered office in Norderfriedrichskoog (the "Issuer") shall use the proceeds from the issue of the Capital Notes to participate in the commercial enterprise of IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf and Berlin, Federal Republic of Germany, as a typical silent partner by making a capital contribution with a nominal value of € 200,000,000.

The admission of the Capital Notes for trading on the official market (amtlicher Markt) of the Frankfurt Stock Exchange and the Official Segment of Euronext Amsterdam N.V. will be applied for.

The Capital Notes will be represented at all times by a global certificate in bearer form without interest coupons which will be deposited with Clearstream Banking AG, Frankfurt am Main. The Capital Notes may be transferred in the form of co-ownership shares in accordance with the applicable rules of Clearstream Banking AG.

Issue Price: 100 %

The Capital Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act"). Accordingly, the Capital Notes may not be offered or sold in the United States or to US Persons except in accordance with Regulation S under the Securities Act, or pursuant to an exemption from registration requirements of the Securities Act.

BNP PARIBAS

Deutsche Bank

Credit Agricole Indosuez

Natexis Banques Populaires

Rabobank International

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General Information

Responsibility for Content of Prospectus

Capital Raising GmbH (the "Issuer"), BNP PARIBAS – Frankfurt/Main Branch – and Deutsche Bank Aktiengesellschaft, Frankfurt/Main, ("Deutsche Bank") are responsible under German law in accordance with Sec. 13 of the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) in conjunction with Sec. 44 et seq. of the German Stock Exchange Act (*Börsengesetz*) and hereby confirm that, to the best of their knowledge, the information contained in this offering circular/listing prospectus ("Prospectus") dated 6 November 2002 is correct and that no material information has been omitted.

The Issuer has not permitted any person to make any disclosures or representations that are not contained in this Prospectus, or in other documents agreed upon in connection with the issue of the capital notes or in other disclosures made by the Issuer or in publicly available information, and that do not correspond to the content of any such documents, disclosures or information. Where any such disclosures or representations were made, the Issuer does not accept any responsibility.

The delivery of the Prospectus or the offer, sale or delivery of the capital notes does not mean, under any circumstances, that the information contained in the Prospectus will continue to apply after the publication date of the Prospectus or that the financial condition of the Issuer or IKB Deutsche Industriebank Aktiengesellschaft has not deteriorated since the Prospectus date.

Subject Matter of Prospectus

The subject matter of the Prospectus is a total issue of € 200,000,000 comprising 2,000,000 Perpetual Fixed Rate Capital Notes 2002 of € 100 each, vesting claims to interest payment and redemption subject to certain conditions (the "Capital Notes").

Inspection of Documents

The documents mentioned in this Prospectus, that refer to the Issuer and IKB Deutsche Industriebank Aktiengesellschaft, may be inspected during normal office hours at the offices of the Issuer, Koogstraat 4, 25870 Norderfriedrichskoog, as well as the offices of Deutsche Bank Aktiengesellschaft, Große Gallusstraße 10–14, 60272 Frankfurt/Main.

Description of IKB Deutsche Industriebank Aktiengesellschaft and IKB Group

Any references in this Prospectus to the "Issuer" are references to Capital Raising GmbH. Any references to "IKB AG" are references to IKB Deutsche Industriebank Aktiengesellschaft. Any references to the "IKB Group" are references to IKB Deutsche Industriebank Aktiengesellschaft and its consolidated subsidiaries unless the context requires otherwise. For a detailed discussion of the company's history, see "General Information on IKB Deutsche Industriebank Aktiengesellschaft".

Disclosure Regarding Forward-looking Statements

The statements included herein regarding future financial performance and results and other statements that are not historical facts are forward-looking statements. The words "believes", "expects", "predicts", "estimates" and similar expressions are also intended to identify forward-looking statements. Such statements are made on the basis of assumptions which, although reasonable at this time, may prove to be erroneous. The risks and uncertainties which the Issuer and IKB AG face with respect to their future development and the factors that might influence the correctness of such forward-looking statements are considered, as a general rule, throughout this Prospectus. Such factors include, inter alia, the factors discussed in "Risk Factors", "Recent Developments and Outlook of IKB Deutsche Industriebank Aktiengesellschaft" and "Financial Information on IKB Deutsche Industrie-

bank Aktiengesellschaft". Actual results could differ significantly from those contemplated in the forward-looking statements contained herein if one or more of any such risks and uncertainties materialise or the facts, upon which these forward-looking statements have been based, prove to be incorrect.

Currency Presentations

In this Prospectus, references to "euro", "EUR" and "€" are references to the common currency of the member states of the European Economic and Monetary Union, which as of 1 January 1999 replaced the respective national currencies of the relevant countries. References to "Deutsche Mark", "DEM" or "DM" are references to the former national currency of the Federal Republic of Germany prior to the introduction of the euro. References to "US\$", "USD" and "US dollars" are references to the dollar of the United States of America. IKB AG publishes its financial statements in euro.

Definitions

Capitalised terms used and not defined herein shall have the meaning given to them in the Terms and Conditions of Issue, the Silent Partnership Agreement and the Fiduciary Agreement reproduced under "Description of Offering Structure" in this Prospectus.

Summary of the Offer

This summary of the transaction will, in its entirety, be qualified and supplemented by reference to the detailed information as set out elsewhere in this Prospectus, in particular in the following Terms and Conditions of Issue and the Silent Partnership Agreement. In case of any deviations between this Summary and the detailed information as set out elsewhere in this Prospectus, the latter shall prevail.

Issuer:	Capital Raising GmbH with registered office in Norderfriedrichskoog, Germany. The Issuer is a limited liability company (GmbH), incorporated under German law, which is neither affiliated nor consolidated with IKB AG and participates in the commercial enterprise of IKB AG as a typical silent partner (see "Description of Offering Structure" – "Silent Partnership Agreement").
	The Issuer is not entitled to create any liabilities other than the Capital Notes issued to refinance the Silent Participation (see "Description of Offering Structure" – "Silent Partnership Agreement"), except for liabilities which are absolutely necessary to keep its business in operation. See "General Information on the Issuer".
IKB AG:	IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf and Berlin, Germany. See "General Information on IKB Deutsche Industriebank Aktiengesellschaft".
Joint Arrangers and Joint Lead Managers:	BNP PARIBAS and Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany; many, acting through its London Branch, Deutsche Bank Aktiengesellschaft London.
Principal Paying Agent:	Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany.
Dutch Paying Agent:	Deutsche Bank Aktiengesellschaft, acting through its Amsterdam Branch.
Capital Notes:	€ 200,000,000 Perpetual Fixed Rate Capital Notes with conditional obligation to pay interest and principal conditional upon receipt of Profit Participations and repayment under a Silent Participation (see "Description of Offering Structure" – "Silent Partnership Agreement") in the commercial enterprise (<i>Handelsgewerbe</i>) of IKB AG in the nominal amount of € 100 per Capital Note.
Use of Proceeds:	The Issuer will use the proceeds from the issue of the Capital Notes to make a capital contribution for the purposes of the Silent Participation.
Silent Participation:	The Issuer participates in the commercial enterprise (<i>Handelsgewerbe</i>) of IKB AG as a typical silent partner by making a capital contribution in the nominal amount of € 200,000,000. The Capital Contribution is to serve as regulatory capital (Tier 1 Capital) within the meaning of the German Banking Act ("KWG") and the capital adequacy recommendations established by the Basle Committee on Banking Supervision. The nominal amount of the Capital Contribution (see "Description of Offering Structure" – "Silent Partnership Agreement") is equal to the nominal amount of the Capital Notes.
	The Silent Participation is established for an indefinite period of time. It is subject to German law.
Ranking of the Silent Partner's Claims:	Claims of the Issuer against IKB AG under the Silent Participation are subordinated to claims of all existing and future creditors of IKB AG (including the claims under profit-participation rights (<i>Genussrechte</i>) or subordinated debt within the meaning of § 10 (5), (5a) and (7) KWG).

Participation of the Issuer in the Profits of IKB AG:

For each Profit Period, the Issuer is entitled to a Profit Participation at a rate equal to 7.50125% of the Nominal Contribution Amount for a Payment Period starting on a Distribution Date and ending on the next Distribution Date, calculated on the basis of the actual number of days in this Period divided by 365 or 366, as the case may be. "Payment Period" shall mean the period commencing upon payment of the Capital Contribution and ending on the first Distribution Date or commencing on a Distribution Date and ending on the next following Distribution Date.

No Profit Participation is payable if and to the extent that such payment would cause or increase a balance sheet loss within the meaning of § 158 (1) No. 5 German Stock Corporation Act ("AktG"). Further, pursuant to the general provision of § 301 sentence 1 AktG no profit participation is payable if and to the extent the amount payable pursuant to the Silent Partnership Agreement and other partial profit transfer agreements (*Teilgewinnabführungsverträge*) exceeds the annual net income (*Jahresüberschuss*) of IKB AG adjusted for losses carried forward from the previous financial year, transfers to the statutory reserve (*gesetzliche Rücklage*) and transfers from other revenue reserves (*andere Gewinnrücklagen*) accrued during the term of the Silent Partnership Agreement. Furthermore, payment of a Profit Participation requires full replenishment of the Capital Contribution in the event that its Book Value has been decreased below the Nominal Contribution Amount as a result of any loss participation.

If IKB AG pays a dividend (as described in Section 2(5) of the Silent Partnership Agreement) for the relevant Fiscal Year or makes payments in respect of Other Tier 1 Capital Instruments (see "Description of Offering Structure" – "Silent Partnership Agreement"), IKB AG is under the obligation to, despite there being a Balance Sheet Loss, withdraw amounts from revenue reserves within the meaning of § 301 sentence 2 AktG in order to avoid any Reduction or to replenish any reduced Book Value of the Capital Contribution, as the case may be, if and to the extent that such reserves are existing. The obligation to replenish or to avoid any Reduction and to pay Profit Participations by withdrawing amounts from revenue reserves pursuant to § 301 sentence 2 AktG only exists if and to the extent the solvency ratio of IKB AG remains at least 9% on an individual as well as on a consolidated basis. When paying Profit Participations, the limitations contained in § 301 sentence 1 AktG, as described above, must be observed. Capital reserves cannot be used for the purpose of servicing the Silent Participation. Where any Other Tier 1 Capital Instruments ranking pari passu in relation to the Capital Contribution are serviced only in part, the Profit Participation, within § 301 sentence 2 AktG, must be paid on a pro rata basis. In the event that any Other Tier 1 Capital Instruments which are subordinated to the Capital Contribution are serviced only in part, the Profit Participation, within § 301 sentence 2 AktG, is to be paid in full. IKB AG will not make payment of the Profit Participation in respect of a Profit Period if and to the extent that the German Financial Services Supervisory Agency (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has prohibited the Bank to do so. If, due to the fact that the annual accounts have not yet been approved, IKB AG pays the Profit Participation only after the Due Date, interest shall be payable on the Profit Participation at a rate of 5% above the then applicable base rate (see "Risk Factors – Profit Participation and Payments in respect of the Capital Notes" regarding the non-obligation of the Issuer to pay Profit Participations).

The Issuer may request that the Profit Participation be increased if and to the extent that, as a result of any tax-related changes, the Silent Partner incurs higher refinancing costs or any additional liability.

There is no obligation to subsequently pay any Profit Participations that were not paid.

Participation of the Issuer in any Losses of IKB AG:	In the event of a Balance Sheet Loss, the Book Value of the Capital Contribution will be reduced on a pro rata basis with the total book value of other loss-participating components of IKB AG's regulatory capital. Future balance sheet profits shall be used to replenish the Capital Contribution up to the Nominal Contribution Amount.
Termination of the Silent Partnership:	<p>Termination by the Issuer is excluded.</p> <p>IKB AG may terminate the Silent Partnership by giving two years' prior notice with effect as of the end of a Fiscal Year, and, in the event of certain tax or regulatory changes, with effect at the end of a calendar month, but in no event earlier than with effect from 31 March 2013 (see "Risk Factors" – "No fixed Termination Date" and "Description of Offering Structure" – "Overview" – "Silent Partnership Agreement"). Termination requires the prior consent of the German Financial Services Supervisory Agency.</p> <p>Should the Capital Contribution no longer qualify as Tier 1 Capital within the meaning of the KWG, IKB AG may terminate the Silent Partnership at any time by giving 30 day's notice with effect as of the end of month.</p> <p>If the Book Value of the Capital Contribution is decreased below the Nominal Contribution Amount, the Silent Partnership will be deemed not terminated until the Capital Contribution has been fully replenished up to the Nominal Contribution Amount.</p> <p>In the event the Silent Partnership is terminated during a Fiscal Year, interest shall be payable on the Silent Partnership at the then applicable rate of the Profit Participation from the Termination Date until the end of the Fiscal Year in which the Silent Partnership is terminated.</p> <p>Except for the obligation to pay interest in the event of termination of the Silent Partnership during a Fiscal Year, no interest shall be payable on the Repayment Amount which is due upon termination of the Silent Partnership for the period between the Termination Date and the Repayment Date.</p>
Receivables Purchase Agreement:	Upon distribution of the Profit Participation to the Issuer or the replenishment of the Capital Contribution following a Reduction of its Book Value, IKB AG is obliged to withhold amounts on account of investment income tax (<i>Kapitalertragsteuer</i>) payable on the distributed amounts and/or on the amount of replenishment pursuant to § 43 (1) No. 3 German Income Tax Act (EStG), unless the tax authorities have granted a tax exemption for payments to the Issuer. The Withholding will be credited as a prepayment against the corporate income tax liability of the Issuer. To the extent that any such prepayment exceeds the definitive amounts of corporate income tax payable by the Issuer, the Issuer will have a refund claim against the tax authorities.
	Pursuant to a Receivables Purchase Agreement between the Issuer and IKB AG, the Issuer sells and assigns to IKB AG its Tax Refund Claims against the tax authorities. As consideration, the Issuer will have payment claims against IKB AG, which claims become due for payment in the amount of the respective Withholding at the time of the distribution of the Annual Profit Participation. The Profit Participation, after deduction of investment income tax, plus the Purchase Price paid for the Tax Refund Claims equals the gross amount of the Profit Participation.
Fiduciary Agreement:	Pursuant to a Fiduciary Agreement entered into between the Issuer, IKB AG and the Fiduciary for the benefit of the noteholders (hereinafter the "Investors"), the Issuer has assigned to the Fiduciary all present and future Profit Par-

ticipation Claims, Delayed Payment Interest Claims, Payment Claims and Termination Claims against IKB AG as security for the claims of the noteholders.

Fiduciary:	Deutsche Bank Luxembourg S.A., Luxembourg.
Status of the Capital Notes:	The Capital Notes represent unsecured (except for the security under the Fiduciary Agreement) and unsubordinated liabilities of the Issuer ranking <i>pari passu</i> among themselves and with all other unsecured and unsubordinated liabilities of the Issuer, except for liabilities which rank senior as a matter of law.
Other Tier 1 Capital Instruments:	IKB AG reserves the right to enter into agreements on Other Tier 1 Capital Instruments (see "Description of Offering Structure" – "Silent Partnership Agreement") on identical or different terms. Claims of any future silent partners (or of holders of security provided for Tier 1 Capital Instruments of subsidiaries of IKB AG) may not rank senior to the claims of the Issuer under the Silent Partnership.
Repayment of the Capital Notes:	<p>The Capital Notes have no fixed maturity.</p> <p>The Issuer may terminate the Capital Notes for early redemption for the first time with effect from 15 July 2013 or at any time for tax reasons, provided that the financing of the repayment of the Capital Notes plus any interest accrued is ensured by the issue of similar debt securities or in any other way.</p> <p>In the event of a breach by the Issuer of obligations under the Terms and Conditions of Issue, the noteholders are entitled to early termination of the Capital Notes subject to the Terms and Conditions of Issue.</p> <p>In all other circumstances, the Capital Notes will be redeemed upon repayment of the Capital Contribution in the amount of the Capital Contribution repaid by IKB AG.</p>
Payment of Interest:	Annually, at a rate equal to 7.5% p.a. of the Nominal Contribution Amount if and to the extent that the Fiduciary has effectively received the necessary amounts for the account of the Issuer. The interest rate corresponds to the Profit Participation of the Issuer under the Silent Partnership less a margin of 0.00125% p.a. of the Nominal Contribution Amount, which margin will be retained by the Issuer as its own income if and to the extent that the Annual Profit Participation together with the Purchase Price paid for the Tax Refund Claims exceeds the amount of interest payable to the Investors. IKB AG has undertaken with the Issuer to reimburse the Issuer for current expenses relating to and required in respect of the holding and the administration of the Capital Contribution as well as the issue of the Capital Notes.
Interest Payment Days:	15 July of the Fiscal Year following the relevant Fiscal Year of IKB AG; if such day is not a Business Day, interest shall be paid immediately on the Business Day following 15 July; no additional interest shall be payable in the event of such postponement.
	In the event that the annual accounts of the relevant Fiscal Year of IKB AG have not yet been approved on the relevant Due Date, payment will be postponed until the first Business Day following the day on which the annual accounts of IKB AG have been approved. The Issuer will pay any amounts of Delayed Payment Interest which the Fiduciary has received from IKB AG as additional interest on the Capital Notes.
Profit Period:	The First Profit Period (see "Description of Offering Structure" – "Silent Partnership Agreement") is the period commencing on (and including) the date on which payment of the Capital Contribution is made and ending on (and

including) 31 March 2003. Each following Profit Period corresponds with the Fiscal Year of IKB AG commencing on (and including) 1 April and ending on (and including) 31 March of each year, unless the Profit Period shall end early due to effective termination of the Silent Partnership.

Payment Period: The First Payment Period (see "Description of Offering Structure" – "Silent Partnership Agreement") commences on (and includes) the date of payment of the Capital Contribution and ends on (and excludes) the first Distribution Date. Each following Payment Period commences on (and includes) a Distribution Date and ends on (and excludes) the next following Distribution Date.

The relevant Profit Participation will be calculated in respect of each Payment Period on the basis of the effective number of days in that Payment Period divided by 365 and/or 366.

Gross Interest Clause: Under certain circumstances (see "Description of the Offering Structure" – "Terms and Conditions of Issue"), the Issuer is obliged to pay Additional Amounts to the noteholders if and to the extent due to any future changes in legislation, payments on the Capital Notes may become subject to any withholding tax (except for interest income tax (*Zinsabschlag*) or any comparable tax) or deductions by the Issuer.

In such case, or if the tax liability of the Issuer increases due to a change in trade income taxation or the introduction of an other income or property tax, IKB AG shall increase the Profit Participation accordingly.

Applicable Law: German Law.

Envisaged Listings of the Capital Notes: Frankfurt am Main (Official Market) and Euronext Amsterdam N.V. (Official Segment).

Appropriation of Issue Proceeds

The Issuer will use the proceeds from the issue of the Capital Notes to participate in the commercial enterprise of IKB AG as a typical silent partner by making a capital contribution of € 200,000,000 in accordance with the Silent Partnership Agreement included in this Prospectus.

Risk Factors

Potential Investors should thoroughly read the following summary of certain risk factors prior to any investment in the Capital Notes. The discussion of risk factors set out below does not comprise all potential risks. Interested investors should consider all information in this Prospectus and, where appropriate, should contact their professional advisers for further advice.

Risk Factors associated with the Structure of the Issue

Liability

The Capital Notes represent obligations of the Issuer only and will not in any case be deemed to constitute claims or obligations of the Managers, the Fiduciary, IKB AG or affiliated companies of the Issuer or other individuals or legal entities. None of these persons or entities assumes any liability in respect of the Capital Notes in the event the Issuer fails to comply with its payment obligations thereunder.

Conditional Payment Obligation under the Capital Notes

The obligation of the Issuer to make payments under the Capital Notes depends on the receipt of the necessary amounts payable by IKB AG under the Silent Partnership Agreement and the Receivables Purchase Agreement.

Profit Participation and Payments in respect of the Capital Notes

The Issuer will make interest payments on the Capital Notes from the Annual Profit Participation (see "Description of Offering Structure" – "Terms and Conditions of Issue") and the Amount of the Purchase Price effectively received by the Fiduciary for the account of the Issuer. In the event the amounts paid by IKB AG are not sufficient, the amount of interest payments will be reduced accordingly. No interest will be payable if and for so long as the Capital Contribution following any Reduction of its Book Value due to a loss participation of the Silent Partner has not been fully replenished to the Nominal Contribution Amount. In addition, no interest will be payable if and to the extent payment of the Profit Participation for the relevant Profit Period would result in, or increase, any balance sheet loss within the meaning of § 158 (1) No. 5 AktG of IKB AG. § 301 AktG limits the maximum amount of profit participations payable by IKB AG for each Profit Period pursuant to the Silent Partnership Agreement and other partial profit transfer agreements (*Teilgewinnabführungsverträge*) to the amount of the annual net income (*Jahresüberschuss*) of IKB AG adjusted for losses carried forward from the previous financial year, transfers to the statutory reserve (*gesetzliche Rücklage*) and transfers from other revenue reserves (*andere Gewinnrücklagen*) accrued during the term of the Silent Partnership Agreement. If, in case that the payment of the Profit Participation would result in, or increase, any Balance Sheet Loss, dividends are paid to the shareholders of IKB AG or if in such case any other payments on Other Tier 1 Capital Instruments are made, IKB AG is under the obligation to, in compliance with § 301 sentence 2 AktG, withdraw amounts from existing revenue reserves in order to avoid any Reduction or fully replenish any reduced Book Value, as the case may be, and subject to the provisions of § 301 AktG, by payment of a Profit Participation, provide for a payment of interest on the Capital Notes by the Issuer if and to the extent that IKB AG's solvency ratio remains at least 9 % on an individual as well as on a consolidated basis. In accordance with § 301 AktG, only such revenue reserves may be withdrawn which have been contributed to other revenue reserves within the meaning of § 158 (1) No. 4 AktG during the term of the Silent Partnership. If such revenue reserves do not exist, no Profit Participation will be paid on the Silent Partnership. Capital reserves cannot be used for the purpose of paying Profit Participation on the Silent Partnership. Where any Other Tier 1 Capital Instruments ranking pari passu are serviced only in part, the Profit Participation, within § 301 AktG, is to be paid on a pro rata basis. In the event that any subordinated Other Tier 1 Capital Instruments are serviced only in part, the Profit Participation, within § 301 AktG, is to be paid in full. IKB AG will not make any payment of the Profit Participation in respect of a Profit Period if and to the extent that the German Financial Services Supervisory Agency has prohibited the Bank to do so.

Neither the Issuer nor the Investors may require IKB AG to make distributions from revenue reserves. However, in the event IKB AG should not make withdrawals from revenue reserves, IKB AG has undertaken not to make any payments on any Other Tier 1 Capital Instruments unless it is under the obligation to do so. Missed interest payments will not be made subsequently.

The Issuer is of the opinion that, pursuant to currently applicable law, it will not be obliged to withhold any capital income tax from payments made on the Capital Notes. However, it cannot be excluded that the tax authorities may decide otherwise. In any case, the Issuer will only pay Additional Amounts to the holders of the Capital Notes as compensation for any withholding effected by the Issuer if and to the extent that any such withholding is required by law in the future due to a change in legislation (i.e. particularly any changes in applicable laws or regulations), however, no payment will be made if the present applicable legal situation remains unchanged.

Unlimited Power of Attorney of the Managing Directors (Geschäftsführer) of the Issuer

The purpose of the business of the Issuer as specified in its Articles of Association is limited to the participation in the commercial enterprise of a bank as silent partner, the issue of notes and the engagement in any ancillary business relating thereto. Under German law, however, the unrestricted power of the managing directors of the Issuer to enter into transactions which are outside the scope of the statutory purpose remains unaffected. As a consequence, should the managing directors, in violation of their duties and in breach of the Articles of Association, disregard the above restrictions and limitations, any obligations of the Issuer assumed as a result thereof would in normal circumstances be legally effective. If and to the extent such obligations are not borne by IKB AG under the Agreement on the Reimbursement of Expenses between IKB AG and the Issuer, such obligations could adversely affect the ability of the Issuer to make payments on the Capital Notes in accordance with the Terms and Conditions of Issue.

Ranking of the Capital Notes and the Silent Participation

The Capital Notes represent unsecured (except for the security under the Fiduciary Agreement) and unsubordinated liabilities of the Issuer ranking *pari passu* among themselves and with all other unsecured and unsubordinated liabilities of the Issuer, except for liabilities which rank senior as a matter of law.

However, the claims of the Issuer against IKB AG under the Silent Partnership Agreement represent unsecured liabilities of IKB AG and are *subordinated* to claims of all existing and future creditors of IKB AG (including claims under profit participation rights and, where applicable, Tier 2 Capital Instruments as well as all other subordinated liabilities pursuant to § 10 (5), (5a) and (7) KWG), rank *pari passu* with all claims under existing and future silent partnerships and with all Other Tier 1 Capital Instruments which, in accordance with their terms and conditions, rank *pari passu* with profit participation rights in the form of silent partnerships, and rank *senior* to all claims under shares of IKB AG. The replenishment of the Capital Contribution following a Reduction takes priority over the replenishment of the share capital, payment of dividends or allocation to reserves (except for statutory reserves). The obligation to replenish the Capital Contribution ranks *pari passu* with Other Tier 1 Capital Instruments and is subordinated to similar obligations under profit participation rights unless the terms and conditions of such rights provide for *pari passu* ranking.

The subordinated claims under the Silent Partnership Agreement represent substantially all assets of the Issuer. Accordingly, the ability of the Issuer to make any payments on the Capital Notes depends on the receipt of payments under such subordinated claims.

No Direct Claims of Investors against IKB AG

The Investors have no direct rights or claims for any Profit Participation or any other claims under the Silent Partnership Agreement and the other agreements against IKB AG. This applies also if the Capital Notes are not repaid at full nominal value on the Repayment Date due to a reduced Book Value of the Capital Contribution.

No Fixed Repayment Date

There is no fixed date for the repayment of the Capital Notes.

The Capital Notes may be terminated early (i.e. prior to repayment of the Capital Contribution) in whole, but not in part, and redeemed, including any interest accrued on the Capital Notes, for the first time with effect at 15 July 2013, and for certain tax reasons with effect at the end of each month, by giving no less than 30 and no more than 60 days' notice. The Investors are entitled only to such amounts of interest accrued until the day on which the Capital Notes are effectively terminated. The Issuer may terminate the Capital Notes early only if the financing of the redemption of the Capital Notes plus any accrued interest is secured by the issue of similar debt securities or in any other way.

In all other cases, redemption of the Capital Notes depends on the repayment of the Capital Contribution. The Capital Contribution is to be repaid, in particular, in the event of a termination of the Silent Partnership Agreement. Any such termination may be declared by IKB AG no earlier than with effect at 31 March 2013. Whether IKB AG will exercise its right of termination with effect at 31 March 2013 or with effect at a later date will depend on a number of bank internal and external factors which will be taken into account by IKB AG in its decision on the exercise of its right of termination. Such factors include for example the regulatory capital and the refinancing options of IKB AG, the assessment of the Capital Contribution under bank regulatory aspects, the required prior consent of the German Financial Services Supervisory Authority as well as the general interest environment and capital markets conditions at the time of the relevant termination.

In any case, repayment of the Capital Contribution is excluded to the extent the Book Value of the Capital Contribution has been reduced by reason of a previous loss participation and has not been fully replenished up to the Nominal Contribution Amount.

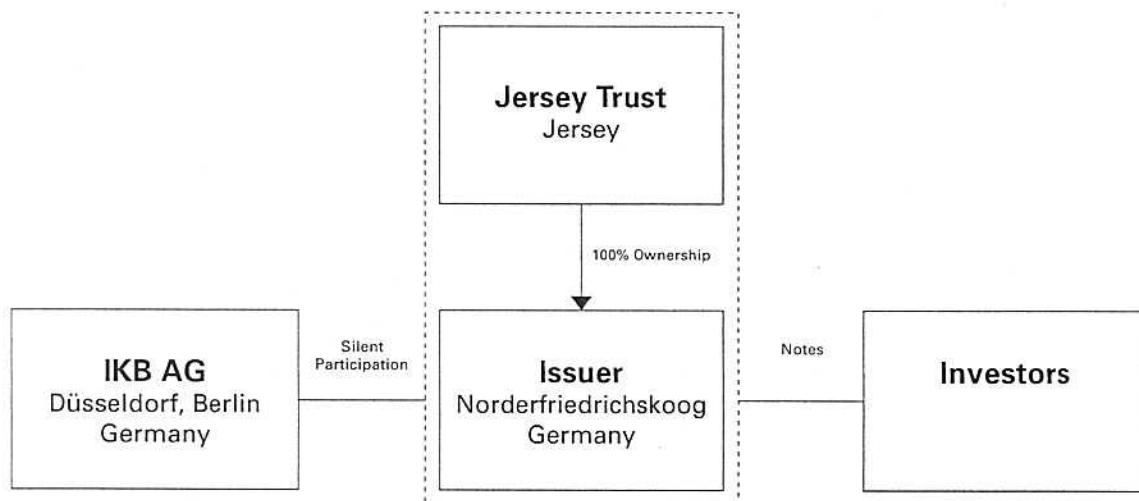
Limited Secondary Market

There is no established secondary market for the Capital Notes and it is not possible to predict whether a secondary market for the Capital Notes will develop or continue. The ability of Investors to sell the Capital Notes as well as the expected price will depend, among other factors, primarily on the development of any such secondary market.

Description of Offering Structure

Overview

This overview will, in its entirety, be qualified and supplemented by reference to the detailed information as set out elsewhere in this Prospectus, in particular in the following Terms and Conditions of Issue and the Silent Partnership Agreement. In the event of any inconsistencies between this overview and the detailed information as set out elsewhere in this Prospectus, the latter shall prevail.



Sole shareholder of the Issuer is Deutsche International Corporate Services Limited, with its registered office in Jersey, acting as trustee of the Capital Raising Charitable Trust, an independent non-profit trust domiciled in Jersey.

Silent Partnership Agreement

The Issuer will use the proceeds from the issue of the Capital Notes for the purpose of participating in the commercial enterprise of IKB AG as typical silent partner by means of a capital contribution in the nominal amount of € 200,000,000. The Capital Contribution will be used by IKB AG as regulatory capital within the meaning of the KWG. Under the Silent Partnership Agreement which was signed on 9/10 December 2002 and registered with the Commercial Registers of the Local Court Charlottenburg and of the Local Court Düsseldorf on 16 December 2002, the Issuer is entitled to an Annual Profit Participation in a rate equal to 7.50125% p.a. of the Nominal Contribution Amount in respect of the relevant Payment Period.

Payments of the Profit Participation are not made if and to the extent that any such payment would result in a balance sheet loss within the meaning of § 158 (1) No. 5 AktG of IKB AG (see "Risk Factors – Profit Participation and Payment in respect of the Capital Notes regarding the non-obligation of IKB AG to pay Profit Participations"). Missed Profit Participations will not be paid subsequently. In case of a Balance Sheet Loss, the Capital Contribution of the Silent Partner will be reduced on a pro rata basis together with other components of the regulatory capital of IKB AG participating in the losses. Replenishment of the Capital Contribution will be made out of future balance sheet profits.

Termination by the Silent Partner is excluded. IKB AG may terminate the Silent Partnership Agreement by giving two years' prior notice, but in no event earlier than with effect at March 2013. Termination requires the prior consent of the German Financial Services Supervisory Agency.

Receivables Purchase Agreement

Upon distribution of the Profit Participation to the Issuer or the replenishment of the Capital Contribution following a Reduction of its Book Value, IKB AG has to withhold amounts on account of invest-

ment income tax (*Kapitalertragsteuer*) payable on the distributed amounts and/or on the amount of replenishment pursuant to § 43 (1) No. 3 German Income Tax Act (*EStG*), unless the tax authorities have granted a tax exemption for payments to the Issuer. The Withholding is treated as a prepayment towards the corporate income tax liability of the Issuer. To the extent that any such prepayment exceeds the definitive amounts of corporate income tax payable by the Issuer, the Issuer will have a refund claim against the tax authorities.

Pursuant to the Receivables Purchase Agreement, the Issuer sells and assigns to IKB AG its Tax Refund Claims against the tax authorities. As consideration, the Issuer will have payment claims against IKB AG, which claims become due for payment in the amount of the respective Withholding at the time of the distribution of the Annual Profit Participation. The Profit Participation following the withholding of investment income tax, plus the Purchase Price paid for the Tax Refund Claims, equals the gross amount of the Profit Participation.

Capital Notes

On each Due Date, the Issuer will make interest payments on the Capital Notes to the Investors from the Annual Profit Participation (see "Description of Offering Structure" – "Terms and Conditions of Issue") and the Amount of the Purchase Price received by the Fiduciary for the account of the Issuer, at a rate of 7.5% p.a. of the Nominal Contribution Amount, provided that the interest payment is not reduced due to a lower amount of Profit Participation. The interest rate corresponds to the Profit Participation of the Issuer reduced by a margin of 0.00125% p.a. of the Nominal Contribution Amount retained by the Issuer as its own income. The Issuer realises such income only and to the extent that the Annual Profit Participation together with the Amount of the Purchase Price exceeds the amount of interest payable to the Investors. The Issuer shall not be under the obligation to subsequently make any missed interest payments.

No date has been fixed for redemption of the Capital Notes. Redemption of the Capital Notes will be effected upon repayment of the Capital Contribution if and to the extent the Capital Contribution is repaid by IKB AG (see "Description of Offering Structure" – "Silent Partnership Agreement"). Any redemption of the Capital Notes is excluded for so long as the Capital Contribution is reduced by a previous loss participation and has not been fully replenished.

Fiduciary Agreement

In accordance with the Fiduciary Agreement between the Issuer, IKB AG and the Fiduciary for the benefit of the Investors, the Issuer has assigned to the Fiduciary any and all present and future claims for Profit Participation, Delayed Payment Interest as well as Payment and Termination Claims against IKB AG as security for the claims of the Investors under the Capital Notes. If, on the relevant Due Date, payments to be made on the Assigned Claims (see "Description of Offering Structure" – "Fiduciary Agreement") are not made, the Fiduciary will assert the claims promptly against IKB AG. The Fiduciary is entitled to take judicial and extra-judicial action in the interest of the Investors.

Agreement on the Reimbursement of Expenses

In a separate agreement IKB AG has undertaken to reimburse to the Issuer the current expenses related to and necessary in respect of the holding and the administration of the Capital Contribution as well as the issue of the Capital Notes.

Terms and Conditions of Issue

The German text of the Terms and Conditions of Issue is legally binding. The English translation is for convenience only.

Emissionsbedingungen

§ 1

Stückelung, Verbriefung, Clearing

(1) *Stückelung*. Die Emission der Capital Raising GmbH (die „Emittentin“) im Gesamtnennbetrag von € 200.000.000 (in Worten: Euro zweihundert Millionen) (der „Nennbetrag“) ist eingeteilt in 2.000.000 untereinander gleichrangige Teilschuldverschreibungen mit einem Nennbetrag von jeweils € 100 (die „Teilschuldverschreibungen“).

(2) *Verbriefung*. Die Teilschuldverschreibungen werden durch eine auf den Inhaber lautende Globalurkunde (die „Globalurkunde“) ohne Zinsscheine verbrieft. Effektive Urkunden über einzelne Teilschuldverschreibungen und Zinsscheine werden nicht ausgegeben. Eine Kopie der Globalurkunde ist für die Inhaber der Teilschuldverschreibungen (jeweils ein „Investor“) bei den Geschäftsstellen der Zahlstelle (§ 12) kostenlos erhältlich.

(3) *Clearing System*. Die Globalurkunde wird bis zur vollständigen Erfüllung sämtlicher Verpflichtungen der Emittentin aus den Teilschuldverschreibungen von der Clearstream Banking AG, Frankfurt am Main (das „Clearing System“), verwahrt. Die Teilschuldverschreibungen sind durch entsprechende Depotbuchungen gemäß den jeweiligen Bestimmungen des Clearing Systems und, außerhalb der Bundesrepublik Deutschland, Clearstream Banking S.A., Luxemburg, und Euroclear Bank S.A./N.V., Brüssel, übertragbar.

§ 2

Stille Beteiligung, Treuhand, Forderungskauf

(1) *Beteiligungsvertrag*. Den Erlös aus der Ausgabe der Teilschuldverschreibungen wird die Emittentin ausschließlich zu dem Zweck verwenden, nach Maßgabe des Vertrags über die Errichtung einer Stillen Gesellschaft vom 9./10. Dezember 2002 (der „Beteiligungsvertrag“) zwischen der Emittentin und der IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf und Berlin, (die „Bank“, eine stille Beteiligung (die „Stille Beteiligung“) in Höhe von € 200.000.000 (Euro zweihundert Millionen) (der „Einlagenennbetrag“) an der Bank zu begründen, die bei dieser als haftendes Eigenkapital dienen soll. Nach Maßgabe des Beteiligungsvertrags steht der Emittentin während der Dauer des Beteiligungsvertrags als Gegenleistung für ihre Einlage eine Gewinnbeteiligung in jedem Gewinnzeitraum (die „Gewinnbeteiligung“) zu. Die Gewinnbeteiligungen werden jeweils jährlich nach Maßgabe des Beteiligungsvertrags ermittelt und ausgeschüttet (nach Abzug des Einbehalts gemäß § 2(3) jeweils eine „Jährliche Gewinnbeteiligung“). Die Ausschüttung der Jährlichen Gewinnbeteiligung erfolgt am jeweiligen Fälligkeitstag gemäß § 3(1) des Beteiligungsvertrags (jeweils der „Fälligkeitstag“). Erfolgt die Ausschüttung nach dem jeweiligen Fälligkeitstag wegen verspäteter Feststellung des für die Ermittlung der jeweiligen Jährlichen Gewinnbeteiligung maßgeblichen Jahresabschlusses, wird die Jährliche Gewinnbeteiligung nach Maßgabe des Beteiligungsvertrags verzinst (die „Verspätungszinsen“)¹⁾. Die Bestimmungen des Beteiligungsvertrags werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage

Terms and Conditions of Issue

Section 1

Denomination, Form, Clearing

(1) *Denomination*. The issue by Capital Raising GmbH (the “Issuer”) in the aggregate nominal amount of € 200,000,000 (in words: Euro two hundred million) (the “Nominal Amount”) is divided into 2,000,000 capital notes, ranking *pari passu* among themselves, in the nominal amount of € 100 each (the “Capital Notes”).

(2) *Form*. The Capital Notes will be represented by a global bearer certificate (the “Global Certificate”) without interest coupons. Definitive certificates representing individual Capital Notes and interest coupons will not be issued. A copy of the Global Certificate will be available to the holders of the Capital Notes (each an “Investor”) at the offices of the Paying Agent (Section 12) without charge.

(3) *Clearing System*. The Global Certificate will be held in custody by Clearstream Banking AG, Frankfurt am Main, (the “Clearing System”), until all obligations of the Issuer under the Capital Notes have been fully satisfied. The Capital Notes will be transferable by book entry in accordance with the applicable rules of the Clearing System and, outside the Federal Republic of Germany, the rules of Clearstream Banking S.A., Luxembourg, and Euroclear Bank S.A./N.V., Brussels.

Section 2

Capital Contribution, Fiduciary Agreement, Purchase of Receivables

(1) *Silent Partnership Agreement*. The proceeds from the issue of the Capital Notes will be used by the Issuer solely for the purpose of making a capital contribution (the “Capital Contribution”) in the amount of € 200,000,000 (Euro two hundred million) (the “Nominal Contribution Amount”) to IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf and Berlin, (the “Bank”) in accordance with the Agreement on the Establishment of a Silent Partnership dated 9/10 December 2002, (the “Silent Partnership Agreement”), entered into between the Issuer and the Bank. The Capital Contribution is to serve the Bank as regulatory capital. Pursuant to the Silent Partnership Agreement and as consideration for its contribution, the Issuer is entitled to a profit participation in each Profit Period (the “Profit Participation”) for the term of the Silent Partnership Agreement. The Profit Participations accruing in each Profit Period will be calculated and distributed on an annual basis in accordance with the Silent Partnership Agreement (after deduction of the withholding as per Section 2(3) below, each an “Annual Profit Participation”). The Annual Profit Participation shall be distributed on the relevant due date pursuant to Section 3(1) of the Silent Partnership Agreement (each such date a “Due Date”). In the event the distribution is made after the relevant Due Date due to a delayed approval of the annual accounts relevant to the calculation of the respective Annual Profit Participation, the Annual Profit Participation shall bear interest in accordance with the terms of the Silent Partnership Agreement (the “Delayed Payment Interest”)¹⁾. The terms of the

¹⁾ Vgl. in diesem Prospekt „Beschreibung der Emissionsstruktur“ – „Vertrag über eine Stille Beteiligung“.

¹⁾ See in this Prospectus “Structure of the Issue” – “Silent Partnership Agreement”.

beigefügt und bilden mit diesen jeweils eine Einheit. Eine Kopie des Beteiligungsvertrags in seiner jeweils gültigen Fassung liegt zur Einsichtnahme in den Geschäftsstellen der Zahlstelle (§ 12) aus. Soweit nicht anders bestimmt, haben Begriffe in diesen Emissionsbedingungen dieselbe Bedeutung wie im Beteiligungsvertrag.

(2) *Rechtsverhältnis*. Durch den Beteiligungsvertrag werden keine Rechte der Investoren gegenüber der Bank begründet. Die Bank übernimmt gegenüber den Investoren keine Haftung für die Weiterleitung von gegenüber der Emittentin geschuldeten Zahlungen.

(3) *Forderungskaufvertrag*. Bei der Ausschüttung der Gewinnbeteiligung an die Emittentin oder einer Auffüllung der Stillen Beteiligung nach Herabsetzung ihres Buchwerts behält die Bank gemäß § 43 Abs. 1 Nr. 3 EStG Kapitalertragsteuer zuzüglich Solidaritätszuschlag auf die ausgeschütteten Beträge bzw. den Betrag der Wiederauffüllung ein, falls die Finanzverwaltung für Zahlungen an die Emittentin keine Befreiung erteilt hat. Dieser Einbehalt (der „*Einbehalt*“) wird als Vorauszahlung auf die von der Emittentin geschuldete Körperschaftsteuer angerechnet. In der Höhe, in der diese Vorauszahlung die tatsächliche Körperschaftsteuerschuld der Emittentin übersteigt, steht der Emittentin jeweils ein Rückerstattungsanspruch gegen die Finanzbehörden zu (der „*Steuererstattungsanspruch*“). Die Emittentin und die Bank haben am 9./10. Dezember 2002 einen Vertrag über den Erwerb der Steuererstattungsansprüche der Emittentin durch die Bank abgeschlossen (der „*Forderungskaufvertrag*“)²⁾, durch den die Emittentin ihre Steuererstattungsansprüche gegen die Finanzbehörden an die Bank verkauft und abtritt. Als Gegenleistung stehen der Emittentin Zahlungsansprüche gegen die Bank zu, die jeweils zum Zeitpunkt der Ausschüttung der jährlichen Gewinnbeteiligung und in Höhe des jeweiligen Einbehalts zur Zahlung fällig werden (jeweils ein „*Kaufpreisbetrag*“). Bei einem Einbehalt, der aufgrund einer Auffüllung der Stillen Beteiligung nach Herabsetzung ihres Buchwerts erfolgt, ist der Kaufpreisbetrag für die Auffüllung der Stillen Beteiligung zu verwenden, indem er nicht ausgezahlt, sondern der Stillen Beteiligung gutgeschrieben wird. Die Bestimmungen des Forderungskaufvertrags werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit diesen jeweils eine Einheit. Eine Kopie des Forderungskaufvertrags liegt zur Einsichtnahme in den Geschäftsstellen der Zahlstelle (§ 12) aus.

(4) *Treuhandvertrag*. Die Emittentin, die Bank und Deutsche Bank Luxembourg S.A., Luxemburg, (die „*Treuhänderin*“) haben am 17. Dezember 2002 einen Treuhandvertrag abgeschlossen (der „*Treuhandvertrag*“)³⁾. Nach dem Treuhandvertrag hat die Emittentin alle ihre derzeitigen und künftigen Ansprüche auf die jährlichen Gewinnbeteiligungen und eventuelle Verspätungszinsen sowie die ihr bei Beendigung der Stillen Beteiligung zustehenden Ansprüche auf Rückzahlung des Einlagenenbetrags und auf Zahlung der eventuell angefallenen Gewinnbeteiligung bzw. Zinsen unter dem Beteiligungsvertrag und ihre Ansprüche auf Zahlung der Kaufpreisbeträge unter dem Forderungskaufvertrag zur Sicherung der Zahlungen von Kapital und Zinsen unter diesen Emissionsbedingungen abgetreten. Die Treuhänderin wird die abgetretenen Ansprüche nach Maßgabe des Treuhandvertrags treuhänderisch für die

- 2) Vgl. in diesem Prospekt „Beschreibung der Emissionsstruktur“ – „Wesentliche Bestimmungen des Forderungskaufvertrags“. Von einem Abdruck des gesamten Vertrages wurde abgesehen.
- 3) Vgl. in diesem Prospekt „Beschreibung der Emissionsstruktur“ – „Treuhandvertrag“.

Silent Partnership Agreement are attached hereto and to the Global Certificate and shall be an integral part hereof and thereof. A copy of the Silent Partnership Agreement, as amended from time to time, is available for inspection at the offices of the Paying Agent (Section 12). Unless stated otherwise, terms used in these Terms and Conditions of Issue shall have the same meaning as in the Silent Partnership Agreement.

(2) *Legal Relationship*. The Silent Partnership Agreement does not give rise to any rights of the Investors vis-à-vis the Bank. The Bank does not assume any liability vis-à-vis the Investors with respect to the forwarding of payments owed to the Issuer.

(3) *Receivables Purchase Agreement*. Upon distribution of the Profit Participation to the Issuer or the replenishment of the Capital Contribution following reduction of its Book Value, the Bank is obliged to withhold investment income tax plus solidarity surcharge on the distributed amounts and/or on the amount of replenishment, pursuant to § 43 (1) No. 3 of the German Income Tax Act (EStG), unless the tax authorities have granted a tax exemption for payments to the Issuer. This Withholding (the “Withholding”) will be credited as a prepayment against the corporate income tax liability of the Issuer. To the extent any such prepayment exceeds the actual amount of corporate income tax liability of the Issuer, the Issuer will have a refund claim vis-à-vis the tax authorities (the “Tax Refund Claim”). On 9/10 December 2002, the Issuer and the Bank entered into an agreement on the purchase by the Bank of the Tax Refund Claims of the Issuer (the “Receivables Purchase Agreement”)²⁾, under which the Issuer sells and assigns its Tax Refund Claims against the tax authorities to the Bank. As consideration therefor, the Issuer will have payment claims against the Bank, which claims become due at the time of distribution of the Annual Profit Participation and are payable in the amount of the respective Withholding (each an “Amount of the Purchase Price”). In the event of a Withholding due to replenishment of the Capital Contribution after reduction of its Book Value, the Amount of the Purchase Price shall not be paid to the Issuer but credited to the Capital Contribution and thus used towards its replenishment. The terms of the Receivables Purchase Agreement are attached hereto and to the Global Certificate and shall be deemed to constitute one document. A copy of the Receivables Purchase Agreement is available for inspection at the offices of the Paying Agent (Section 12).

(4) *Fiduciary Agreement*. On 17 December 2002, the Issuer, the Bank, and Deutsche Bank Luxembourg S.A., Luxembourg, (the “Fiduciary”) have entered into a fiduciary agreement (the “Fiduciary Agreement”)³⁾. Pursuant to the Fiduciary Agreement, the Issuer has assigned all of its present and future claims for Annual Profit Participations and Delayed Payment Interest, if any, as well as its claims for repayment of the Nominal Contribution Amount upon termination of the Silent Partnership Agreement, including any claims for Profit Participation payable and/or interest which may be accrued under the Silent Partnership Agreement, as well as its claims for payment of the Amounts of the Purchase Price under the Receivables Purchase Agreement, in order to secure payment of capital and interest hereunder. The Fiduciary will hold the assigned claims in trust in accordance with the Fiduciary Agreement for the

²⁾ See in this Prospectus “Description of Offering Structure” – “Material Provisions of the Receivables Purchase Agreement”. The Agreement has not been included in its entity.

³⁾ See in this Prospectus “Description of Offering Structure” – “Fiduciary Agreement”.

Investoren halten. Die Bestimmungen des Treuhandvertrags werden diesen Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit diesen jeweils eine Einheit. Eine Kopie des Treuhandvertrags liegt zur Einsichtnahme in den Geschäftsstellen der Zahlstelle (§ 12) aus.

(5) *Aufwendungsersatzvereinbarung*. Nach Maßgabe einer zwischen der Emittentin und der Bank am 9./10. Dezember 2002 abgeschlossenen Aufwendungsersatzvereinbarung hat die Bank sich gegenüber der Emittentin verpflichtet, der Emittentin eine jährliche Aufwandsentschädigung für bestimmte laufende und zur Aufrechterhaltung ihres Geschäftsbetriebs notwendige Aufwendungen zu zahlen.

§ 3 Status, Bindung

(1) *Status*. Die Teilschuldverschreibungen begründen nicht besicherte (mit Ausnahme der Sicherung durch den Treuhandvertrag) und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, mit Ausnahme von Verbindlichkeiten, die nach geltenden Rechtsvorschriften vorrangig sind.

(2) *Bindung*. Die Teilschuldverschreibungen verbrieften die Verpflichtung der Emittentin, den Erlös aus der Ausgabe der Teilschuldverschreibungen zur Begründung der Stillen Beteiligung zu verwenden und die Jährlichen Gewinnbeteiligungen oder die Rückzahlung des Einlagenenbetrags sowie darauf eventuell aufgelaufener Zinsen, welche der Emittentin nach Maßgabe des Beteiligungsvertrags zustehen, sowie die Kaufpreisbeträge, welche der Emittentin nach Maßgabe des Forderungskaufvertrags zustehen, nach Abzug der von ihr zu tragenden Steuern zu verwenden, um ihre Zahlungsverpflichtungen gegenüber den Investoren nach Maßgabe dieser Emissionsbedingungen zu erfüllen. Die Emittentin ist unter keinen Umständen verpflichtet, Zahlungen an die Investoren zu leisten, wenn nicht die Treuhänderin die entsprechenden, der Emittentin nach Maßgabe des Beteiligungsvertrags oder des Forderungskaufvertrags zustehenden Beträge zuvor tatsächlich erhalten hat.

(3) *Vertragsänderungen*. Die Emittentin darf Änderungen des Beteiligungsvertrags und des Forderungskaufvertrags nur zustimmen, wenn dadurch die Rechte der Investoren nicht beeinträchtigt werden und die Treuhänderin der Änderung vorher schriftlich zugestimmt hat.

§ 4 Zinsen

(1) *Fälligkeit*. An jedem Fälligkeitstag wird die Emittentin aus der Jährlichen Gewinnbeteiligung und dem Kaufpreisbetrag, die die Treuhänderin für Rechnung der Emittentin jeweils tatsächlich erhalten hat, Zinsen auf die Teilschuldverschreibungen an die Investoren zahlen. Reichen die von der Bank gezahlten Beträge nicht aus, um nach Abzug der von der Emittentin zahlbaren Steuern Zinsen in Höhe von 7,5% p.a. des Einlagenenbetrags zu zahlen, vermindert sich die Zinszahlung entsprechend. Die Emittentin ist nicht verpflichtet, entfallene Zinszahlungen nachzuholen. Erfolgt die Zahlung der an die Investoren zahlbaren Beträge nach dem jeweiligen Fälligkeitstag, weil am Fälligkeitstag der Jahresabschluß der Bank für das für die Ermittlung der Jährlichen Gewinnbeteiligung maßgebliche Geschäftsjahr noch nicht festgestellt war, wird die Emittentin an die Investoren den Betrag aus den Verspätungszinsen, den die Treuhänderin tatsächlich erhalten hat, als Zinsen auf die Teilschuldverschreibungen zahlen.

benefit of the Investors. The terms of the Fiduciary Agreement are attached hereto and to the Global Certificate and shall be an integral part hereof and thereof. A copy of the Fiduciary Agreement will be available for inspection at the offices of the Paying Agent (Section 12).

(5) *Agreement on the Reimbursement of Expenses*. Pursuant to an Agreement on the Reimbursement of Expenses entered into between the Issuer and the Bank on 9/10 December 2002, the Bank has assumed the obligation vis-à-vis the Issuer to pay to the Issuer an annual reimbursement in coverage of certain recurring expenses required for the continuance of its business operations.

Section 3 Status, Commitment

(1) *Status*. The Capital Notes represent unsecured (except for the security under the Fiduciary Agreement) and unsubordinated liabilities of the Issuer which rank *pari passu* among themselves and with all other unsecured and unsubordinated liabilities of the Issuer, except for liabilities which rank senior by operation of mandatory provisions of applicable law.

(2) *Commitment*. The Capital Notes represent the undertaking of the Issuer to use the proceeds from the issue for the purpose of making the Capital Contribution, and to use the Annual Profit Participations or the amounts from the repayment of the Nominal Contribution Amount, including any interest accrued thereon to which the Issuer may be entitled under the Silent Partnership Agreement, as well as the Amounts of the Purchase Price payable to the Issuer under the Receivables Purchase Agreement, after deduction of any applicable tax payable by the Issuer, to satisfy its payment obligations towards the Investors under these Terms and Conditions of Issue. In no event shall the Issuer be under any obligation to make payments to the Investors unless and until the Fiduciary has effectively received the relevant amounts due to the Issuer under the Silent Partnership Agreement or the Receivables Purchase Agreement.

(3) *Amendments*. The Issuer may not consent to amendments to the Silent Partnership Agreement and the Receivables Purchase Agreement, unless such amendments will not adversely affect the rights of the Investors and have been approved in writing by the Fiduciary.

Section 4 Interest

(1) *Payment*. The Issuer shall pay on each Due Date interest on the Capital Notes to the Investors from the Annual Profit Participations and the Amount of the Purchase Price effectively received by the Fiduciary for the account of the Issuer from time to time. In the event that, after deduction of the tax payable by the Issuer, the amounts paid by the Bank are not sufficient to pay interest equal to a rate of 7,5% p.a. of the Nominal Contribution Amount, the interest payment shall be reduced accordingly. The Issuer shall not be under the obligation to subsequently make up for interest which has not been paid. If payment of the amounts due to the Investors is made after the respective Due Date due to the fact that, on the Due Date, the annual accounts of the Bank for the fiscal year relevant to the calculation of the Annual Profit Participation were not yet approved, the Issuer shall pay to the Investors interest on the Capital Notes in the amount of Delayed Payment Interest effectively received by the Fiduciary. A pro rata

Auf die einzelnen Teilschuldverschreibungen entfällt ein jeweils verhältnismäßiger Anteil aller vorstehend genannten zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).

(2) *Anpassung des Gewinnbeteiligungssatzes.* Die Emittentin wird form- und fristgerecht von jeder Möglichkeit Gebrauch machen, den für die Berechnung der Gewinnbeteiligung unter dem Beteiligungsvertrag herangezogenen Gewinnbeteiligungssatz (der „Gewinnbeteiligungssatz“) nach Maßgabe des Beteiligungsvertrags zu ihren Gunsten anpassen zu lassen. Der Gewinnbeteiligungssatz kann nach Maßgabe des Beteiligungsvertrags erhöht werden, falls die Emittentin zusätzliche Beträge (wie in § 8 definiert) zu zahlen hat.

(3) *Bekanntmachung der Anpassung des Gewinnbeteiligungssatzes.* Die Emittentin wird Anpassungen des Gewinnbeteiligungssatzes unverzüglich gegenüber den Investoren gemäß § 11 bekannt machen.

§ 5 Rückzahlung

(1) *Rückzahlung.* Am Rückzahlungstag der Stillen Beteiligung (wie im Beteiligungsvertrag definiert) wird die Emittentin die Rückzahlung der Stillen Beteiligung sowie die darauf eventuell angefallene Gewinnbeteiligung bzw. eventuell aufgelaufene Zinsen auf die Stille Beteiligung, die ihr nach Maßgabe des Beteiligungsvertrags zustehen und die die Treuhänderin für Rechnung der Emittentin jeweils tatsächlich erhalten hat, zur Rückzahlung der Teilschuldverschreibungen bzw. zur Zahlung aufgelaufener Zinsen auf die Teilschuldverschreibungen an die Investoren verwenden. Durch die Zahlung eines Betrags in Höhe der Rückzahlung der Stillen Beteiligung sowie der darauf eventuell angefallenen Gewinnbeteiligung bzw. der eventuell aufgelaufenen Zinsen auf die Stille Beteiligung an die Investoren gelten das Kapital der Teilschuldverschreibungen als vollständig zurückgezahlt und alle Ansprüche der Investoren als erloschen. Erfolgt die Rückzahlung der Stillen Beteiligung sowie die Zahlung der darauf eventuell angefallenen Gewinnbeteiligung bzw. eventuell aufgelaufener Zinsen auf die Stille Beteiligung an die Emittentin nach dem Rückzahlungstag, weil am Rückzahlungstag der Jahresabschluß der Bank für das zur Ermittlung der Höhe der Rückzahlung maßgebliche Geschäftsjahr noch nicht festgestellt war, werden die vorstehend genannten Beträge nach Maßgabe des Beteiligungsvertrags verzinst. Die Emittentin wird an die Investoren den Betrag aus dieser Verzinsung, den die Treuhänderin tatsächlich erhalten hat, zahlen. Auf die einzelnen Teilschuldverschreibungen entfällt ein jeweils verhältnismäßiger Anteil aller vorstehend genannten zahlbaren Beträge (auf den nächsten vollen Cent abgerundet).

(2) *Bekanntmachung.* Die Emittentin wird die Beendigung der Stillen Beteiligung und den Rückzahlungstag gegenüber den Investoren durch Mitteilung gemäß § 11 mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen bekanntmachen.

§ 6 Zahlungen

(1) *Zahlungen auf Kapital und Zinsen.* Zahlungen auf Kapital und Zinsen auf die Teilschuldverschreibungen erfolgen am jeweiligen Fälligkeitstag auf Anweisung der Treuhänderin und der Emittentin durch die Bank an die Zahlstelle (§ 12) zur Weiterleitung an das Clearing System oder dessen Order in Euro zur Gutschrift auf den Konten der jeweiligen Kontoinhaber bei dem Clearing System.

(2) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order in Höhe

share of the above amounts payable (rounded down to the next full cent) shall be allocated to each Capital Note.

(2) *Adjustment of the Profit Participation Rate.* The Issuer shall make use of each opportunity, in due time and form, to have the Profit Participation Rate used for the calculation of the Profit Participation under the Silent Partnership Agreement (the “Profit Participation Rate”) adjusted for its benefit, as provided in the Silent Partnership Agreement. Pursuant to the Silent Partnership Agreement, the Profit Participation Rate may be increased in the event the Issuer has to pay Additional Amounts (as defined in Section 8).

(3) *Publication of the Adjustment of the Profit Participation Rate.* The Issuer shall give notice to Investors of any adjustments of the Profit Participation Rate by publication in accordance with Section 11.

Section 5 Repayment

(1) *Repayment.* On the Repayment Date of the Capital Contribution (as defined in the Silent Partnership Agreement), the Issuer will use the repayment of the Capital Contribution, as well as any Profit Participation and/or any interest accrued on the Capital Contribution to which the Issuer may be entitled pursuant to the Silent Partnership Agreement and which have been effectively received by the Fiduciary for the account of the Issuer, for the repayment of the Capital Notes and/or the payment of interest accrued on the Capital Notes to the Investors. Upon payment to the Investors of an amount equal to the amount of repayment of the Capital Contribution as well as any Profit Participation and/or any interest accrued on the Capital Contribution, the principal of the Capital Notes shall be deemed to be fully repaid and all claims of the Investors shall be deemed to have ceased. If the repayment of the Capital Contribution as well as the payment of any Profit Participation and/or any interest accrued on the Capital Contribution is made to the Issuer later than on the Repayment Date due to the fact that, on the Repayment Date, the annual accounts of the Bank for the fiscal year relevant to the calculation of the amount to be repaid had not yet been approved, the above amounts payable shall bear interest in accordance with the provisions of the Silent Partnership Agreement. The Issuer shall pay to the Investors the amount of interest effectively received by the Fiduciary. A pro rata share of the above amounts payable (rounded down to the next full cent) shall be allocated to each Capital Note.

(2) *Publication.* The Issuer shall give not less than 30 nor more than 60 days' notice to Investors of the termination of the Silent Partnership Agreement and the Repayment Date by publication in accordance with Section 11.

Section 6 Payments

(1) *Payments of Principal and Interest.* Payments of principal and interest on the Capital Notes shall be made by the Bank on the relevant Due Date upon instruction by the Fiduciary and the Issuer to the Paying Agent (Section 12) for subsequent transfer to the Clearing System or to its order in Euro for credit to the accounts of the respective account holders at the Clearing System.

(2) *Fulfilment.* Upon effective payment to the Clearing System or to its order, the Issuer shall be released from its

der geleisteten Zahlungen von ihren Zahlungsverpflichtungen aus den Teilschuldverschreibungen befreit.

(3) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf das Kapital der Teilschuldverschreibung bezeichnen die folgenden Beträge: den Einlagenennbetrag bzw. den gegebenenfalls geringeren Buchwert sowie darauf nach Maßgabe des Beteiligungsvertrags eventuell aufgelaufene Zinsen. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf die Teilschuldverschreibung bezeichnen die folgenden Beträge: die der Emittentin nach Maßgabe des Beteiligungsvertrags zustehenden Beträge aus den Jährlichen Gewinnbeteiligungen in der den Investoren nach § 4(1) zustehenden Höhe und den eventuell entstandenen Verzugszinsen sowie die der Emittentin nach Maßgabe des Forderungskaufvertrags zustehenden Kaufpreisbezüge.

(4) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, auf die von einem Investor nicht innerhalb von zwölf Monaten nach dem vorgesehenen Fälligkeitstag Anspruch erhoben worden ist. Soweit die Emittentin auf das Recht zur Rücknahme der hinterlegten Beträge verzichtet hat, erlöschen die jeweiligen Ansprüche der Investoren gegen die Emittentin.

§ 7

Vorzeitige Kündigung und Rückzahlung

(1) *Vorzeitige Kündigung und Rückzahlung.* Die Teilschuldverschreibungen können insgesamt, jedoch nicht teilweise, gegenüber den Investoren durch Mitteilung gemäß § 11 mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zum 15. Juli eines jeden Jahres, erstmalig zum 15. Juli 2013, vorzeitig gekündigt und zuzüglich aufgelaufener Zinsen auf die Teilschuldverschreibungen zurückgezahlt werden.

(2) *Vorzeitige Kündigung und Rückzahlung aus Steuergründen.* Die Teilschuldverschreibungen können ferner insgesamt, jedoch nicht teilweise, gegenüber den Investoren durch Mitteilung gemäß § 11 mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zum Monatsende vorzeitig gekündigt und zuzüglich aufgelaufener Zinsen auf die Teilschuldverschreibungen zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem diese Teilschuldverschreibungen begeben werden, wirksam) am nächstfolgenden Fälligkeitstag zur Zahlung von zusätzlichen Beträgen (wie in § 8 definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger, der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann.

(3) *Zulässigkeit der vorzeitigen Kündigung.* Die vorzeitige Kündigung gemäß § 7(1) oder (2) durch die Emittentin ist nur zulässig, sofern die Finanzierung der Rückzahlung der Teilschuldverschreibungen zuzüglich der aufgelaufenen Zinsen auf die Teilschuldverschreibungen durch Ausgabe vergleichbarer Schuldverschreibungen oder auf andere Weise gesichert ist.

(4) *Kündigungserklärung.* Im Falle des § 7(2) darf eine solche Kündigung (i) nicht früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, zusätzliche Beträge im Sinne des § 8 zu zahlen, falls eine Zahlung auf die Teilschuldverschreibungen

payment obligations under the Capital Notes in the amount of the respective payment.

(3) *References to Capital and Interest.* All references in these Terms and Conditions of Issue to the principal of the Capital Notes shall be deemed references to the following amounts: the lower of the Nominal Contribution Amount and the Book Value as well as any interest accrued thereon in accordance with the Silent Partnership Agreement. All references made herein to interest payments on the Capital Notes shall refer to the following amounts: the amounts from the Annual Profit Participations in the amount payable to the Investors pursuant to Section 4(1) and the amounts of Delayed Payment Interest, if any, due to the Issuer under the Silent Partnership Agreement and the Amounts of the Purchase Price due to the Issuer pursuant to the Receivables Purchase Agreement.

(4) *Deposit of Principal and Interest.* The Issuer may deposit with the Local Court (*Amtsgericht*) Frankfurt am Main amounts of principal or interest not claimed by the Investors within twelve months from the determined Due Date. If and to the extent the Issuer has waived its right to reclaim the deposited amounts, the respective claims of the Investors against the Issuer shall expire.

Section 7

Early Termination and Repayment

(1) *Early Termination and Repayment.* The Issuer may terminate the Capital Notes, in whole but not in part, with effect from 15 July of each year (however, no earlier than with effect from 15 July 2013) and redeem the Capital Notes plus any interest accrued, by giving not less than 30 nor more than 60 days' notice to the Investors pursuant to Section 11.

(2) *Early Termination and Repayment for Tax Reasons.* In addition, the Issuer may terminate the Capital Notes, in whole but not in part, with effect from the end of each month and redeem the Capital Notes plus any interest accrued, by giving not less than 30 nor more than 60 days' notice to the Investors pursuant to Section 11, in the event that, on the next Due Date, the Issuer will be liable to payment of Additional Amounts (as defined in Section 8) due to a change in or an amendment to tax law or other tax-related laws and regulations of the Federal Republic of Germany or its political subdivisions or tax authorities, or as a result of a change in or an amendment to the application or official interpretation of such laws and regulations (provided such change or amendment becomes effective on or after the issue day of the Capital Notes), provided that such liability cannot be avoided by the Issuer by taking reasonable measures available to it.

(3) *Permissibility of Early Termination.* The Issuer may terminate the Capital Notes pursuant to Section 7(1) or (2) only if it has ensured the financing of the repayment of the Capital Notes plus any interest accrued by the issue of similar debt securities or in any other way.

(4) *Termination Notice.* In case of Section 7(2), such termination (i) may not be effected earlier than 90 days prior to the earliest possible termination date on which the Issuer would be liable to the payment of Additional Amounts within the meaning of Section 8 if a payment on the Capi-

dann fällig sein würde, oder (ii) nicht mehr erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr wirksam ist. Die Kündigung ist unwiderruflich und muß eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt. Die vorzeitige Kündigung wird unwirksam, wenn am bekanntgemachten Rückzahlungstag die Teilschuldverschreibungen zuzüglich der aufgelaufenen Zinsen auf die Teilschuldverschreibungen nicht vollständig zurückgezahlt werden.

(5) **Zinszahlung.** Für den Anspruch auf Zinsen auf die Teilschuldverschreibungen gilt § 4 mit der Maßgabe, daß den Investoren Zinsen nur bis zu dem Zeitpunkt zustehen, zu dem die Teilschuldverschreibungen wirksam gekündigt werden.

§ 8 Steuern

Sämtliche auf die Teilschuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. Wird ein solcher Einbehalt oder Abzug nach einer Rechtsänderung zukünftig gesetzlich vorgeschrieben, wird die Emittentin diejenigen zusätzlichen Beträge (die „**zusätzlichen Beträge**“) zahlen, die erforderlich sind, damit die den Investoren zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen von Kapital und Zinsen auf die Teilschuldverschreibungen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Investoren empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben, die:

- (a) auf andere Weise als durch einen von der Emittentin durchzuführenden Einbehalt oder Abzug auf Zahlungen, die die Emittentin an die Investoren zu leisten hat, also insbesondere im Falle des Zinsabschlags, zu entrichten sind; oder
- (b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Investors zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Teilschuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, einzubehalten oder abzuziehen sind; oder
- (d) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung wirksam wird und die Zahlstelle die notwendigen Geldmittel erhalten hat.

tal Notes were then due, and (ii) may no longer be effected if, at the time of termination, the obligation to pay Additional Amounts is no longer effective. Notice of termination is irrevocable and must include a summary statement describing the circumstances justifying the right of the Issuer to redeem the Capital Notes. Any early termination becomes void if, on the announced Repayment Date, the Capital Notes, plus any interest accrued, are not repaid in full.

(5) **Interest Payment.** Section 4 shall apply to any claims for payment of interest on the Capital Notes provided that interest shall accrue to the Investors only for the period until the Capital Notes are effectively terminated.

Section 8 Taxation

Any payments to be made in respect of the Capital Notes shall be made without withholding or deducting on account of any present or future taxes or other duties of whatever nature, levied or imposed by or in or for the account of the Federal Republic of Germany, or by or for the account of any political subdivision or tax authority of or in the Federal Republic of Germany, unless such withholding or deduction is required by law. If such withholding or deduction is required in the future upon a change in legislation, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as are necessary in order that the net amounts received by the Investors after such deduction or withholding shall equal the respective amounts which they would have received as payment of principal and interest on the Capital Notes if no such withholding or deduction had been required, except that no Additional Amounts will be payable on account of any taxes or duties which:

- (a) are payable otherwise than by the Issuer's withholding or deducting of such amounts from payments to be made by the Issuer to the Investors, in particular in case of interest income tax (*Zinsabschlag*); or
- (b) are payable by reason of the Investor having, or having had, a personal or business relationship with the Federal Republic of Germany, and not only due to the fact that the payments on the Capital Notes originate from sources within the Federal Republic of Germany (or are treated as such for tax purposes) or are secured in the Federal Republic of Germany; or
- (c) are withheld or deducted pursuant to (i) a Directive or Regulation of the European Union relating to the taxation of interest income, or (ii) an international agreement on the taxation of such income to which the Federal Republic of Germany or the European Union is a party, or (iii) a legal provision implementing or complying with such Directive, Regulation or agreement; or
- (d) are payable by reason of a change in legislation that becomes effective more than 30 days after the relevant payment becomes due and the necessary funds have been received by the Paying Agent.

§ 9
Kündigung

(1) *Kündigungsgründe.* Jeder Investor ist berechtigt, seine Teilschuldverschreibungen zu kündigen und deren Rückzahlung zum Nennbetrag zuzüglich aufgelaufener Zinsen auf seine Teilschuldverschreibungen zu verlangen, falls:

- (a) Kapital oder Zinsen, die nach §§ 4 und 5 an die Investoren weiterzuleiten sind, nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag gemäß § 6(1) weitergeleitet wurden; oder
- (b) die Emittentin die ordnungsgemäße Erfüllung irgend einer anderen Verpflichtung aus den Teilschuldverschreibungen unterläßt und diese Unterlassung länger als 60 Tage fortduert, nachdem die Emittentin hierüber eine Benachrichtigung von einem Investor erhalten hat; oder
- (c) die Emittentin aufgelöst oder liquidiert wird, unabhängig davon, ob dies aufgrund eines Beschlusses ihrer Gesellschafter oder auf sonstige Weise erfolgt, es sei denn, die Auflösung oder Liquidation erfolgt im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses, die zum Ergebnis hat, daß alle Vermögenswerte und Verbindlichkeiten auf die verbleibende Gesellschaft im Wege der Universalkzession übergehen; oder
- (d) die Emittentin ihre Zahlungen einstellt und dies länger als 60 Tage fortduert oder ihre Zahlungsunfähigkeit bekanntgibt; oder
- (e) ein Insolvenzverfahren gegen die Emittentin eröffnet wird, sofern dieses Verfahren nicht binnen 60 Tagen nach der Eröffnung endgültig oder vorläufig eingestellt wird, oder die Emittentin einen Antrag auf Eröffnung eines solchen Verfahrens stellt oder eine Umstrukturierung ihrer Verbindlichkeiten anbietet oder durchführt.

Das Recht zur Kündigung der Teilschuldverschreibungen erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Teilschuldverschreibungen gemäß § 9(1), ist schriftlich in deutscher Sprache gegenüber der Emittentin zu erklären und persönlich oder per Einschreiben zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, daß der betreffende Investor zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der Teilschuldverschreibungen ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (§ 13(4)) oder auf andere geeignete Weise erbracht werden.

(3) *Wirksamkeit.* In den Fällen des § 9(1)(b) wird eine Benachrichtigung, durch welche die Teilschuldverschreibungen gekündigt werden, erst wirksam, wenn bei der Emittentin Kündigungserklärungen von Investoren eingingen sind, die insgesamt ein Zehntel des Gesamtnennbetrags der zu diesem Zeitpunkt ausstehenden Teilschuldverschreibungen darstellen, sofern nicht bei deren Eintritt zugleich einer der in § 9(1)(a), (c), (d) oder (e) bezeichneten Fälle, der die Investoren zur Kündigung ihrer Teilschuldverschreibungen berechtigt, vorliegt und fortduert.

(4) *Zinszahlung.* Für den Anspruch auf Zinsen auf die Teilschuldverschreibungen gilt § 4 mit der Maßgabe, daß den Investoren die Zinsen nur bis zu dem Zeitpunkt zustehen, zu dem die Teilschuldverschreibungen wirksam gekündigt werden.

Section 9
Termination

(1) *Events.* Each Investor may terminate his/her Capital Note and of Default request repayment thereof at its nominal amount plus any accrued interest on his/her Capital Note in the event that:

- (a) the amounts of principal and interest to be paid to the Investors pursuant to Sections 4 and 5 are not paid in accordance with Section 6(1) within 30 days following the relevant Due Date; or
- (b) the Issuer fails to duly comply with any other of its obligations under the Capital Notes and such failure continues for a period of more than 60 days following receipt of a respective notice by an Investor; or
- (c) the Issuer is liquidated or dissolved, whether upon a shareholders' resolution or otherwise, unless the dissolution or liquidation is effected in connection with a merger or any other form of combination as a result of which all assets and liabilities are transferred to the surviving company by universal succession; or
- (d) the Issuer generally ceases to make payments for a period of more than 60 days, or announces insolvency; or
- (e) insolvency proceedings are initiated against the Issuer and are not temporarily or permanently dismissed within 60 days from initiation, or the Issuer files an insolvency petition or offers or implements a restructuring in respect of its liabilities.

The right to terminate the Capital Notes ceases if the cause for the termination is remedied prior to exercise of the right.

(2) *Notification.* Any notice, including a notice of termination of the Capital Notes pursuant to Section 9(1), shall be made in writing in the German language to the Issuer and shall be delivered personally or via registered mail. The notice must include evidence of the ownership by the Investor of his/her Capital Note at the time of delivery. The required evidence may be in the form of a confirmation issued by the Custodian (Section 13(4)) or in any other appropriate form.

(3) *Effectiveness.* In the event specified in Section 9(1)(b), a notice terminating the Capital Notes shall become effective only upon receipt of notices of termination of an aggregate number of Investors representing one tenth of the aggregate nominal amount of the Capital Notes then outstanding, provided that, at the time of receipt of such notices, neither of the events specified in Section 9(1)(a), (c), (d) or (e), which entitles the Investors to terminate the Capital Notes, has occurred and is continuing.

(4) *Interest Payments.* With respect to the entitlement to interest payments on the Capital Notes, Section 4 shall apply provided that the Investors shall only be entitled to interest until the date on which the Capital Notes are validly terminated.

§ 10 Ersetzung

- (1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Teilschuldverschreibung in Verzug befindet, ohne Zustimmung der Investoren eine andere Gesellschaft an ihrer Stelle als Hauptschuldnerin und Hauptgläubigerin (die „Nachfolgerin“) für alle Verpflichtungen und Rechte aus und im Zusammenhang mit den Teilschuldverschreibungen, dem Beteiligungsvertrag, dem Forderungskaufvertrag und dem Treuhandvertrag sowie sonstigen, mit diesen Verträgen zusammenhängenden Verträge einzusetzen, vorausgesetzt, daß:
- (a) die Nachfolgerin alle Rechte und Verpflichtungen der Emittentin in bezug auf die Teilschuldverschreibungen übernimmt;
 - (b) die Emittentin und die Nachfolgerin alle erforderlichen Genehmigungen erlangt haben und berechtigt sind, die zur Erfüllung der Zahlungsverpflichtungen aus den Teilschuldverschreibungen zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzuhalten;
 - (c) die Nachfolgerin sich verpflichtet hat, die Investoren hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die den Investoren bezüglich der Ersetzung auferlegt werden;
 - (d) die Treuhänderin der Ersetzung vorher schriftlich zugestimmt hat;
 - (e) die Ersetzung nicht zu einer erhöhten Belastung der Nachfolgerin mit Kapitalertrag- oder sonstiger Abzugssteuer, etwaiger Vermögensteuer oder der Gewerbeertrag- oder sonstiger Ertragsteuer führt.
- (2) *Bekanntmachung.* Jede Ersetzung ist unverzüglich gegenüber den Investoren gemäß § 11 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Bedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgerin ihren Sitz oder Steuersitz hat. Im Fall einer Ersetzung gilt eine alternative Bezugnahme in § 8 und in § 7(2) auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgerin ihren Sitz oder Steuersitz hat).

§ 11 Mitteilungen

(1) *Veröffentlichungen.* Alle die Teilschuldverschreibung betreffenden Mitteilungen werden in einem überregional erscheinenden Pflichtblatt der Frankfurter Wertpapierbörsen, voraussichtlich der *Börsen-Zeitung*, veröffentlicht. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Die Emittentin ist berechtigt, eine Zeitungsveröffentlichung nach § 11(1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Investoren zu ersetzen, vorausgesetzt, daß in Fällen, in denen die Teilschuldverschreibungen an einer Börse notiert sind, die Regeln dieser Börse diese Form der

Section 10 Substitution

(1) *Substitution.* The Issuer may, at any time and without the consent of the Investors, substitute another company for the Issuer as principal debtor and creditor (the “**Successor**”) in respect of all obligations and rights under and in connection with the Capital Notes, the Silent Partnership Agreement, the Receivables Purchase Agreement and the Fiduciary Agreement as well as any other agreements related thereto, provided the Issuer is not in default of payment of principal and interest on the Capital Notes, and further provided that:

- (a) the Successor assumes all rights and obligations of the Issuer under the Capital Notes;
- (b) the Issuer and the Successor have obtained all necessary permits and are authorised to comply with the payment obligations under the Capital Notes by paying the amounts due in Euro without being obliged to withhold or deduct applicable tax or other duties of any kind in the respective country in which the Successor or the Issuer is domiciled or resident for tax purposes;
- (c) the Successor has agreed to indemnify the Investors against such taxes, duties or other governmental charges as may be imposed on the Investors in connection with the substitution;
- (d) the Fiduciary has given its prior written consent to the substitution;
- (e) the Substitution does not result in an increase in investment income tax or any other withholding tax, property tax, if applicable, trade income or any other income tax payable by the Successor.

(2) *Announcement.* Notice of substitution shall be given to Investors promptly in accordance with Section 11 hereof.

(3) *Change in Reference.* Upon substitution, all references in these Terms and Conditions of Issue to the Issuer shall be deemed references to the Successor, and any references to the country of domicile or tax residence of the Issuer shall be deemed references to the country of domicile or tax residence of the Successor, in each case with effect from the substitution date. Upon substitution, an alternative reference to the Federal Republic of Germany shall be deemed to be included in Sections 8 and 7(2) (in addition to the reference to the country of domicile or tax residence of the Successor pursuant to the foregoing sentence).

Section 11 Notices

(1) *Notices.* All notices relating to the Capital Notes shall be published in a newspaper with national distribution designated by the Frankfurt Stock Exchange, expected to be the *Börsen-Zeitung*. Any such notice shall be deemed to be duly effected on the day of publication (or, in case of more than one publication, on the day of the first publication).

(2) *Notices to the Clearing System.* The Issuer may, in lieu of a publication pursuant to Section 11(1), send a notice to the Clearing System to be forwarded to the Investors, provided that in cases where the Capital Notes are listed on a stock exchange this procedure of notification is permitted by the regulations of such stock exchange. Any such

Mitteilung zulassen. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Investoren mitgeteilt.

(3) *Bekanntmachungen*. Die Emittentin wird einen vom Einlagenenbetrug abweichenden Buchwert und dessen jeweilige Veränderung jeweils unverzüglich gemäß diesem § 11 bekanntmachen, sobald sie davon Kenntnis erlangt. Die Emittentin wird alle ihr unter dem Beteiligungsvertrag zustehenden Rechte zur Erlangung einer solchen Kenntnis form- und fristgerecht ausüben. Die Emittentin wird Finanzinformationen der Bank, die sie im Zusammenhang mit der Stillen Beteiligung erhält, unverzüglich an die Zahlstelle (§ 12) weiterleiten, in deren Geschäftsstellen diese Finanzunterlagen zur Einsichtnahme ausgelegt werden.

§ 12 Zahlstellen

(1) *Zahlstellen*. Die Deutsche Bank Aktiengesellschaft, Frankfurt am Main, ist die anfängliche Hauptzahlstelle (die „*Hauptzahlstelle*“) und die Deutsche Bank Aktiengesellschaft – Zweigniederlassung Amsterdam – ist die anfängliche niederländische Zahlstelle (die „*Niederländische Zahlstelle*“; die Hauptzahlstelle und die Niederländische Zahlstelle zusammen die „*Zahlstellen*“ und einzeln eine „*Zahlstelle*“).

(2) *Änderung der Bestellung oder Abberufung*. Die Emittentin behält sich das Recht vor, jederzeit die Bestellung einer Zahlstelle zu ändern oder zu beenden und zusätzliche oder andere Zahlstellen zu bestellen, wobei die Emittentin jederzeit (i) eine Hauptzahlstelle unterhalten wird, (ii) eine Zahlstelle (welche die Hauptzahlstelle sein kann) mit Niederlassung in der Bundesrepublik Deutschland unterhalten wird, und (iii) für die Dauer der Börsennotierung der Teilschuldverschreibungen an der Euronext Amsterdam N.V. und/oder jeder anderen Börse, eine Zahlstelle (welche die Hauptzahlstelle sein kann) mit Niederlassung in den Niederlanden und/oder an solchen anderen Orten unterhalten wird, welche die Regeln dieser anderen Börse verlangen. Eine Änderung, Abberufung oder Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Fall der Insolvenz einer Zahlstelle, in dem eine solche Änderung sofort wirksam wird), sofern den Investoren dies gemäß § 11 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen angezeigt wurde.

(3) *Beauftragte der Emittentin*. Die Zahlstellen handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Investoren und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Investoren begründet.

§ 13 Verschiedenes

(1) *Anwendbares Recht*. Form und Inhalt der Teilschuldverschreibungen sowie die Rechte und Pflichten der Investoren und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand*. Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Emissionsbedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main.

(3) *Erfüllungsort*. Erfüllungsort ist Frankfurt am Main.

(4) *Gerichtliche Geltendmachung*. Jeder Investor kann in Rechtsstreitigkeiten gegen die Emittentin oder in Rechts-

notice shall be deemed to be duly made to the Investors on the seventh day following the day of notice to the Clearing System.

(3) *Announcements*. The Issuer shall publish without delay, in accordance with this Section 11, any deviations of the Book Value from the Nominal Contribution Amount as well as any changes of the Book Value, as soon as the Issuer has received notice of such deviation and/or changes. The Issuer shall exercise all rights to which it is entitled under the Silent Partnership Agreement in order to obtain such information in due time and form. The Issuer shall promptly deliver to the Paying Agent (Section 12) any financial information relating to the Capital Contribution provided to it by the Bank; such financial documents to be made available for inspection at the offices of the Paying Agent.

Section 12 Paying Agents

(1) *Paying Agents*. Deutsche Bank Aktiengesellschaft, Frankfurt am Main, shall be the principal paying agent (the “*Principal Paying Agent*”) and Deutsche Bank Aktiengesellschaft – Amsterdam Branch – shall be the Dutch paying agent (the “*Dutch Paying Agent*”; the “*Principal Paying Agent*” and the “*Dutch Paying Agent*” together the “*Paying Agents*” or each a “*Paying Agent*”).

(2) *Change or Termination of Appointment*. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that the Issuer will at all times maintain (i) a Principal Paying Agent, (ii) a Paying Agent (which may be the Principal Paying Agent) with a specified office in the Federal Republic of Germany; (iii) so long as the Capital Notes are listed on Euronext Amsterdam N.V. and/or any other stock exchange, a Paying Agent (which may be the Principal Paying Agent) with a specified office in The Netherlands and/or in such other place as may be required by the rules of such other stock exchange. Any modification, termination or other change shall only become effective (except in the event of insolvency of a Paying Agent where such change shall have immediate effect) upon not less than 30 nor more than 45 days' prior notice thereof to the Investors in accordance with Section 11.

(3) *Agents of the Issuer*. The Paying Agents shall act exclusively as agents of the Issuer and shall not have any obligations to the Investors. There will be no agency or fiduciary relationship between the Paying Agents and the Investors.

Section 13 Miscellaneous

(1) *Applicable Law*. Form and content of the Capital Notes as well as the rights and duties of the Investors and the Issuer shall in all respects be governed by German law.

(2) *Place of Jurisdiction*. Exclusive place of jurisdiction for all disputes arising in connection with these Terms and Conditions of Issue shall be, to the extent permitted by law, Frankfurt am Main, Federal Republic of Germany.

(3) *Place of Performance*. Place of performance shall be Frankfurt am Main, Federal Republic of Germany.

(4) *Legal enforcement*. Each Investor may, in any legal dispute with the Issuer or in any legal dispute to which an

streitigkeiten, an denen ein Investor oder die Emittentin beteiligt ist, im eigenen Namen seine Rechte aus den von ihm gehaltenen Teilschuldverschreibungen geltend machen und durchsetzen auf der Grundlage (a) einer Bescheinigung seiner Depotbank (wie nachstehend definiert), die (i) den vollen Namen und die volle Anschrift des Investors enthält, (ii) den Gesamtnennbetrag der Teilschuldverschreibungen, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank unterhaltenen Depot des Investors gutgeschrieben sind, angibt, und (iii) bestätigt, daß die Depotbank dem Clearing System und der Zahlstelle (§ 12) eine schriftliche Mitteilung gemacht hat, welche die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearing Systems und des betreffenden Kontoinhabers trägt, und (b) einer Kopie der Globalurkunde, deren Übereinstimmung mit dem Original der Globalurkunde von einem Vertretungsberechtigten des Clearing Systems bestätigt wird. Im Sinne der vorstehenden Bestimmungen bedeutet „Depotbank“ eine Bank oder ein anderes Finanzinstitut mit einer Genehmigung für das Wertpapier-Depotgeschäft, bei dem der Investor ein Wertpapierdepot unterhält, auf dem Teilschuldverschreibungen verbucht sind; dieser Begriff schließt das Clearing System, Clearstream Banking S.A., Luxemburg, und Euroclear Bank S.A./N.V., Brüssel, ein.

(5) *Teilunwirksamkeit*. Sollte eine der Bestimmungen dieser Emissionsbedingungen ganz oder teilweise unwirksam oder undurchführbar sein oder werden, so bleibt die Wirksamkeit oder Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. In diesem Fall soll anstelle der unwirksamen Bestimmung, soweit rechtlich möglich, eine dem Sinn und wirtschaftlichen Zweck dieser Emissionsbedingungen zum Zeitpunkt der Begebung der Teilschuldverschreibungen entsprechende Bestimmung treten. Sollten diese Emissionsbedingungen eine Lücke enthalten, ist eine ergänzende Auslegung, die dem Sinn und Zweck dieser Emissionsbedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien vorzunehmen.

(6) *Sprache*. Allein der deutsche Wortlaut dieser Emissionsbedingungen ist rechtsverbindlich. Übersetzungen in die englische Sprache dienen lediglich der Information.

Investor or the Issuer is a party, in his/her own name assert and enforce his/her rights under the Capital Notes held by such Investor on the basis of (a) a confirmation of his/her Custodian (as defined below) which (i) includes the full name and address of the Investor, (ii) states the aggregate nominal amount of the Capital Notes held in the Investor's securities account with such Custodian as per the date of the confirmation, and (iii) confirms that the Custodian has given written notice to the Clearing System and the Paying Agent (Section 12) including the information pursuant to (i) and (ii) above and bearing written confirmation notes of the Clearing System and the respective account holder, and on the basis of (b) a copy of the Global Certificate, the conformity of which with the original Global Certificate is confirmed by an authorised representative of the Clearing System. For the purpose of the aforementioned provisions, the term "Custodian" shall refer to a bank or any other financial institution licensed to engage in the business of securities custody, with which the Investor keeps a securities account in which Capital Notes are held; the term shall include the Clearing System, Clearstream Banking S.A., Luxembourg, and Euroclear Bank S.A./N.V., Brussels.

(5) *Severability*. Should any of the provisions hereof be or become ineffective or impracticable in whole or in part, this shall not affect effectiveness or practicability of the remaining provisions. In this case, the ineffective provision shall be replaced by a provision which comes as close as legally permissible to the intent and economic purpose of these Terms and Conditions of Issue at the time of issue of the Capital Notes. In the event these Terms and Conditions of Issue lack any provision, they shall be interpreted in accordance with their intent and purpose, taking reasonably into account the legitimate interests of the parties involved.

(6) *Language*. Only the German version of these Terms and Conditions of Issue shall be legally binding. Any translation into the English language, including this translation, is for convenience only.

Silent Partnership Agreement

The German text of the Silent Partnership Agreement is legally binding. The English translation is for convenience only.

The provisions of the following agreement will be attached to, and shall be deemed to constitute one document together with, the Terms and Conditions of Issue and the Global Certificate, respectively.

Die Bestimmungen des folgenden Vertrags werden den Emissionsbedingungen sowie der Globalurkunde als Anlage beigefügt und bilden mit dieser jeweils eine Einheit.

Silent Partnership Agreement (the "Silent Partnership") (Partial Profit Transfer Agreement (*Teilgewinnabführungsvertrag*) within the meaning of § 292 (1) No. 2 German Stock Corporation Act (*AktG*)) entered into between **Capital Raising GmbH** (the "Silent Partner") and **IKB Deutsche Industriebank Aktiengesellschaft** (the "Bank").

Präambel:

Die Parteien dieses Vertrages beabsichtigen den Abschluß eines Stillen Gesellschaftsvertrages, mit dem sich der Stille Gesellschafter am Handelsgewerbe der Bank durch Leistung einer Stillen Einlage beteiligt. Die Stille Einlage soll bei der Bank auf Dauer als haftendes Eigenkapital (Kernkapital) im Sinne des deutschen Kreditwesengesetzes (KWG) und der Eigenmittelempfehlungen des Baseler Ausschusses für Bankenaufsicht dienen. Der Stille Gesellschafter wird die Stille Einlage durch die Emission von Teilschuldverschreibungen (die „*Teilschuldverschreibungen*“), die beim Anlegerpublikum breit plaziert werden sollen, refinanzieren.

Die Parteien haben sich sowohl über die Höhe der Stillen Einlage als auch über die von dem Stille Gesellschafter zu beanspruchende Gewinnbeteiligung innerhalb nachfolgend definierter Ober- bzw. Untergrenzen verständigt. Die endgültigen Beträge sind jedoch von den Kapitalmarktverhältnissen im Zeitpunkt der Plazierung der Teilschuldverschreibungen abhängig und werden von den Parteien gemeinsam vor Leistung der Stillen Einlage festgelegt bzw. genehmigt.

Dies vorausgeschickt, schließen die Parteien nachfolgenden Vertrag über eine Stille Beteiligung.

§ 1 Vertragsgegenstand

1. Der Stille Gesellschafter ist berechtigt, sich am Handelsgewerbe der Bank als typischer stiller Gesellschafter mit einer Vermögenseinlage (die „*Stille Einlage*“) in Höhe von mindestens € 150.000.000,- (Euro einhundertfünfzig Millionen) und höchstens € 250.000.000,- (Euro zweihundert-fünfzig Millionen) zu beteiligen. Die Stille Beteiligung beginnt mit Leistung der Stillen Einlage (das „*Anfangsdatum*“). Der „*Einlagenennbetrag*“ bezeichnet die Stille Einlage in der tatsächlich geleisteten Höhe, die den vorstehend in Satz 1 genannten Mindestbetrag nicht unterschreiten darf. Die Feststellung des Einlagenennbetrags durch die Vertragsparteien bedarf der schriftlichen Bestätigung¹⁾ der Vertragsparteien. Die schriftliche Bestätigung ist diesem Beteiligungsvertrag als Anlage beizufügen und wird der Anmeldung dieses Beteiligungsvertrags als Teilgewinnabführungsvertrag zur Eintragung in das Handelsregister der Bank beigefügt.

¹⁾ Siehe in diesem Prospekt „Beschreibungen der Emissionsstruktur“ – „Bestätigungserklärung der IKB Deutsche Industriebank Aktiengesellschaft und der Capital Raising GmbH“.

Recitals:

It is the intention of the parties hereto to conclude an agreement on a silent partnership under which the Silent Partner participates in the commercial enterprise (*Handelsgewerbe*) of the Bank by making a capital contribution (*Stille Einlage*). The capital contribution is to serve the Bank permanently as regulatory capital (Tier 1 Capital - (*Kernkapital*)) within the meaning of the German Banking Act ("KWG") and the capital adequacy recommendations established by the Basle Committee for Banking Supervision. The Silent Partner will refinance the capital contribution by issuing capital notes (the "Capital Notes") which will be broadly placed with investors.

The parties have agreed both on the amount of the capital contribution and the profit participation payable to the Silent Partner within the upper and lower limits herein-after defined. The definite amounts, however, depend on the condition of the capital markets at the time the Capital Notes are placed and will be determined and/or approved jointly by the parties prior to making the capital contribution.

Now therefor, the parties enter into the following Agreement on a Silent Partnership.

Section 1 Subject of the Agreement

1. The Silent Partner shall be entitled to participate in the commercial enterprise (*Handelsgewerbe*) of the Bank as a typical silent partner with an asset contribution (the "Capital Contribution") in the amount of not less than € 150,000,000 (one hundred fifty million Euro) and not more than € 250,000,000 (two hundred and fifty million Euro). The Silent Partnership commences as from the date payment of the Capital Contribution is made (the "Start Date"). "Nominal Contribution Amount" means the Capital Contribution in the amount actually paid which shall not be less than the minimum amount mentioned in sentence 1. The determination of the Nominal Contribution Amount by the parties shall require the written confirmation⁽¹⁾ of the parties hereto. Such written confirmation is to be annexed to this Silent Partnership Agreement and will be attached to the application for the entry of this Silent Partnership Agreement as Partial Profit Transfer Agreement into the Commercial Register for the Bank.

⁽¹⁾ See in this Prospectus "Description of Offering Structure" – "Confirmation by IKB Deutsche Industriebank Aktiengesellschaft and Capital Raising GmbH".

2. Die Stille Einlage wird in bar erbracht. Die Stille Einlage geht in das Vermögen der Bank über. Sie soll bei der Bank auf Dauer als haftendes Eigenkapital (Kernkapital) im Sinne des KWG und der Eigenmittelempfehlungen des Baseler Ausschusses für Bankenaufsicht dienen.

3. Die Bank wird dem Stillen Gesellschafter fernmündlich mit anschließender schriftlicher Bestätigung die Eintragung dieses Beteiligungsvertrags als Teilgewinnabführungsvertrag in das Handelsregister der Bank mitteilen. Sie wird die vorstehende Mitteilung unverzüglich nach Erhalt der Eintragungsnachricht des Handelsregisters vornehmen.

§ 2 Gewinnbeteiligung

1. Als Gegenleistung für die Stille Einlage stehen dem Stillen Gesellschafter vom Anfangsdatum bis zu dem Tag (einschließlich), an dem die Beteiligung des Stillen Gesellschafters am Handelsgewerbe der Bank endet bzw. nach § 6(5) Satz 2 als beendet gilt (der „**Beendigungstag**“), Gewinnbeteiligungen zu, die nach Maßgabe des § 2(2) bzw. des § 2(3) berechnet werden. „**Gewinnzeitraum**“ bezeichnet den Zeitraum, für den eine Gewinnbeteiligung ermittelt wird. Der erste Gewinnzeitraum beginnt am Anfangsdatum und dauert bis zum 31. März 2003 (jeweils einschließlich) (der „**Erste Gewinnzeitraum**“). Danach dauert ein Gewinnzeitraum jeweils vom 1. April bis zum 31. März eines Jahres (jeweils einschließlich) (dieser Zeitraum wird als das „**Geschäftsjahr**“ bezeichnet), sofern er nicht infolge wirksamer Beendigung dieses Beteiligungsvertrags vorher endet.

2. Vorbehaltlich § 3 ist für einen Gewinnzeitraum eine Vergütung in Höhe eines fixen annualisierten Prozentsatzes des Einlagenbetrags zu zahlen (die „**Gewinnbeteiligung**“). Der Zinssatz wird durch die mit der Emission der Teilschuldverschreibungen beauftragte Bank nach den im Zeitpunkt der Emission aktuellen Kapitalmarktverhältnissen festgestellt und darf 6,80% p.a. nicht unterschreiten und 7,90% p.a.²⁾ nicht überschreiten. Die Feststellung des Zinssatzes bedarf der schriftlichen Genehmigung der Vertragsparteien. Die schriftliche Genehmigung³⁾ ist diesem Beteiligungsvertrag als Anlage beizufügen und wird der Anmeldung dieses Beteiligungsvertrags als Teilgewinnabführungsvertrag zur Eintragung in das Handelsregister der Bank beigefügt.

Die Gewinnbeteiligung für ein Geschäftsjahr wird jeweils für einen Zahlungszeitraum (der „**Zahlungszeitraum**“) berechnet, der dem Zeitraum vom Anfangsdatum (einschließlich) bis zum ersten Ausschüttungstag (ausschließlich) (der „**Erste Zahlungszeitraum**“) bzw. einem Ausschüttungstag (einschließlich) bis zum nächstfolgenden Ausschüttungstag (ausschließlich) (jeweils ein „**Nachfolgender Zahlungszeitraum**“) entspricht. Die Berechnung der jeweils zahlbaren Gewinnbeteiligung erfolgt, auch im Falle der Nachfolgenden Zahlungszeiträume, auf Grundlage der tatsächlichen Anzahl der Tage in diesem Zahlungszeitraum, dividiert durch 365 bzw. 366.

3. Sollte während des Bestehens dieses Beteiligungsvertrags eine Änderung der Gewerbeertragsteuer oder eine Einführung einer sonstigen Ertrag- oder Vermögensteuer beim Stillen Gesellschafter zur Erhöhung seiner Steuerschuld führen, oder hat der Stille Gesellschafter aufgrund

2. The Capital Contribution will be made in cash. The Capital Contribution becomes the property of the Bank. It is to serve the Bank permanently as regulatory capital (Tier 1 Capital (*Kernkapital*)) within the meaning of the KWG and the capital adequacy recommendations established by the Basle Committee for Banking Supervision.

3. The Bank will notify the Silent Partner by telephone – followed by a written confirmation – of the entry of this Silent Partnership Agreement as Partial Profit Transfer Agreement into the Commercial Register for the Bank. The Bank will make such notification immediately after receipt of the entry notice given by the Commercial Register.

Section 2 Profit Participation

1. In consideration for the Capital Contribution, the Silent Partner shall be entitled to profit participations calculated in compliance with Section 2(2) or Section 2(3) hereof from the Start Date up to (and including) the date the participation of the Silent Partner in the commercial enterprise of the Bank terminates or is deemed to be terminated pursuant to Section 6(5) sentence 2 hereof (the “Termination Date”). “Profit Period” means the period for which a profit participation is determined. The first Profit Period commences on (and includes) the Start Date and lasts until (and includes) 31 March 2003 (the “First Profit Period”). Thereafter, a Profit Period starts (and includes) 1 April and ends (and includes) 31 March of each year (this period is referred to as the “Fiscal Year”), unless terminated before that date by way of effective termination of this Silent Partnership Agreement.

2. Subject to Section 3, a consideration shall be payable for a Profit Period in the amount of a fixed annualised percentage of the Nominal Contribution Amount (the “Profit Participation”). The interest rate shall be determined by the Bank underwriting the Capital Notes in line with the conditions on the capital markets prevailing at the time of issue and shall not be less than 6.8% p.a. and not more than 7.9% p.a.⁽²⁾. Determination of the interest rate requires the written consent⁽³⁾ of the parties hereto. Such written consent is to be annexed to this Silent Partnership Agreement and will be attached to the application for the entry of this Silent Partnership Agreement as Partial Profit Transfer Agreement into the Commercial Register for the Bank.

The Profit Participation for a Fiscal Year will be calculated in each case for a payment period (the “Payment Period”) corresponding to the period from (and including) the Start Date up to (and excluding) the first Distribution Date (the “First Payment Period”) or, as the case may be, the period from (and including) a Distribution Date up to (and excluding) the next Distribution Date (each a “Subsequent Payment Period”). Calculation of the Profit Participation payable from time to time shall be made on the basis of the actual number of days in that Payment Period divided by 365 or 366, as the case may be; this calculation method shall also apply to any Subsequent Payment Periods.

3. In the event that, during the term hereof, changes in trade income tax or the introduction of any other income or property tax leads to a higher tax liability of the Silent Partner, or if the Silent Partner, on account of investment income tax or any other withholding tax in respect of

²⁾ Siehe hierzu „Zusammenfassung des Angebots“ – „Beteiligung der Emittentin am Gewinn der IKB AG“.

³⁾ Siehe in diesem Prospekt „Beschreibungen der Emissionsstruktur“ – „Bestätigungserklärung der IKB Deutsche Industriebank Aktiengesellschaft und der Capital Raising GmbH“.

⁽²⁾ See „Summary of the Offer“ – „Participation of the Issuer in the Profits of IKB AG“.

⁽³⁾ See in this Prospectus “Description of Offering Structure“ – Confirmation by IKB Deutsche Industriebank Aktiengesellschaft and Capital Raising GmbH“.

einer Kapitalertrag- oder sonstigen Abzugssteuer in bezug auf Zinszahlungen für die von ihm zur Refinanzierung der Stillen Einlage begebenen Teilschuldverschreibungen zusätzliche Beträge an die Inhaber der Teilschuldverschreibungen zu leisten, wird die prozentuale Gewinnbeteiligung gemäß § 2(2) auf Verlangen des Stillen Gesellschafters (soweit zulässig rückwirkend, andernfalls für künftige Gewinnzeiträume) soweit erhöht, daß durch die Erhöhung die zusätzliche Belastung des Stillen Gesellschafters (einschließlich etwaiger Zwischenfinanzierungskosten) vollständig ausgeglichen wird. Das Anpassungsverlangen muß vom Stillen Gesellschafter bei Steueränderungen innerhalb von 30 Tagen ab deren Wirksamwerden mit eingeschriebenem Brief gegenüber der Bank geltend gemacht werden. Ein entsprechendes Recht auf Anpassung der prozentualen Gewinnbeteiligung steht der Bank bei einer Verminderung der Belastung des Stillen Gesellschafters aufgrund einer Änderung der in Satz 1 dieses § 2 (3) genannten Steuern zu.

4. Eine Gewinnbeteiligung für einen Gewinnzeitraum entfällt, solange die Stille Einlage nach einer Herabsetzung des Buchwerts der Stillen Einlage gemäß § 5(1) (die „Herabsetzung“) noch nicht wieder vollständig gemäß § 5(3) aufgefüllt wurde.

5. *) Die Gewinnbeteiligung für einen Gewinnzeitraum entfällt ferner ganz oder teilweise, soweit durch sie in bezug auf einen Gewinnzeitraum ein Bilanzverlust bei der Bank entsteht oder sich erhöht. „Bilanzverlust“ bezeichnet einen etwaigen Bilanzverlust der Bank im Sinne des § 158 Abs. 1 Nr. 5 AktG. Außer in dem im nachfolgenden Satz geregelten Fall, ist die Bank nicht verpflichtet, einen Bilanzverlust durch die Auflösung von Gewinnrücklagen oder anderen Rücklagen zu vermeiden. Wird in dem in Satz 1 genannten Fall an die Aktionäre der Bank eine Dividende ausgeschüttet oder werden bezogen auf einen Gewinnzeitraum Zahlungen auf (a) andere Kernkapitalinstrumente der Bank, (b) nachrangige Garantien, Patronatserklärungen oder ähnliche von der Bank gestellte Sicherheiten (Gewährleistungen) für Kernkapitalinstrumente von Tochtergesellschaften oder (c) Kernkapitalinstrumente von Tochtergesellschaften, deren Bedienbarkeit maßgeblich von der Ertrags – oder Vermögenssituation der Bank bestimmt wird, erbracht (zusammen „Andere Kernkapitalinstrumente“), so muß die Bank nach Maßgabe von § 301 Satz 2 AktG aus vorhandenen Gewinnrücklagen die erforderlichen Beträge entnehmen, um im maßgeblichen Gewinnzeitraum eine etwaige Herabsetzung zu vermeiden oder einen etwaigen herabgesetzten Buchwert der Stillen Einlage vollständig wieder aufzufüllen. Für die Regelung des vorstehend genannten Buchstabens c) ist diejenige Zahlung maßgeblich, die an die Ertrags – oder Vermögenssituation der Bank in dem jeweiligen Gewinnzeitraum, für den die Gewinnbeteiligung ermittelt wird, anknüpft. Nachdem ein etwaiger herabgesetzter Buchwert wieder vollständig aufgefüllt ist, ist hieran anschließend die Gewinnbeteiligung für den betreffenden Gewinnzeitraum zu zahlen. Eine Verpflichtung zur Wiederauffüllung bzw. Vermeidung der Herabsetzung und Zahlung von Gewinnbeteiligungen durch Auflösung von Gewinnrücklagen nach § 301 Satz 2 AktG besteht nur, wenn und soweit ein Solvabilitätskoeffizient der Bank auf Instituts- und Gruppenebene von mindestens 9% erhalten bleibt. Werden gleichrangige Andere Kernkapitalinstrumente nur teilweise bedient, so ist die Gewinnbeteiligung im Rahmen des § 301 Satz 2 AktG zum gleichen Teil zu zahlen. Werden nachrangige Andere Kernkapitalinstrumente nur teilweise

interest payments on the Capital Notes issued by it for the purpose of refinancing the Capital Contribution, has to pay additional amounts to the holders of the Capital Notes, the percentage of the Profit Participation pursuant to Section 2(2) hereof will, at the request of the Silent Partner, be increased (with retroactive effect, if and to the extent that this is permissible, and otherwise for future Profit Periods) to the extent that, as a result of such increase, any additional liability of the Silent Partner (including any interim financing costs) is fully covered. In the event of any such taxation-related changes, the Silent Partner shall, within a period of 30 days from the date of effectiveness of such changes, request the Bank by registered mail to adjust its Profit Participation. Similarly, the Bank shall be entitled to have the Profit Participation adjusted if the burden of the Silent Partner is reduced due to any changes in the taxes specified in sentence 1 of this Section 2(3).

4. No Profit Participation shall be payable for a Profit Period until the Capital Contribution has been replenished in full pursuant to Section 5(3) subsequent to a reduction of the Book Value of the Capital Contribution in accordance with Section 5(1) (the “Reduction”).

5. (*) In addition, a Profit Participation shall not be payable, in whole or in part, for a Profit Period if and to the extent that, in respect of a Profit Period, such payment would cause or increase a balance sheet loss (*Bilanzverlust*) with the Bank. “Balance Sheet Loss” means any balance sheet loss of the Bank within the meaning of § 158 (1) No. 5 German Stock Corporation Act (“AktG”). Save for the exception provided for in the following sentence, the Bank shall not be obliged to avoid a Balance Sheet Loss by dissolving revenue reserves or any other reserves. If, in the case stipulated in sentence 1, dividends are paid to the shareholders of the Bank, or if payments relating to a Profit Period are made in respect of (a) other Tier 1 Capital instruments of the Bank, (b) subordinated guarantees, support undertakings or similar security instruments (warranties) provided by the Bank for Tier 1 Capital instruments of subsidiaries, or (c) Tier 1 Capital instruments of subsidiaries, the serviceability of which depends to a material extent on the income or asset position of the Bank (hereinafter collectively referred to as “Other Tier 1 Capital Instruments”), the Bank shall be under the obligation, in compliance with § 301 sentence 2 AktG, to withdraw the required amounts from existing revenue reserves in order to avoid any Reduction in the relevant Profit Period or to fully replenish any reduced Book Value of the Capital Contribution, as the case may be. For the purposes of the above lit. c), the relevant payment shall be the payment linked to the income or asset position of the Bank in the respective Profit Period for which the Profit Participation is calculated. Following full replenishment of any reduced Book Value, the Profit Participation for the relevant Profit Period is payable subsequent thereto. The obligation to replenish or to avoid any Reduction and to pay Profit Participations by dissolving revenue reserves pursuant to § 301 sentence 2 AktG only exists if and to the extent the solvency ratio of the Bank on a consolidated and individual basis remains at least 9%. Where any Other Tier 1 Capital Instruments ranking *pari passu* are serviced only in part, the Profit Participation, within § 301 sentence 2 AktG, is to be paid on a pro rata basis. In the event that any subordinated Other Tier 1 Capital Instruments are serviced only in part, the Profit Participation, within § 301 sentence 2 AktG, is to be

*) Siehe zum Wegfall der Verpflichtung zur Zahlung von Gewinnbeteiligungen auch “Risikofaktoren – Gewinnbeteiligung und Zahlungen auf die Teilschuldverschreibungen”.

(*) See “Risk Factors – Profit Participation and Payments in respect of the Capital Notes” regarding the non-obligation of IKB AG to pay Profit Participations.

bedient, so ist die Gewinnbeteiligung im Rahmen des § 301 Satz 2 AktG voll zu zahlen. Kauft die Bank Aktien (ausgenommen Aktienrückkäufe im Rahmen einer zulässigen Kurspflege oder eines zulässigen Eigenhandels) oder Andere Kernkapitalinstrumente vor deren ursprünglich vorgesehener Fälligkeit zurück oder zahlt sie diese vor Fälligkeit zurück, so gilt dies als Ausschüttung einer Dividende bzw. volle Zahlung auf Andere Kernkapitalinstrumente im betreffenden Gewinnzeitraum.

Ungeachtet der vorstehenden Regelung wird die Bank in bezug auf einen Gewinnzeitraum keine Gewinnbeteiligung zahlen, wenn und soweit ihr die Zahlung durch die Bundesanstalt für Finanzdienstleistungsaufsicht (die „BAFin“) untersagt wurde.

Für den Fall, daß die Gewinnbeteiligung auf die Stille Gesellschaft auch nach Maßgabe der vorstehenden Bestimmung nicht gezahlt werden kann, verpflichtet sich die Bank keine Zahlungen auf Andere Kernkapitalinstrumente zu erbringen, sofern die Bank nicht zu solchen Zahlungen verpflichtet ist.

6. Die Bank ist nicht verpflichtet, entfallene Gewinnbeteiligungen nachzuzahlen.

§ 3 Zahlung der Gewinnbeteiligung

1. Gewinnbeteiligungen werden am 15. Juli des Geschäftsjahres, welches auf das dem Gewinnzeitraum entsprechende Geschäftsjahr der Bank folgt (der „Ausschüttungstag“), zur Auszahlung fällig. Handelt es sich bei diesem Tag nicht um einen Geschäftstag (wie nachfolgend definiert), werden Gewinnbeteiligungen am ersten auf den 15. Juli folgenden Geschäftstag fällig (der jeweils nach diesem Satz und Satz 1 dieses § 3 (2) einschlägige Tag der „Fälligkeitstag“), wobei für diese Verschiebung keine zusätzlichen Zinsen zu zahlen sind. Sollte am jeweiligen Fälligkeitstag der Jahresabschluß der Bank für das dem Gewinnzeitraum entsprechende Geschäftsjahr noch nicht festgestellt sein, verschiebt sich die Auszahlung der Gewinnbeteiligung auf den ersten Geschäftstag nach dem Tag der Feststellung des Jahresabschlusses der Bank für das dem Gewinnzeitraum entsprechende Geschäftsjahr. „Geschäftstag“ bezeichnet jeden Tag, an dem das Trans-European Automated Real-Time Gross Settlement Express Transfer-Zahlungssystem („TARGET“) geöffnet ist und Geschäftsbanken und Devisenmärkte in Frankfurt im allgemeinen Geschäftsverkehr Zahlungen abwickeln.

2. Erfolgt die Zahlung der Gewinnbeteiligung nach dem Fälligkeitstag, weil am Fälligkeitstag der Jahresabschluß der Bank für das dem Gewinnzeitraum entsprechende Geschäftsjahr noch nicht festgestellt war, ist die Gewinnbeteiligung vom Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Auszahlung (ausschließlich) mit 5% p.a. über dem jeweils gültigen Basiszinssatz im Sinne des § 288 BGB zu verzinsen.

§ 4 Rangstellung der Stillen Einlage

Forderungen gegenüber der Bank aufgrund dieses Beteiligungsvertrages:

(a) sind nachrangig gegenüber Forderungen aller bestehenden und künftigen Gläubiger der Bank (einschließlich Forderungen aus Genußrechten und ggf. anderen Kapitalinstrumenten des Ergänzungskapitals sowie sonstige nachrangige Verbindlichkeiten gemäß § 10 Abs. 5, Abs. 5a und Abs. 7 KWG);

paid in full. If the Bank buys back stock (with the exception of stock buybacks effected for the purposes of permissible price-support measures or permissible own-account trading) or redeems Other Tier 1 Capital Instruments prior to their originally stipulated due dates, or in the event that the Bank redeems them prior to maturity, this shall be deemed a distribution of dividends and/or a full payment on Other Tier 1 Capital Instruments in the relevant Profit Period.

Regardless of the above provisions, the Bank will not make payment of the Profit Participation in respect of a Profit Period if and to the extent that the *Bundesanstalt für Finanzdienstleistungsaufsicht* ("BAFin") has prohibited the Bank to do so.

In the event that the Profit Participation payable in respect of the Silent Partnership cannot be paid in accordance with the above provision, the Bank undertakes not to make any payments on any Other Tier 1 Capital Instruments unless the Bank is legally required to make such payments.

6. The Bank is not obliged to subsequently pay any Profit Participations that were not paid.

Section 3 Payment of Profit Participation

1. Profit Participations shall become due for payment on 15 July of the Fiscal Year following the Fiscal Year of the Bank which corresponds to the Profit Period (the "Distribution Date"). If this day is not a Business Day (as hereinafter defined), Profit Participations shall be due and payable on the first Business Day following 15 July (the relevant date as per this sentence and sentence 1 of this Section § 3(2) are each referred to as "Due Date") with no additional interest being payable in respect of such postponement. If, at the relevant Due Date, the annual accounts of the Bank for the Fiscal Year corresponding to the Profit Period have not yet been approved, payment of the Profit Participation shall be postponed to the first Business Day following the day on which the annual accounts of the Bank for the Fiscal Year corresponding to the Profit Period are approved. "Business Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET") is operating, and payments are settled by commercial banks and foreign currency markets in Frankfurt in the ordinary course of business.

2. If payment of the Profit Participation is made after the Due Date on account of the fact that the annual accounts of the Bank for the Fiscal Year corresponding to the Profit Period had not yet been approved on the Due Date, interest shall be payable at a rate of 5% p.a. above the then applicable base rate within the meaning of § 288 of the German Civil Code ("BGB") on the Profit Participation from (and including) the Due Date up to (but excluding) the actual payment date.

Section 4 Ranking of the Capital Contribution

Claims against the Bank hereunder shall:

(a) be subordinated to claims of any existing and future creditors of the Bank (including claims under profit participation rights (*Genussrechte*) and, where applicable, any Tier 2 Capital Instruments (*Ergänzungskapital*) as well as any other subordinated debt pursuant to § 10 (5), (5a) and (7) KWG);

- (b) sind (prozentual zum fälligen Betrag) mindestens gleichrangig mit allen Forderungen aus bestehenden und künftigen stillen Gesellschaften sowie mit Anderen Kernkapitalinstrumenten, die nach Maßgabe ihrer Bedingungen gleichrangig mit Gewinnbeteiligungen in Form von stillen Gesellschaften sind;
- (c) sind vorrangig vor allen Forderungen aus Aktien der Bank.

§ 5 Verlustbeteiligung, stille Reserven

1. An einem Bilanzverlust nimmt der Stille Gesellschafter im Verhältnis des Buchwerts der Stillen Einlage zum Gesamtbuchwert des haftenden Eigenkapitals der Bank, das am Verlust teilnimmt, (das „Haftkapital“) teil. „Buchwert“ bezeichnet dabei den Buchwert der Stillen Einlage nach Maßgabe der Bilanz der Bank für das jeweilige Geschäftsjahr. Wenn sich bei Aufstellung der Bilanz der Bank die Entstehung eines Bilanzverlust abzeichnet, so wird dieser Bilanzverlust anteilig nach Maßgabe dieses § 5 vom Buchwert abgezogen.

Somit nehmen alle stillen Gesellschafter, alle Inhaber von Genußrechten und alle Aktionäre der Bank am Bilanzverlust mit dem gleichen Prozentsatz des Buchwertes ihrer Einlagen bzw. ihrer Rückzahlungsansprüche oder des sonstigen ausgewiesenen Eigenkapitals teil.

2. Die Gesamtverlustbeteiligung des Stillen Gesellschafters ist auf seine Vermögenseinlage beschränkt.
3. Nach einer etwaigen Herabsetzung wird die Stille Einlage in den der Herabsetzung nachfolgenden Geschäftsjahren der Bank bis zur vollständigen Höhe des Einlagenbetrags wieder aufgefüllt, wenn und soweit hierdurch kein Bilanzverlust entsteht oder erhöht würde. § 2 (5) bleibt unberührt.

Die Auffüllung der Stillen Einlage nach einer Herabsetzung geht der Auffüllung des Grundkapitals, der Zahlung von Dividenden und Einstellungen in Rücklagen (außer gesetzlich zu bildender Rücklagen) vor. Im Verhältnis zu Anderen Kernkapitalinstrumenten erfolgt die Auffüllung gleichrangig und im gleichen Verhältnis wie die Verlustbeteiligung. Im Verhältnis zu Genußrechten (§ 10 Abs. 5 KWG) ist die Auffüllung nachrangig, soweit die Genußrechtsbedingungen nicht einen Gleichrang vorsehen.

4. Auf die vor oder während der Laufzeit der Stillen Gesellschaft gebildeten stillen Reserven hat der Stille Gesellschafter kein Anrecht.
5. Die Bank ist nicht verpflichtet, stillen Reserven aufzudecken, um eine Gewinnbeteiligung gemäß § 2 auszahnen zu können oder eine Verlustbeteiligung zu vermeiden.

§ 6 Dauer der stillen Gesellschaft, Kündigung

1. Dieser Beteiligungsvertrag wird auf unbestimmte Zeit abgeschlossen.
2. Die Kündigung dieses Beteiligungsvertrags durch den Stillen Gesellschafter ist ausgeschlossen. Für den Fall der Unwirksamkeit des Kündigungsausschlusses wird vereinbart, daß die Kündigung nur mit vorheriger Zustimmung der BAFin erfolgen kann. Für den Fall der Unwirksamkeit des vorstehenden Zustimmungsvorbehaltes wird vereinbart, daß die Kündigung des Stillen Gesellschafters mit

- (b) rank at least *pari passu* (pro rata to the amount payable) with all claims under any existing and future silent partnerships as well as with Other Tier 1 Capital Instruments which, in accordance with their terms, rank *pari passu* with profit participations in the form of silent partnerships;
- (c) rank senior to all claims under shares of the Bank.

Section 5 Loss Participation, Hidden Reserves

1. The Silent Partner shall participate in a Balance Sheet Loss in the proportion which the Book Value of the Capital Contribution bears in relation to the aggregate Book Value of all loss-participating components of the Bank's regulatory capital (the "Regulatory Capital"). "Book Value" means the Book Value of the Capital Contribution in accordance with the balance-sheet of the Bank for the relevant Fiscal Year. When, in the course of preparing the balance-sheet of the Bank, it becomes apparent that there will be a Balance Sheet Loss, such loss will be deducted from the Book Value on a pro rata basis in accordance with this Section 5.

Accordingly, all silent partners, all holders of profit participation rights (*Genussrechte*) as well as all shareholders of the Bank participate in any Balance Sheet Loss with the same percentage of the book value of their contributions, repayment claims or any other stated equity capital, respectively.

2. The Silent Partner's aggregate loss participation shall be limited to his asset contribution.
3. Subsequent to a Reduction, if any, the Capital Contribution shall be replenished during the Fiscal Years of the Bank following any such Reduction until the Nominal Contribution Amount has been replenished in full if and to the extent that such replenishment would not cause or increase any Balance Sheet Loss. The above shall be without prejudice to Section 2(5).

Any replenishment of the Capital Contribution subsequent to a Reduction shall take priority over the replenishment of the share capital, the payment of dividends as well as any allocations to reserves (with the exception, however, of statutory reserves). In relation to Other Tier 1 Capital Instruments, any such replenishment shall be effected on a *pari passu* basis and in the same proportion as the loss participation. In relation to profit participation rights (*Genussrechte*) (§ 10 (5) KWG), any such replenishment shall be effected on a subordinated basis unless the terms and conditions of the profit participation rights provide for a *pari passu* ranking.

4. The Silent Partner shall not be entitled to a share in the hidden reserves created prior to or during the term of the Silent Partnership.
5. The Bank shall not be obliged to disclose any hidden reserves in order to pay a Profit Participation in accordance with Section 2 hereof or to avoid a loss participation.

Section 6 Duration of the Silent Partnership, Termination

1. This Silent Partnership Agreement shall be concluded for an indefinite period of time.
2. The Silent Partner shall be precluded from terminating this Silent Partnership Agreement. In the event such preclusion is invalid, the parties agree that this Agreement may only be terminated with the prior consent of the BAFin. Should the above consent requirement be invalid, the parties agree that the Silent Partner may terminate this Agreement by giving two years' prior notice, no earlier,

einer Frist von zwei Jahren, erstmals jedoch zum Ende des Geschäftsjahres 2032 erfolgen kann.

3. Die Bank kann diesen Beteiligungsvertrag gegenüber dem Stillen Gesellschafter mit einer Frist von zwei Jahren zum Ende eines jeden Geschäftsjahres kündigen, wobei eine Kündigung keinesfalls vor dem 31. März 2013 wirksam wird und zu ihrer Wirksamkeit der vorherigen Zustimmung durch die BAFin bedarf. Wenn eine Veränderung gemäß § 11 eintritt, kann die Bank diesen Beteiligungsvertrag unbeschadet des ersten Satzes dieses § 6(3) jederzeit mit einer Frist von zwei Jahren zum Monatsende gegenüber dem Stillen Gesellschafter kündigen mit der Maßgabe, daß eine Kündigung keinesfalls vor dem 31. März 2013 wirksam wird und zu ihrer Wirksamkeit der vorherigen Zustimmung durch die BAFin bedarf. Falls die Stille Einlage nicht mehr als haftendes Eigenkapital (Kernkapital) im Sinne des KWG anerkannt wird, kann die Bank diesen Beteiligungsvertrag jederzeit mit einer Frist von 30 Tagen zum Monatsende kündigen.

4. Endet dieser Beteiligungsvertrag im Laufe eines Geschäftsjahrs, ist die Stille Einlage vom Beendigungstag (ausschließlich) bis zum Ende des Geschäftsjahrs (einschließlich), in dem die Beendigung erfolgt, in Höhe der nach Maßgabe des § 2(2) für das laufende Geschäftsjahr bereits festgesetzten und ggf. gemäß § 2(3) erhöhten Gewinnbeteiligung zu verzinsen.

5. Die Kündigung dieses Beteiligungsvertrags bedarf der Schriftform. Der Stille Gesellschafter behält bis zum Wirksamwerden einer Kündigung seine vollen Rechte unter diesem Beteiligungsvertrag. Unterschreitet der Buchwert den Einlagenenbetrag, gilt der Beteiligungsvertrag im Falle einer Kündigung erst dann als beendet, wenn die Stille Einlage nach § 5(3) bis zur vollständigen Höhe des Einlagenenbetrags wieder aufgefüllt ist.

6. Am Rückzahlungstag zahlt die Bank an den Stillen Gesellschafter den Rückzahlungsbetrag sowie die eventuell entstandene Gewinnbeteiligung bzw. Zinsen gemäß § 6(4). „Rückzahlungstag“ bezeichnet dabei den Fälligkeitstag in dem Geschäftsjahr, welches auf das Geschäftsjahr der Bank folgt, in das der Beendigungstag fällt bzw. – im Fall der Wiederauffüllung der Stillen Einlage bis zum vollen Einlagenenbetrag – den Fälligkeitstag in dem Geschäftsjahr, welches auf das Geschäftsjahr der Bank folgt, zu dessen Ende sich ein Bilanzgewinn ergibt, der zur Wiederauffüllung der Stillen Einlage führt. „Rückzahlungsbetrag“ bezeichnet den Buchwert der Stillen Einlage zum Ende des Geschäftsjahrs, in dem die Stille Beteiligung endet. § 6(5) Satz 2 bleibt unberührt. Vorbehaltlich der Regelung in § 6(4) wird die Stille Einlage bzw. der Rückzahlungsbetrag für den Zeitraum vom Beendigungstag bis zum Rückzahlungstag nicht verzinst. Erfolgt die Zahlung des Rückzahlungsbetrags sowie der eventuell entstandenen Gewinnbeteiligung bzw. gemäß § 6(4) eventuell aufgelaufener Zinsen nach dem Rückzahlungstag, weil am Rückzahlungstag der Jahresabschluß der Bank für das (zur Ermittlung des Rückzahlungsbetrags maßgebliche) Geschäftsjahr noch nicht festgestellt war, sind der Rückzahlungsbetrag sowie die eventuell entstandene Gewinnbeteiligung bzw. eventuell gemäß § 6(4) aufgelaufene Zinsen vom Rückzahlungstag (einschließlich) bis zum Tag der tatsächlichen Zahlung (ausschließlich) mit 5 % p. a. über dem jeweils gültigen Basiszinssatz im Sinne des § 288 BGB zu verzinsen.

however, than with effect from the end of the Fiscal Year 2032.

3. The Bank may terminate this Silent Partnership Agreement by giving two years' notice to the Silent Partner with effect from the end of each Fiscal Year provided that any such termination shall not become effective prior to 31 March 2013, and shall require the prior consent of the BAFin. In the event that any changes referred to in Section 11 hereof shall occur, the Bank may terminate this Silent Partnership Agreement at any time, notwithstanding the first sentence of this Section 6(3), by giving two years' prior notice to the Silent Partner with effect from the end of any month provided that any such termination shall not under any circumstances become effective before 31 March 2013, and shall require the prior consent of the BAFin. In case the Capital Contribution no longer qualifies as regulatory capital (Tier 1 Capital) as defined in the KWG, the Bank may terminate this Silent Partnership Agreement at any time by giving 30 days' notice with effect from the end of any month.

4. In the event that this Silent Partnership Agreement shall terminate during a Fiscal Year, interest shall be payable on the Capital Contribution from (but excluding) the Termination Date up to (and including) the end of the Fiscal Year during which the Silent Partnership Agreement terminates, in an amount equal to the Profit Participation, as determined for the current Fiscal Year in accordance with Section 2(2) and, where applicable, as increased pursuant to Section 2(3).

5. Any termination of this Silent Partnership Agreement shall be made in writing. The Silent Partner shall retain its rights hereunder without any limitation until the termination becomes effective. If and for so long as the Book Value is less than the Nominal Contribution Amount, this Silent Partnership Agreement shall not be deemed to be terminated until the Capital is replenished pursuant to Section 5(3) hereof up to the full Nominal Contribution Amount.

6. On the repayment date, the Bank shall pay to the Silent Partner the Repayment Amount, the Profit Participation which may have accrued and/or any interest in accordance with Section 6(4). “Repayment Date” means the Due Date in the Fiscal Year following the Fiscal Year of the Bank in which the Termination Date has occurred, or – in the event the Capital Contribution needs to be replenished up to the full Nominal Contribution Amount – the Due Date in the Fiscal Year following the Fiscal Year of the Bank as of the end of which an balance sheet profit is reported which results in the complete replenishment of the Capital Contribution. “Repayment Amount” means the Book Value of the Capital Contribution as of the end of the Fiscal Year in which the Silent Partnership terminates. The above shall be without prejudice to Section 6(5) sentence 2. Subject to the provisions contained in Section 6(4), no interest will be payable on the Capital Contribution and/or the Repayment Amount for the period commencing on the Termination Date and ending on the Repayment Date. Where payment of the Repayment Amount, the Profit Participation which may have accrued and/or any interest accrued pursuant to Section 6(4) is made after the Repayment Date because, on the Repayment Date, the annual accounts of the Bank for the Fiscal Year (relevant for determining the Repayment Amount) had not yet been approved, interest shall be payable from (and including) the Repayment Date up to (but excluding) the actual payment date on the Repayment Amount, the Profit Participation which may have accrued and/or any interest accrued pursuant to Section 6(4) at a rate of 5 % p. a. above the then applicable base rate within the meaning of § 288 BGB.

7. Von Maßnahmen nach dem Umwandlungsgesetz, (Teil-)Vermögensübertragungen, Änderungen der Rechtsform oder des Grundkapitals der Bank bleibt die Stille Gesellschaft unberührt.
8. Im Falle der Insolvenz oder Liquidation der Bank wird der Rückzahlungsbetrag der Stillen Einlage erst nach Befriedigung aller Gläubiger der Bank einschließlich der Inhaber von Genußrechten sowie der Gläubiger von längerfristigen nachrangigen Verbindlichkeiten und kurzfristigen nachrangigen Verbindlichkeiten, jedoch vor der Rückzahlung von Grundkapital zugunsten der Aktionäre ausgezahlt.

§ 7

Gesellschafterrechte

- Der Stille Gesellschafter ist berechtigt, (i) eine Abschrift des Jahresabschlusses der Bank (Bilanz mit Gewinn- bzw. Verlustrechnung sowie Anmerkungen) einschließlich Lagebericht sowie Konzernabschluß und Konzernlagebericht zu verlangen und (ii) den Prüfungsbericht durch einen Wirtschaftsprüfer oder vereidigten Buchprüfer überprüfen zu lassen.
- Zusammen mit dem Jahresabschluß erhält der Stille Gesellschafter eine Aufstellung über seine Gewinn- und Verlustbeteiligung. Auf Anfrage des Stillen Gesellschaftern hat die Bank hierzu weitere Auskünfte zu erteilen.
- Weitere Gesellschafterrechte stehen dem Stillen Gesellschafter nicht zu.

§ 8

Hinweis gemäß § 10 Abs. 4 Satz 1 Ziffer 6 KWG

Nach Abschluß dieses Vertrages können (i) weder die Verlustbeteiligung zum Nachteil der Bank verändert, (ii) noch die Nachrangigkeit eingeschränkt noch (iii) die Laufzeit oder Kündigungsfrist verkürzt werden.

Eine vorzeitige Rückzahlung ist der Bank ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, sofern nicht das Kapital durch die Einzahlung anderen, zumindest gleichwertigen haftenden Eigenkapitals ersetzt worden ist oder die BAFin der vorzeitigen Rückzahlung zustimmt.

§ 9

Begebung weiteren Haftkapitals

Die Bank behält sich das Recht vor, Verträge über Andere Kernkapitalinstrumente zu gleichen oder anderen Bedingungen, insbesondere mit einer anderen Gewinnbeteiligung, oder Verträge über Genußrechte oder andere Verbindlichkeiten einzugehen, die Eigenmittel im Sinne des KWG und/oder der Eigenmittelempfehlungen des Baseler Ausschusses für Bankenaufsicht sind oder nachrangige bzw. mit dieser Stillen Gesellschaft gleichrangige Garantien, Patronatserklärungen oder andere Gewährleistungen (Sicherheiten) für entsprechende Instrumente von Tochtergesellschaften der Bank einzugehen. Forderungen künftiger stiller Gesellschafter (bzw. der Inhaber von Sicherheiten für Kernkapitalinstrumente bei Tochtergesellschaften) dürfen den Forderungen des Stillen Gesellschafters aus diesem Beteiligungsvertrag nicht im Rang vorgehen.

§ 10

Übertragungsrechte des Stillen Gesellschafters

- Jede Abtretung oder anderweitige Verfügung (z.B. durch Verpfändung) über Forderungen des Stillen Gesellschafters aus diesem Beteiligungsvertrag bedarf der vorherigen schriftlichen Zustimmung der Bank. Die Abtretung oder anderweitige Verfügung darf nicht zu einer erhöhten Belastung des Stillen Gesellschafters mit Kapitalertrag –

7. Any corporate action taken in compliance with the German Transformation Act (*Umwandlungsgesetz*), any (partial) asset transfers, changes in the legal form or the share capital of the Bank shall not affect the Silent Partnership.

8. In the event of an insolvency or liquidation of the Bank, the Repayment Amount of the Capital Contribution will not be paid until all creditors of the Bank, including the holders of profit participation rights (*Genussrechte*) as well as the holders of long-term and short-term subordinated debt have been fully satisfied; however, payment of the Repayment Amount will be made prior to repayment of share capital for the benefit of the shareholders.

Section 7

Partnership Rights

- The Silent Partner shall be entitled (i) to request a copy of the annual accounts of the Bank (balance-sheet, profit and loss account and notes) including the directors' report, as well as the consolidated accounts and the consolidated directors' report, and (ii) to have the auditors' report reviewed by an auditor or a chartered accountant.
- The Silent Partner shall, together with the annual accounts, receive a statement of his profit/loss participation position. Upon request by the Silent Partner, the Bank shall furnish further information in this respect.
- The Silent Partner shall have no further partnership rights.

Section 8

Notice in accordance with § 10(4) sentence 1 No. 6 KWG

Subsequent to conclusion hereof, (i) the loss participation may not be amended to the detriment of the Bank, (ii) the subordination may not be restricted, and (iii) the term or the notice period may not be shortened.

Any early repayment must be repaid to the Bank regardless of any agreements to the contrary unless the capital has been replaced by other regulatory capital of least equal quality, or the BAFin agrees to such early repayment.

Section 9

Issue of Additional Regulatory Capital

The Bank reserves the right to conclude agreements on Other Tier 1 Capital Instruments on identical or different terms, in particular with a different profit participation, or to enter into agreements on profit participation rights (*Genussrechte*) or other liabilities qualifying as regulatory own funds within the meaning of the KWG and/or of the capital adequacy recommendations published by the Basle Committee for Banking Supervision, or to issue guarantees, support undertakings or any other warranties (security instruments) subordinated to or ranking *pari passu* with this Silent Partnership for corresponding instruments of subsidiaries of the Bank. Claims of any future silent partners (or of holders of security provided for Tier 1 Capital Instruments of subsidiaries) may not rank prior to the claims of the Silent Partner hereunder.

Section 10

Silent Partner's Transfer Rights

- Any claims of the Silent Partner hereunder may only be assigned or otherwise disposed of (e.g. by way of a pledge) with the prior written consent of the Bank. Any such assignment or other disposal may not result on any increased liability of the Silent Partner on account of investment income tax or other withholding tax or any

oder sonstiger Abzugssteuer, etwaiger Vermögensteuer, Gewerbeertrag- oder sonstiger Ertragsteuer führen.

2. Im Falle einer Änderung des Geschäftsjahres der Bank werden die Parteien diesen Vertrag anpassen, soweit dies erforderlich ist, um der Änderung des Geschäftsjahres Rechnung zu tragen. Dabei ist der Ausschüttungstag jeweils so anzupassen, daß als Zeitpunkt für den Ausschüttungstag der 15. Tag des 4. Monats nach Ende des betreffenden Geschäftsjahrs bzw. Rumpfgeschäftsjahres festzulegen ist.

§ 11 Änderungen steuerlicher oder aufsichtsrechtlicher Vorgaben

Im Falle wesentlicher Änderungen in der steuerlichen oder aufsichtsrechtlichen Behandlung der Einlagen und ihrer Gewinn- und Verlustbeteiligung oder im Falle einer Erhöhung der Gewinnbeteiligung gem. § 2(3) werden die Parteien dieses Beteiligungsvertrages in einvernehmliche Verhandlungen zum Zweck einer Anpassung dieses Beteiligungsvertrages an die veränderte Rechtslage eintreten, sofern die Bank diesen Beteiligungsvertrag nicht wirksam gem. § 6(3) Satz 2 kündigt.

§ 12 Besteuerung

Alle aufgrund dieses Vertrages fälligen Zahlungen werden ohne Einbehaltung oder Abzug aufgrund derzeitiger oder künftiger Steuern oder Abgaben gleich welcher Art geleistet, die durch Einbehaltung oder Abzug durch die oder im Auftrag der Bundesrepublik Deutschland, ihrer politischen Untergliederungen oder der zur Erhebung von Steuern befugten Behörden auferlegt oder erhoben werden, es sei denn, die Einbehaltung oder der Abzug sind gesetzlich vorgeschrieben.

§ 13 Geltendes Recht, Erfüllungsort und Gerichtsstand

Das Gesellschaftsverhältnis und alle sich aus diesem Beteiligungsvertrag ergebenden Rechte und Pflichten unterliegen ausschließlich dem Recht der Bundesrepublik Deutschland. Erfüllungsort und Gerichtsstand ist Frankfurt am Main.

§ 14 Salvatorische Klausel

Sollte eine Vertragsbestimmung ganz oder teilweise unwirksam oder unvollständig sein oder werden, so wird hierdurch die Wirksamkeit der übrigen Bestimmungen nicht berührt. Anstelle der unwirksamen oder unvollständigen Bestimmung tritt eine Regelung, die dem wirtschaftlichen Zweck der unwirksamen Bestimmung in rechtlich zulässiger Weise am nächsten kommt bzw. die Bestimmung in Übereinstimmung mit dem mutmaßlichen Parteiwillen so gut wie möglich ergänzt.

property, trade income or any other income tax.

2. In case of any changes made to the Fiscal Year of the Bank, the parties shall amend this Agreement if and to the extent required to reflect the changes made to the Fiscal Year. In any such case, the Distribution Date shall be adjusted to be the 15th day of the fourth month following the end of the relevant Fiscal Year or, where applicable, short Fiscal Year.

Section 11 Changes of Tax or Regulatory Requirements

In the case of material changes in relation to the tax or regulatory treatment of the contributions and their profit and loss participation, or in the event of any increase in the Profit Participation in accordance with Section 2(3) of this Silent Partnership Agreement, the parties hereto shall enter into *bona fide* negotiations with a view to amending this Agreement to reflect the changes in the legal situation, unless this Silent Partnership Agreement is effectively terminated by the Bank pursuant to Section 6(3) sentence 2.

Section 12 Taxation

All amounts due and payable hereunder shall be made without any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

Section 13 Applicable Law, Place of Performance and Jurisdiction

The Silent Partnership as well as all rights and obligations arising from this Silent Partnership Agreement shall exclusively be governed by German law. Place of performance and jurisdiction shall be Frankfurt am Main, Federal Republic of Germany.

Section 14 Severability

In the event that any provision hereof is or becomes ineffective or incomplete in whole or in part, the effectiveness of the remaining provisions shall not be affected thereby. Any such ineffective or incomplete provision shall be replaced by a provision which, to the extent permitted by law, comes as close as possible to the economic purpose of the ineffective provision or best supplements the provision in accordance with the presumed intentions of the parties hereto.

Confirmation by IKB Deutsche Industriebank Aktiengesellschaft and Capital Raising GmbH

The German text of the Confirmation by IKB Deutsche Industriebank Aktiengesellschaft and Capital Raising GmbH is legally binding. The English translation is for convenience only.

The undersigned IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf and Berlin, Federal Republic of Germany, and Capital Raising GmbH, Norderfriedrichskoog, Federal Republic of Germany, refer to the Silent Partnership Agreement entered into between the aforementioned companies on 9/10 December 2002 under which Capital Raising GmbH participates in the commercial enterprise of IKB Deutsche Industriebank Aktiengesellschaft as a typical silent partner (the "**Silent Partnership Agreement**"). Capital Raising GmbH refinances the Capital Contribution to be made by issuing Capital Notes which have meanwhile been placed with the investors.

In accordance with the Recitals as well as Sections 1 (1) and 2 (2) of the Silent Partnership Agreement, the Parties agreed both on the amount of the Capital Contribution (the "**Nominal Contribution Amount**") and the Profit Participation to be claimed by the Silent Partner within the fixed upper and lower limits; the amounts which are definitely determined, however, are to be confirmed by the Parties in conformity with capital market conditions prevailing at the time the Capital Notes are placed prior to making the Capital Contribution.

In accordance with the capital market conditions prevailing at the time the Capital Notes are placed, the Nominal Contribution Amount has now been determined to total € 200,000,000 (in words: Euro two hundred million), and the interest rate relevant to the amount of the Profit Participation has been fixed at 7.50125 %.

Pursuant to Sections 1 (1) and 2 (2) of the Silent Partnership Agreement, we hereby confirm the Nominal Contribution Amount and the interest rate as determined and fixed above.

This confirmation is to be attached to the application for the entry of the Silent Partnership Agreement as Partial Profit Transfer Agreement into the Commercial Register for IKB Deutsche Industriebank Aktiengesellschaft.

Fiduciary Agreement

The German text of the Fiduciary Agreement is legally binding. The English translation is for convenience only.

The provisions of the following contract will be attached to, and shall be an integral part of, the Terms and Conditions of Issue and the Global Certificate, respectively.

Fiduciary Agreement entered into between Capital Raising GmbH (the "Silent Partner"), Deutsche Bank Luxembourg S.A. (the "Fiduciary") and IKB Deutsche Industriebank Aktiengesellschaft (the "Bank")

Recitals

1. On 9/10 December 2002, the Silent Partner and the Bank have entered into an Agreement on the establishment of a Silent Partnership (the "Silent Partnership Agreement" which is attached to this Fiduciary Agreement as *Annex 1*) under which the Silent Partner makes a capital contribution (the "Capital Contribution") to the Bank. The contribution is to serve the Bank as regulatory capital. Pursuant to the Silent Partnership Agreement and as consideration for its contribution, the Silent Partner shall be entitled to a profit participation in each Profit Period (the "Profit Participation") for the term of the Silent Partnership Agreement. The Profit Participations accruing in each Profit Period shall be calculated annually and distributed on the relevant Due Date in accordance with the Silent Partnership Agreement (after deduction of the withholding as per No. 2 below, each an "Annual Profit Participation"). In the event the distribution of the Annual Profit Participation is effected after the relevant Due Date due to delayed approval of the annual accounts relevant for the calculation of the respective Annual Profit Participation, the Silent Partner shall, in accordance with the Silent Partnership Agreement, have a claim against the Bank for interest on the Annual Profit Participation (the "Delayed Payment Interest Claim"). Upon termination of the Silent Partnership Agreement, the Silent Partner shall, pursuant to the terms of the Silent Partnership Agreement, have a claim against the Bank for repayment of his contribution, for payment of any Profit Participation and/or interest which may have accrued in accordance with Section 6(4) of the Silent Partnership Agreement (the "Termination Claims").
2. Upon distribution of the Profit Participation to the Silent Partner or the replenishment of the Capital Contribution following a reduction of its Book Value, the Bank is obliged to withhold investment income tax plus solidarity surcharge on the distributed amounts and/or on the amount of replenishment pursuant to § 43(1) No. 3 German Income Tax Act (*EStG*). This withholding (the "Withholding") is credited as prepayment against the corporate income tax liability of the Silent Partner. To the extent any such prepayment exceeds the actual income tax liability of the Silent Partner, the Silent Partner may claim refund from the tax authorities (each a "Tax Refund Claim"). On 9/10 December 2002, the Silent Partner and the Bank have entered into an agreement on the purchase of the Tax Refund Claims of the Silent Partner by the Bank (the "Receivables Purchase Agreement" which is attached to this Fiduciary Agreement as *Annex 2*) pursuant to which the Silent Partner sells and assigns to the Bank its Tax Refund Claims against the tax authorities. In consideration thereof, the Silent Partner is entitled to payments from the Bank, which payments become due at the time of the distribution of the Annual Profit Participation and equal the amount of the respective Withholding (the "Payment Claims").
3. To finance his contribution, the Silent Partner issues capital notes (the "Capital Notes"). Pursuant to the Terms and Conditions of Issue (the "Terms and Conditions of Issue" which are attached hereto as *Annex 3*), the holders of the Capital Notes (the "Investors") shall be entitled to interest on the Capital Notes (the "Interest Claims"). Upon repayment of the Capital Contribution and/or termination of the Capital Notes, the Investors may claim, pursuant to the Terms and Conditions of Issue, repayment of the Capital Notes and payment of any interest which may have accrued on the Capital Notes as well as, in case of repayment of the Contribution, payment of any interest which may have accrued pursuant to Section 6(4) of the Silent Partnership Agreement (the "Repayment Claims").
4. To secure payments in respect of the Interest Claims and the Repayment Claims payable to Investors under the Capital Notes, the Silent Partner shall assign to the Fiduciary all present and future

claims for the Annual Profit Participations (the “**Profit Participation Claims**”) to the extent as described in the following, Delayed Payment Interest Claims, Payment Claims and Termination Claims which the Silent Partner has against the Bank in accordance with the terms hereof. Such claims shall be held in trust by the Fiduciary for the benefit of the Investors. On the relevant Due Date, the amounts paid in respect of the respective claims will be paid to the Investors pursuant to the Terms and Conditions of Issue.

The Parties now agree as follows:

**Section 1
Definitions**

Unless otherwise stipulated, the terms used in this Fiduciary Agreement shall have the same meaning as used in the Silent Partnership Agreement, the Receivables Purchase Agreement or in the Terms and Conditions of Issue.

**Section 2
Assignment**

1. The Silent Partner hereby assigns to the Fiduciary all (present and future, conditional and unconditional) Profit Participation Claims, Delayed Payment Interest Claims, Payment Claims and Termination Claims which the Silent Partner has against the Bank. If and to the extent that the Annual Profit Participation together with the respective Payment Claim and any Delayed Payment Interest Claim exceeds the Interest Claim of the Investors for the relevant Payment Period, the assignment of the respective Profit Participation Claim is reduced by the excess amount.
2. Upon entering into this Fiduciary Agreement, any existing Profit Participation Claims (to the extent as set forth in Section 2(1) sentence 2 above) and any existing Payment Claims shall pass to the Fiduciary. Any and all future Profit Participation Claims, Delayed Payment Interest Claims, Payment Claims and Termination Claims shall pass to the Fiduciary upon their accrual (and, with respect to the Profit Participation Claims, to the extent as set forth in Section 2(1) sentence 2).

**Section 3
Security**

The assignment of claims as provided in Section 2 above shall serve to secure the Interest Claims and Repayment Claims of the Investors under the Capital Notes.

**Section 4
Legal Status of the Fiduciary**

1. The Fiduciary shall hold the claims assigned to it in accordance with Section 2 (the “**Assigned Claims**”) in trust for the benefit of the Investors to secure payments to be made to Investors in respect of the Interest Claims and Repayment Claims under the Capital Notes.
2. Subject to the provisions hereof, the Fiduciary shall not dispose of the Assigned Claims without the prior written consent of the Silent Partner and the Bank.
3. The Fiduciary shall provide assistance to the effect that the payments to be made in respect of the Assigned Claims on the relevant Due Date are properly effected to the Investors in accordance with the Terms and Conditions of Issue. In particular, the Fiduciary shall, in due time and form, give all notices as well as take all steps necessary to properly effect the payments to be made in respect of the Assigned Claims through the Paying Agent to the Investors pursuant to Section 6(1) of the Terms and Conditions of Issue. In case the payments due in respect of the respective Assigned Claims are not made on the relevant Due Date, the Fiduciary shall immediately assert any such Claims against the Bank.

4. The Fiduciary shall be entitled to take judicial and extra-judicial action relating to the Assigned Claims which serve the security purpose described in Section 3 hereof.
5. The Fiduciary does not assume any obligations towards the Investors other than expressly stipulated in this Fiduciary Agreement.
6. The Fiduciary shall be liable to perform its obligations hereunder with the due care of a prudent businessman.

**Section 5
Legal Status of the Silent Partner**

1. Subsequent to the execution of this agreement, the Silent Partner shall not dispose of the Assigned Claims. In particular, the Silent Partner shall not encumber the Assigned Claims with any third-party rights and shall not take any action which might adversely affect or jeopardise the Assigned Claims.
2. The Silent Partner shall immediately notify the Fiduciary in writing in the event that the rights of the Fiduciary with respect to the Assigned Claims are adversely affected or jeopardised by any third-party acts. In addition, the Silent Partner shall make available to the Fiduciary any and all information and documentation required by the Fiduciary to protect its rights. The Silent Partner shall notify any such third parties in writing about the rights of the Fiduciary with respect to the Assigned Claims.
3. The Silent Partner shall permit the Fiduciary to inspect at any time all documents relating to the Assigned Claims and available to the Silent Partner.
4. The Silent Partner retains the right to claim an increase of its Profit Participation in accordance with Section 2(3) of the Silent Partnership Agreement.
5. The Silent Partner shall provide assistance to secure that payments to be made to Investors in respect of the Assigned Claims on the relevant Due Date are duly effected in conformity with the Terms and Conditions of Issue. In particular, the Silent Partner shall, in due time and form, give all notices and take all steps necessary to duly effect the payments to be made to Investors in respect of the Assigned Claims through the Paying Agent pursuant to Section 6(1) of the Terms and Conditions of Issue.

**Section 6
Warranties of the Silent Partner**

The Silent Partner warrants and guarantees towards the Fiduciary by way of an independent guarantee (*selbständiges Garantieversprechen*) that

- (a) the Silent Partner is the absolute owner of the Assigned Claims and that the Silent Partner may freely dispose of the Assigned Claims unless otherwise stipulated herein;
- (b) the Assigned Claims have not already been assigned or pledged to a third party, and that no third-party rights or claims exist in respect of the Assigned Claims.

**Section 7
Pleas and Defences**

The Silent Partner and the Bank hereby expressly waive the defenses of voidability and set-off as well as any other pleas and defences which the Silent Partner or the Bank might have in connection with the Assigned Claims.

**Section 8
Costs**

The Silent Partner undertakes to indemnify the Fiduciary against any and all costs and expenses incurred by the Fiduciary in connection with enforcing and exercising any rights hereunder on condition that the Fiduciary provides evidence thereof to the Silent Partner by submitting a receipt.

Section 9 Legal Succession

Neither party shall be entitled to assign its rights hereunder without the prior written consent of the other parties. Any disposals made in respect of the Capital Notes shall not affect this Fiduciary Agreement.

Section 10 Severability

In the event that any provision of this Fiduciary Agreement is or becomes void or ineffective in whole or in part, the other provisions hereof shall remain unaffected thereby. Any such void or ineffective provision shall be replaced by a valid provision coming as close as possible to the economic purpose of the void or ineffective provision. The same shall apply in case this Fiduciary Agreement lacks certain provisions which would have been included herein by the parties, however, if they had been aware of any such lacking provisions at the time they entered into this Fiduciary Agreement.

Section 11 Miscellaneous

1. This Fiduciary Agreement shall be governed by German law.
2. The District Court (*Landgericht*) Frankfurt am Main shall have jurisdiction in respect of all lawsuits or court proceedings arising from or in connection with this Fiduciary Agreement.
3. Any amendment to this Fiduciary Agreement must be made in writing.
4. Only the German version of this Fiduciary Agreement shall be legally binding. Any translation into the English language is for convenience only.

Annexes

Annex 1: Silent Partnership Agreement⁽¹⁾

Annex 2: Receivables Purchase Agreement⁽²⁾

Annex 3: Terms and Conditions of Issue⁽³⁾

⁽¹⁾ See in this Prospectus "Structure of the Issue" – "Silent Partnership Agreement".

⁽²⁾ See in this Prospectus "Structure of the Issue" – "Material Provisions of the Receivables Purchase Agreement". The Agreement has not been included in its entirety in this Prospectus.

⁽³⁾ See in this Prospectus "Structure of the Issue" – "Terms and Conditions of Issue".

Material Provisions of the Receivables Purchase Agreement

The Receivables Purchase Agreement will be attached to, and shall be an integral part of the Terms and Conditions of Issue and the Global Certificate, respectively. A copy of the Receivables Purchase Agreement is available for inspection at the offices of the Paying Agents.

Upon distribution of the Profit Participation to the Issuer or the replenishment of the Capital Contribution following a Reduction of its Book Value, IKB AG is obliged to withhold amounts on account of investment income tax (*Kapitalertragsteuer*) payable on the distributed amounts and/or on the amount of replenishment pursuant to § 43 (1) No. 3 German Income Tax Act (*EStG*), unless the tax authorities have granted a tax exemption for payments to the Issuer.

The Withholding will be credited as a prepayment against the corporate income tax liability of the Issuer. To the extent that any such prepayment exceeds the definitive amounts of corporate income tax payable by the Issuer, the Issuer will have a refund claim against the tax authorities.

On 9/10 December 2002, the Issuer and IKB AG have entered into an agreement on the purchase by IKB AG of Tax Refund Claims of the Issuer pursuant to which the Issuer sells and assigns to IKB AG its Tax Refund Claims against the tax authorities.

As consideration therefor, the Issuer will have payment claims against IKB AG, which claims become due for payment in the amount of the respective Withholding at the time of the distribution of the Annual Profit Participation. Where a Withholding is effected at the time the Capital Contribution is replenished following Reduction of its Book Value, the Amount of the Purchase Price is to be used for the purpose of replenishing of the Capital Contribution and will directly be credited to the Capital Contribution.

If the tax authorities shall deduct corporate income tax payable by the Issuer from the amount of tax to be refunded, the Issuer must repay the relevant amount to IKB AG.

Material Provisions of the Agreement on the Reimbursement of Expenses

The business operations of the Silent Partner will be restricted to the holding and administration of the Silent Participation as well as to such activities as may be required in the context of the issue of the Capital Notes.

Pursuant to the Agreement on the Reimbursement of Expenses entered into on 9/10 December 2002 between the Issuer and IKB AG, IKB AG has undertaken with the Issuer to make an annual payment (payable in twelve equal monthly instalments) to the Issuer in reimbursement of certain current expenses required for the continuation of its business operations. Payments of the Silent Partner on the Capital Notes are not deemed expenses to be reimbursed under this agreement.

In the event of any unexpected additional costs, the Issuer may demand adjustment of the monthly instalments. The Silent Partner has agreed to conduct its business operations in an economically responsible and efficient way.

General Information on the Issuer

Incorporation, Registered Office, Duration and Object

Capital Raising GmbH was established on 13 December 2001 under the name "BIBO VIERTE Vermögensverwaltungsgesellschaft mbH" with its registered office at Eschborn and registered with the Commercial Register in Frankfurt am Main, Germany, under No. HRB 54004, on 29 January 2002. It is established for an indefinite period of time.

By resolution of its shareholders' meeting on 8 July 2002, the Issuer has changed its name to "Capital Raising GmbH". The name change has been registered with the Commercial Register of the Local Court in Frankfurt am Main on 10 July 2002. By shareholders' resolution on 1 August 2002 the Issuer has transferred its registered office from Eschborn to Norderfriedrichskoog, Germany. The transfer of the registered office to Norderfriedrichskoog has been registered with the Commercial Register of the Local Court in Husum, Germany, under No. 8 HRB 1810 on 8 October 2002.

The business object of the Issuer is, pursuant to its Articles of Association, to participate as silent partner in the business of a credit institution within the meaning of § 1 KWG and, for this purpose, to raise funds by the issue of capital notes. The Issuer is further entitled to engage in any ancillary businesses which promote the business object of the company.

Share Capital

The share capital of the Issuer amounts to € 25,000.

Shareholder

Sole shareholder of the Issuer is Deutsche International Corporate Services Limited, with its registered office in Jersey acting as trustee of the Capital Raising Charitable Trust, an independent non-profit trust domiciled in Jersey. The shareholder has acquired from Deutsche Bank all shares of the Issuer pursuant to an agreement dated 27 August 2002.

Principal Activities

The principal activities of the Issuer correspond with the business object stipulated in the Issuer's Articles of Association. The Issuer has no employees.

Management

The Issuer acts through its managing directors (*Geschäftsführer*). The managing directors always act jointly. The current managing directors are:

Name	Age	Function
Margret Dircks	49	Geschäftsführerin (managing director)
Dr. Hans-Joachim Winter	57	Geschäftsführer (managing director)

The managing directors can be contacted at the address of the Issuer, Koogstraat 4, 25870 Norderfriedrichskoog, Germany.

Fiscal Year

The fiscal year of the company corresponds to the calendar year.

Auditors

The auditors of the Issuer are NORD-TAX Revisions- und Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft, Rathausplatz 15, 24937 Flensburg.

Litigation

The Issuer is not involved in any litigation or arbitration proceedings which may have any material adverse effect on the financial position of the Issuer's business since 31 December 2001. Furthermore, the Issuer is not aware that any such litigation or arbitration proceedings are imminent or threatened.

Material Changes

Unless otherwise stated in this Prospectus, the financial position of the Issuer has not materially changed since 31 December 2001.

Opening Balance Sheet as per 13 December 2001

Assets	13.12.2001 EUR	Liabilities	13.12.2001 EUR
A. Outstanding capital contributions		A. Capital	
.....	25,000.00	I. Subscribed capital	25,000.00
thereof called on	<u>25,000.00</u>		<u>25,000.00</u>
	<u>25,000.00</u>		<u>25,000.00</u>

Annual Balance Sheet as per 31 December 2001

Assets	31.12.2001 EUR	Liabilities	31.12.2001 EUR
A. Outstanding capital contributions		A. Capital	24,950.00
.....	25,000.00	I. Subscribed capital	25,000.00
thereof called on	<u>25,000.00</u>	V. Balance sheet profit ...	- 50.00
	<u>25,000.00</u>	B. Accruals	50.00
	<u>25,000.00</u>		<u>25,000.00</u>

Profit and Loss Account for the period from 13 December 2001 until 31 December 2001

	2001 EUR
1. Other operating expenses	- 50,00
2. Results from ordinary business activity	- 50,00
3. Annual net loss	- 50,00

Payment into the Capital Reserve (*Kapitalrücklage*)

As of 28 November 2002, the shareholder of the Issuer, acting as trustee of the Capital Raising Charitable Trust, has contributed an amount of € 31,000 into the capital reserve (*Kapitalrücklage*) of the Issuer as other payment within the meaning of § 272 (2) No. 4 German Commercial Code (HGB). The amount has been and/or will be applied to cover the current expenses of the Issuer.

General Information on IKB Deutsche Industriebank Aktiengesellschaft

Corporate History, Registered Office, Duration and Object

IKB AG is a German bank organized as a stock corporation (*Aktiengesellschaft*). Its activities date back to 30 September 1924 when IKB AG was first incorporated in Berlin as "Bank für deutsche Industrieobligationen" to manage the reparation payments owed by German companies pursuant to the Treaty of Versailles. In 1931, IKB AG moved on to provide trade and long-term fixed rate investment financing, initially to the agricultural sector and later to medium sized companies. Although a private bank, IKB AG is a leading arranger of public programme loans funded by government promotion agencies. On 29 March 1949 IKB AG was incorporated in Düsseldorf and is registered today in Düsseldorf and Berlin for an indefinite period of time as a stock corporation under the laws of Germany. IKB AG is registered in the Commercial Registers of the Local Court of Düsseldorf under No. HRB 1130 and of the Local Court of Berlin-Charlottenburg under No. HRB 8860.

IKB AG has its registered offices at Wilhelm-Bötzkes-Strasse 1, D-40474 Düsseldorf, and at Bismarckstrasse 105, D-10625 Berlin.

According to the Articles of Association, the object of IKB AG is the engagement in the promotion of industry and commerce, in particular by the provision of medium- and long-term debt finance or equity and/or equity surrogates as well as leasing financing. IKB AG primarily targets companies (usually owned by single persons or families) with an annual turnover of between EUR 10 million and EUR 500 million, i.e. the so-called German *Mittelstand*.

Capital Structure

The issued and fully paid share capital of IKB AG presently amounts to EUR 225,280,000 and is divided into 88 million bearer shares of no par value (*Stückaktien*), each of which confers one vote. Pursuant to IKB AG's Articles of Association, the Board of Directors (*Vorstand*), with the approval of the Supervisory Board (*Aufsichtsrat*), is authorized to increase the share capital by up to EUR 76,800,000 until 30 August 2007 (*genehmigtes Kapital*). In addition, the shareholders of IKB AG voted at the Annual General Meeting on 3 September 1999 to conditionally increase the capital of IKB AG, by an amount of up to EUR 22,528,000 by the issue of up to 8,800,000 bearer shares. The conditional capital increase will be executed only to the extent that the holders of bonds or bonds with warrants attached issued until 3 September 2004 exercise their conversion or option right or holders of bonds issued until 3 September 2004 fulfil their obligation to convert such bonds. Further, the shareholders of IKB AG voted at the Annual General Meeting on 30 August 2002 to conditionally increase the capital of IKB AG by an amount of up to EUR 22,528,000 by the issue of up to 8,800,000 bearer shares. The conditional capital increase will be executed only to the extent that the holders of profit participation rights with conversion or option rights issued until 30 August 2007 exercise their conversion or option right or holders of convertible profit participation rights issued until 30 August 2007 fulfil their obligation to convert such profit participation rights. These shareholders' resolutions took effect upon entry in the Commercial Register.

In addition, as of 31 March 2002, IKB AG had outstanding EUR 623.8 million fully paid non-voting profit participation certificates (*Genussscheine*). Profit participation certificates are issued in bearer form and participate in profits and losses of IKB AG.

After the acquisition of a 34.1% stake in IKB AG, Kreditanstalt für Wiederaufbau (*KfW*), the public-owned German promotional bank, is now the largest single shareholder. Another major shareholder currently is the German Trust for Industry Research (*Stiftung Industrieforschung*) (11.66%). The remaining shares are widely distributed among institutional and private shareholders.

The shares of IKB AG have been admitted for trading and official quotation at the stock exchanges of Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart and through the XETRA Trading System.

Branches, Subsidiaries and Major Shareholdings

IKB Group's business is conducted primarily in Germany but also includes activities abroad. Apart from its operations in Düsseldorf and Berlin, IKB AG maintains branches in Frankfurt am Main, Hamburg, Leipzig, Munich, Stuttgart and in Luxembourg. IKB AG further maintains branches in London and Paris and a representative office in Hong Kong.

IKB AG has a banking subsidiary in Luxembourg (IKB International S.A.) and finance subsidiaries in New York, Delaware, Paris and Amsterdam (IKB Capital Corporation, IKB Funding LCC I, IKB Financière France S.A. and IKB Finance B.V.). Through its consolidated subsidiary IKB Private Equity GmbH, Düsseldorf, IKB AG provides private equity and mezzanine instruments to medium- and small-sized companies, to the latter generally in co-operation with *Kreditanstalt für Wiederaufbau (KfW)*. The consolidated subsidiaries of IKB further include IKB Immobilien Leasing GmbH, Düsseldorf, a property leasing company, IKB Leasing GmbH, Hamburg, and IKB Leasing Berlin GmbH, Erkner, and IKB Autoleasing GmbH, Hamburg, which all concentrate on equipment and machinery leasing, ILF Immobilien-Leasing-Fonds Verwaltung GmbH & Co. Objekt Uerdinger Strasse KG, Düsseldorf, MORSUS Immobilien GmbH & Co. Objekt Wilhelm-Bötzkes-Strasse KG, Düsseldorf, IKB Grundstücks GmbH & Co. Objekt Degerloch KG, Düsseldorf, IKB Grundstücks GmbH & Co. Objekt Holzhausen KG, Düsseldorf, and AIVG Allgemeine Verwaltungsgesellschaft mbH, Düsseldorf. In accordance with German law and generally accepted accounting principles, IKB AG does not consolidate a number of its subsidiaries.

Certain Subsidiaries

IKB Private Equity GmbH, 100% owned by IKB AG and *IKB Venture Capital GmbH*, 100% owned by IKB Private Equity GmbH, both with registered offices at Wilhelm-Bötzkes-Strasse 1, D-40474 Düsseldorf, are active in providing mezzanine, equity capital and shareholder loans to established companies as well as in financing innovative technology-oriented companies through silent participations or subordinated capital (especially in the sectors of telecommunications and data processing). At the balance sheet date 31 March 2002 IKB Private Equity GmbH and its subsidiary IKB Venture Capital GmbH, were fully consolidated for the first time, and the previous year's figures adjusted accordingly.

IKB Leasing GmbH, with its registered office at Heidenkampsweg 79, D-20097 Hamburg, *IKB Leasing Berlin GmbH*, with its registered office at Friedrichstrasse 1–3, 15537 Erkner and *IKB Autoleasing GmbH* with its registered office at Heidenkampweg 79, D-20097 Hamburg, all 100% owned by IKB AG, focus on equipment leasing operations; their leasing portfolios are dominated by printing machines, machine tools, injection molding machines, processing centers and industrial lorries and cars.

IKB Immobilien Leasing GmbH, with its registered office at Uerdinger Strasse 90, D-40474 Düsseldorf, 100% owned by IKB AG, is active in real estate leasing. Operations focus primarily on production facilities, office buildings and commercial property. Real estate and large-scale plant leasing funds are launched by *IKB Fonds GmbH*.

IKB Capital Corporation, with its registered office at 555 Madison Avenue, New York, NY 10022, USA, 100% owned by IKB AG, is active in the New York market for leveraged financing and participates in large-scale transactions either as co-underwriter or participant.

Supervision

In common with all other enterprises that are engaged in one or more of the financial activities defined in the German Banking Act (*Gesetz über das Kreditwesen, KWG*) as "banking business", IKB AG is subject to the licensing requirements and other provisions of the KWG. Notably, IKB AG is subject to supervision by the German Financial Services Supervisory Agency (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

Capital Adequacy

German capital adequacy rules provide for capital adequacy requirements dealing with counterparty risk and market risk. In relation to the former, each bank must maintain a ratio (its "solvency ratio") of regulatory banking capital to risk-adjusted assets of at least 8% on a daily basis. The risk-adjusted assets of a bank (the sum of which is the denominator of the solvency ratio) is computed as follows: Assets are assigned to one of five basic categories of relative credit risk (0%, 10%, 20%, 50% and 100%) depending on the debtor or the type of collateral, if any, securing the respective assets. The balance sheet value of each asset item is multiplied by the percentage weight applicable to its risk category to arrive at the risk-adjusted value. Off-balance sheet items, such as financial guarantees, letters of credit, swaps and other financial derivatives, are subject to a two-tier adjustment. First their value (in the case of guarantees and letters of credit, their amount, and in each case of swaps and other derivatives, their value computed on a market or time basis) is adjusted according to their risk classification (20%, 50% and 100%) depending on the type of instrument. Then the off-balance sheet items are assigned, like balance sheet assets, to the credit risk categories depending on the type of the counterparty or the debtor or the type of collateral, if any, securing the respective assets and multiplied by the applicable percentage weight.

The market risk positions of a bank are comprised of (i) its foreign exchange position; (ii) its commodities position; (iii) its trading book positions, including some positions involving counterparty risk, as well as interest rate and equity market risk; and (iv) its options transactions position. The market risk positions are net positions, risk-adjusted in accordance with detailed rules. As of the close of each business day, the sum of the net risk-adjusted market risk positions of a bank must not exceed the sum of (i) the difference between its regulatory capital and 8% of its aggregate amount of risk-adjusted risk assets and (ii) its Tier 3 capital. ("Tier 3 capital" consists of (i) net profits, i.e., the proportionate profit of a bank which would result from closing all trading book positions at the end of given day, less (a) all foreseeable expenses and distributions and (b) all losses arising from the banking book which are likely to arise upon a liquidation of the bank and (ii) short-term subordinated debt meeting certain requirements.)

Executive Bodies

Supervisory Board and Board of Directors

Like all German stock corporations, IKB AG has a two-tier board system. The Board of Directors (*Vorstand*) is responsible for the management of IKB AG and the representation of IKB AG vis-à-vis third parties, while the Supervisory Board (*Aufsichtsrat*) appoints and removes the members of the Board of Directors and supervises the activities of the Board of Directors. The Supervisory Board may not make management decisions, but under the Articles of Association (*Satzung*) of IKB AG, the Board of Directors must obtain the approval of the Supervisory Board for certain actions.

In accordance with the German Works Constitution Act of 1952 (*Betriebsverfassungsgesetz 1952*), two thirds of IKB AG's Supervisory Board consist of representatives elected by the shareholders and one third consists of representatives elected by the employees. Members are elected for three-year terms, and re-election is possible. The members of the Supervisory Board elect the chairman and the deputy chairman of the Supervisory Board. The chairman, who is typically a representative of the shareholders, has the deciding vote in the event of a deadlock.

The current composition of the Supervisory Board and the Board of Directors of IKB AG is as follows:

Supervisory Board

Dr. h. c. Ulrich Hartmann Düsseldorf <i>Chairman of the Board of Directors of E.ON AG</i> <i>Chairman of the Board</i>	Hans W. Reich Frankfurt am Main Speaker of the Board of Directors of Kreditanstalt für Wiederaufbau <i>Deputy Chairman of the Board</i>
Prof. Dr.-Ing. E. h. Hans-Olaf Henkel Berlin President of WGL Wissenschaftsgemeinschaft Gottfried Wilhelm Leibniz e.V. <i>Deputy Chairman of the Board</i>	Dr. Jürgen Behrend Managing Partner of Hella KG Hueck & Co.
Jörg Bickenbach Düsseldorf State Secretary of the Ministry of Economy, Medium-Sized Businesses, Energy and Transportation of Northrhine-Westphalia	Hermann Franzen Düsseldorf Personal liable partner of Porzellanhaus Franzen KG
Herbert Hansmeyer Munich Former Member of the Board of Directors of Allianz Aktiengesellschaft	Dr. Jürgen Heraeus Hanau Chairman of the Supervisory Board of Heraeus Holding GmbH
Gunnar John Berlin Head of Subdivision VII A of Ministry of Finance	Roland Oetker Düsseldorf Managing Partner of ROI Verwaltungsgesellschaft mbH
Dr. Ing. E. h. Eberhard Reuther Hamburg <i>Chairman of the Supervisory Board of</i> Körber Aktiengesellschaft	Randolf Rodenstock Munich Managing Partner of Optische Werke G. Rodenstock GmbH
Dr. Michael Rogowski Berlin President of the Federal Association of German Industry e. V.	Prof. Dr. h. c. Reinhold Würth Künzelsau Chairman of the Advisory Board of the Würth Group

Employees' Representatives on the Supervisory Board

Wolfgang Boucé Düsseldorf IKB Deutsche Industriebank Aktiengesellschaft	Roswitha Loeffler Berlin IKB Deutsche Industriebank Aktiengesellschaft
Wilhelm Lohscheidt Düsseldorf IKB Deutsche Industriebank Aktiengesellschaft	Jürgen Metzger Hamburg IKB Deutsche Industriebank Aktiengesellschaft

Rita Röbel
Leipzig
IKB Deutsche Industriebank
Aktiengesellschaft

Dr. Carola Steingräber
Berlin
IKB Deutsche Industriebank
Aktiengesellschaft

Ulrich Wernecke
Düsseldorf
IKB Deutsche Industriebank
Aktiengesellschaft

Board of Directors

	Date Appointed	Current Term Expires
Dr. Markus Guthoff	1 April 2001	31 March 2007
Claus Momburg	12 November 1997	11 November 2005
Joachim Neupel	1 July 1989	30 June 2004
Stefan Ortseifen	1 November 1994	31 October 2007
Dr. Alexander v. Tippelskirch	1 April 1984	31 March 2004
<i>Chairman</i>		

All Members of the Supervisory Board and the Board of Directors can accept service of process at the business address of IKB AG.

Advisory Board

In addition, IKB AG maintains an Advisory Board which is appointed by the Board of Directors with consent of the Supervisory Board to enhance contacts with industry and commerce. The members of the Advisory Board assist IKB AG's management by providing consultancy support.

Corporate Governance

During the fiscal year 2001/2002 IKB AG focused much attention on the German Corporate Governance Codex developed by a government commission and formulated draft corporate governance principles of IKB AG. Following approval by the Supervisory Board these principles will be implemented by IKB AG and be published via Internet.

Auditors

The auditors of IKB AG for the business year 2002/2003 are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Am Bonneshof 35, D-40474 Düsseldorf. KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has audited the financial statements of IKB AG and the IKB Group for the fiscal years ended 31 March 2001 and 2002 and in each case issued unqualified opinions (*uneingeschränkter Bestätigungsvermerk*).

Selected Financial Information on IKB Deutsche Industriebank Aktiengesellschaft

Audited Financial Information for the fiscal years 1998/1999, 1999/2000, 2000/2001 and 2001/2002

The selected consolidated balance sheet and profit and loss account data for the fiscal years ended 31 March 1999, 31 March 2000, 31 March 2001 and 31 March 2002 are derived from the audited consolidated financial statements of IKB AG. The selected consolidated audited financial data set forth below have been prepared in accordance with German GAAP and should be read in conjunction with the audited consolidated financial statements for 2000/2001 and 2001/2002 and the auditor's reports thereon incorporated herein. In accordance with German GAAP, IKB AG's subsidiaries are consolidated, except as otherwise stated herein. For the non-consolidated subsidiaries the dividends received therefrom are reflected in IKB AG's financial statements. At 31 March 2002, IKB Private Equity GmbH (formerly IKB Beteiligungsgesellschaft mbH) and its subsidiary, IKB Venture Capital GmbH, were fully consolidated for the first time and in the interest of comparability the previous year's figures adjusted accordingly. The most significant changes in the adjusted consolidated accounts from the previous year were the increase in the portfolio of other assets of EUR 75 million and the decline in claims on customers by EUR 56 million. Due to existing profit and loss transfer agreements net income for the fiscal year 2000/2001 did not change.

Consolidated Balance Sheet Data

	Year ended 31 March			
	1999	2000 (¹)	2001 (²)	2002
Assets	(Amounts in EUR millions, audited)			
Liquid funds	171	12	1	11
Claims on banks	2,274	1,650	804	1,605
Claims on customers	22,188	22,635	24,276	24,600
Debentures	1,629	2,652	3,814	4,928
Investment and holdings in associated and subsidiary companies	176	91	44	47
Fixed assets	223	214	212	215
Leasing assets	462	2,114	2,239	2,346
Other assets	538	573	1,050	1,122
Total assets	27,661	29,941	32,440	34,874
Liabilities and shareholder's equity				
Liabilities to banks	13,990	13,181	15,182	15,436
Liabilities to customers	2,501	2,414	2,411	2,250
Securitized liabilities	8,280	10,803	10,825	12,975
Provisions	237	266	282	301
Subordinated liabilities	472	582	803	868
Participation certificate capital	419	439	439	624
Fund for general bank risks	77	80	80	80
Equity capital (without net income for the year)	1,049	1,142	1,243	1,281
Other liabilities including profit of the year	636	1,034	1,175	1,059
Total liabilities and shareholder's equity	27,661	29,941	32,440	34,874

Consolidated Profit and Loss Data

	Year ended 31 March			
	1999	2000 (¹)	2001 (²)	2002
Interest income from loan operations and money market transactions, fixed interest securities and government-inscribed debt, earnings from leasing operations	2,334.3	2,524.3	3,097.6	3,215.2
Earnings from securities and holdings	12.9	36.7	2.7	4.8
Interest expenditure, expenditure and standard depreciation relating to leasing operations	1,953.7	2,141.3	2,661.6	2,748.7
Net interest income	393.5	419.7	438.7	471.3
Commission income	12.7	13.1	18.0	44.8
Commission expenditure	3.9	5.4	5.7	5.3
Net commission income	8.8	7.7	12.3	39.5
Net income from financial operations	6.6	-2.6	2.5	1.9
Personnel expenditure	87.4	107.2	117.2	133.4
Other administrative expenditure	51.3	59.1	66.0	73.1
Administrative expenditure	138.7	166.3	183.2	206.5
Balance of other operating income and expenditure	-3.5	77.8	91.8	29.3
Provision of risk	88.4	165.5	187.2	175.2
Result from ordinary activities	178.3	170.8	174.9	160.3
Other income/expenditure	-3.1	-10.0	-1.5	-
Taxes	84.3	85.3	87.5	77.2
Net income for the year	90.9	75.5	85.9	83.1

(¹) Since 31 March 2000 figures including Immobilien Leasing-Group.

(²) Since 31 March 2001 figures including IKB Private Equity-Group.

Capitalisation of the IKB Group

	Year ended 31 March			
	1999	2000 (1)	2001 (2)	2002
	(Amounts in EUR millions, audited)			
Subscribed share capital	225	225	225	225
Silent participations	-	100	170	170
Capital reserves	568	568	568	568
Revenue reserves	256	249	280	318
Fund for general bank risks.....	77	80	80	80
Participation certificate capital	419	439	439	624
Subordinated liabilities	472	582	803	868
Total shareholder's funds	2,017	2,243	2,565	2,853
 Short-term liabilities (2)				
Liabilities to banks	6,070	3,713	4,559	4,999
Liabilities to non-banks	322	267	173	226
Total short-term liabilities	6,392	3,980	4,732	5,225
 Medium-term liabilities (3)				
Liabilities to banks	1,133	1,401	1,430	1,301
Liabilities to creditors.....	260	107	182	111
Total medium-term liabilities	1,393	1,508	1,612	1,412
 Long-term liabilities (4)				
Liabilities to banks	4,190	4,612	4,685	5,138
Liabilities to non-banks	599	1,295	1,130	1,147
Total long-term liabilities	4,789	5,907	5,815	6,285
 More than five years				
Liabilities to banks	2,597	3,455	4,508	3,998
Liabilities to non-bank creditors.....	1,320	746	926	766
	3,917	4,201	5,434	4,764
 Provisions and other liabilities	9,153	12,102	12,282	14,335
 Total capitalisation	27,661	29,941	32,440	34,874

(1) Since 31 March 2000 figures including IKB Immobilien-Leasing Group; since 31 March 2001 figures including IKB Private Equity-Group.

(2) Year ended 31 March 1999, year ended 31 March 2000, year ended 31 March 2001 and year ended 31 March 2002: Short-term debt has a maturity or period of notice of up to three months.

(3) Year ended 31 March 1999, year ended 31 March 2000, year ended 31 March 2001 and year ended 31 March 2002: Medium-term debt has a maturity or period of notice of more than three months up to one year.

(4) Year ended 31 March 1999, year ended 31 March 2000, year ended 31 March 2001 and year ended 31 March 2002: Long-term debt has a maturity or period of notice of more than one year up to five years.

On 19 July 2002, IKB AG has issued Trust Preferred Securities in the amount of EUR 250 million through a special purpose vehicle with the effect of a corresponding increase in IKB Groups Tier 1 capital.

Save as disclosed herein, there has been no material adverse change in the capitalisation of the IKB Group since 31 March 2002.

Unaudited Financial Information as at 30 June 2002

Consolidated Interim Balance Sheet of IKB Deutsche Industriebank as at 30 June 2002

	30.6.2002 (EUR millions)	31.3.2002 (EUR millions)	Changes (EUR millions) (%)	
Assets				
Claims on banks	1,840	1,605	235	15
payable on demand	663	311	352	> 100
other claims	1,177	1,294	- 117	- 9
of which: 4 years or longer	215	235	- 20	- 9
Claims on customers	24,619	24,600	19	0
with agreed maturity or period of notice up to 4 years	2,695	2,568	127	5
4 years or longer	21,924	22,032	- 109	0
Debentures and other fixed interest securities	4,826	4,928	- 102	- 2
Shares and other non-fixed interest securities	34	38	- 4	- 11
Investments, holdings in associated and subsidiary companies	47	47	0	0
Fixed assets	215	215	0	0
Leasing items	2,366	2,346	20	1
Deferred items	136	139	- 3	- 2
Outstanding capital of minority shareholders	49	49	-	-
Other assets	399	481	- 82	- 17
Claims from collection items	318	426	- 108	- 25
Total assets	34,849	34,874	- 25	0
Liabilities				
Liabilities to banks	15,400	15,436	- 36	0
payable on demand	1,368	754	614	81
with agreed maturity or period of notice	14,032	14,682	- 650	- 4
of which: 4 years or longer	10,450	10,395	55	1
Liabilities to customers	2,200	2,250	- 50	- 2
payable on demand	40	61	- 21	- 19
with agreed maturity or period of notice	2,160	2,189	- 29	- 1
of which: 4 years or longer	1,973	1,972	1	0
Securitised liabilities	13,040	12,975	65	1
Provisions	305	301	4	1
Special items including reserves	8	8	0	0
Subordinated liabilities	868	868	-	-
Participation certificate capital <i>(Genussrechtskapital)</i>	624	624	-	-
Fund for general bank risks	80	80	-	-
Participations of minority shareholders	12	14	- 2	- 14
Equity capital	1,332	1,311	21	2
Subscribed share capital	225	225	-	-
Silent capital	170	170	-	-
Reserves	887	887	0	0
Group profit	50	29	21	72
Deferred items	479	469	10	2
Other liabilities	501	538	- 37	- 7
Total liabilities	34,849	34,874	- 25	0
Endorsement liabilities	0	0	-	-
Liabilities arising from guarantees, etc.	1,735	1,748	- 13	- 1
Business volume	36,584	36,622	- 38	0

**Consolidated Income Statement of IKB Deutsche Industriebank
for the Period 1 April 2002 to 30 June 2002***

	<u>30.6.2002</u> (EUR millions)	<u>31.3.2002</u> (EUR millions)	<u>Changes</u>	
			(EUR millions)	(%)
Interest income from loan and money market operations, fixed interest securities and government-inscribed debt, income from leasing operations	783.8	833.0	- 49.2	- 5.9
Current income from shares, other non-fixed interest securities and investments ⁽¹⁾	0.3	0.4	- 0.1	- 25.0
Interest expenses, expenditure and scheduled depreciation relating to leasing operations	673.1	722.3	- 49.2	- 6.8
Net interest income	111.0	111.1	- 0.1	- 0.1
Commission income	9.8	4.0	5.8	>100.0
Commission expenditure	1.1	1.0	0.1	10.0
Net commission income	8.7	3.0	5.7	>100.0
Net result from financial operations	0.0	0.3	- 0.3	- 100.0
Salaries and wages	25.8	24.3	1.5	6.2
Social security contributions and expenditure for retirement benefits.....	8.1	7.7	0.4	5.2
Personnel expenditure	33.9	32.0	1.9	5.9
Other administrative expenses ⁽²⁾	20.1	16.5	3.6	21.8
Administrative expenditure	54.0	48.5	5.5	11.3
Balance of other operating income/expenses	10.2	5.6	4.6	82.1
Risk provisioning balance.....	- 39.8	- 36.6	3.2	8.7
Result from ordinary activities	36.1	34.9	1.2	3.4
Profit before tax	36.1	34.9	1.2	3.4
Property taxes.....	0.8	0.9	- 0.1	- 11.1
Taxes on income	16.1	16.0	0.1	0.6
Profit after tax	19.2	18.0	1.2	6.7
Profit (-) and Loss (+) attributable to other shareholders	2.0	1.8	0.2	11.1
Group profit	21.2	19.8	1.4	7.1

(¹) Includes income from profit pooling agreements, profit transfer agreements and partial profit transfer agreements.

(²) Includes current depreciation on fixed assets.

(*) For the first time, the Group income statement and segment report include the consolidated figures of the Private Equity Division in an interim report; previous year's figures were adjusted by adding a quarter of Private Equity's figures for the financial year 2001/2002.

The Business of IKB Deutsche Industriebank Aktiengesellschaft

Business Units

The IKB Group offers a selected range of commercial and investment banking services to its customers with the specific exception of deposit taking. IKB AG has reorganised its business activities in five divisions:

- Corporate Lending
- Structured Finance
- Private Equity
- Real Estate Finance
- Treasury

Corporate Lending

IKB AG's core competence is the extension of medium- and long-term loans to a diverse range of companies in all industry sectors with an annual turnover of between EUR 10 million and EUR 500 million (typically independent and individually or family-owned and managed accordingly), i.e. the so-called German *Mittelstand*. The *Mittelstand* represents the backbone of the German economy and includes a number of world market leaders in specialist niche products, with export ratios of up to 80 %. Loans are generally extended at fixed interest rates with maturities of up to ten years. About 90 % of IKB AG's lending is secured by collateral, usually mortgages on land and buildings and/or the transfer of equipment for security purposes.

The IKB Group offers advisory and consultancy services to its customers, in particular in the areas of structuring investments and identifying relevant public programme loans funded by *KfW*, *Deutsche Ausgleichsbank*, *Bayerische Landesanstalt für Aufbaufinanzierung* and *European Investment Bank* and others through subsidized public loan programmes. IKB AG matches such subsidised public programme loans with its own debt financing products in order to offer tailor-made financing solutions for its customers. Furthermore, in March 2002, IKB AG agreed on a EUR 500 million global loan with *KfW* for financing medium-sized companies. The global loan can be drawn on for individual loans to medium-sized companies which are not bound by a uniform margin but instead are risk-adjusted in accordance with the credit worthiness of the customer.

As at 31 March 2002, about 88 % of the IKB Group's lending was domestic. Lending was split among over 8,146 customers with an average loan size of EUR 3.13 million.

The following table sets forth the structure of the Corporate Lending division's disbursement by sector for the financial years 2000/2001 and 2001/2002 at the respective balance sheet date, 31 March.

Disbursements of the Corporate Lending Division by Sectors

Sectors	Disbursements 2000/2001	Disbursements 2001/2002
(Data in %)		
Producing Industry	73.4	71.1
Basic and producer goods industries	24.3	27.0
Capital goods industries	33.8	26.6
Consumer goods industries	15.4	17.5
Services	17.1	19.7
Distributive trades	9.5	9.2
Total	<u>100.0</u>	<u>100.0</u>

Structured Finance

The structured finance division covers domestic project finance as well as all international activities, i.e. international investment finance, Hermes-covered export finance, international project finance and participation in syndicated loans at international financial centres (London, Paris, New York).

Private Equity

The equity finance division comprises the provision of senior loans, mezzanine and equity capital to established medium-sized companies. Moreover, IKB AG finances innovative technology-oriented companies, especially in the sectors of biotechnology, telecommunications and data processing.

Real Estate Finance

The real estate finance division contains cash-flow oriented long-term financing of commercial property, closed-end real estate funds or structured projects by means of loans; leasing is also available. Moreover, IKB provides consulting services as well as assistance in realizing real estate projects.

Treasury

The treasury division comprises the areas of funding and liquidity management, fixed income, asset and liability management of the loan portfolio and proprietary trading. IKB AG started to outplace risks emanating from loans to its customers with a pilot transaction based on a reference portfolio of syndicated US loans in the financial year 1999/2000. Following up this project a securitised transaction with a volume of EUR 2.5 billion was executed and concluded in the financial year 2000/2001 and a securitised transaction with a volume of EUR 3.6 billion was executed and concluded in the financial year 2001/2002. In co-operation with KfW, IKB AG made use for the second time of KfW's framework programme "PROMISE" in order to securitise a portfolio of public promotional loans which IKB has extended to medium-sized companies.

Risk management fully complies with the relevant requirements. The fixed income portfolio is permanently evaluated on a mark to market basis. Risk is also measured by using a value-at-risk approach.

Lending

Credit Policies and Procedures

IKB AG has established detailed credit policies and lending guidelines applicable to all of IKB AG's financing activities. The entire loan approval process is supported by sophisticated IT-systems. IKB AG uses a scoring system, which incorporates quantitative and qualitative information derived from

IKB AG's thorough knowledge of its core customer group, which has proven accurate over a number of years.

IKB AG has a sophisticated monitoring system for following the loans from the application process through to repayment, which allows for continuous oversight of individual loans and the identification of potential problem loans by a number of key indicators, extracted from an extensive database.

Problem and Non-Performing Loans

Problem and non-performing loans are tracked in a standardized process with automated procedures by a centralised loan recovery department. They are subject to timely provisioning at a conservative and prudent level. Recoveries from collateral have historically been good. A somewhat different procedure is followed for syndicated loans.

Asset and Liability Management of the Loan Book

It is IKB AG's policy to match assets and liabilities to a fairly high degree. The funds borrowed from government promotion agencies are automatically matched with the loans provided to the customers. Loans funded in the capital markets are steered accordingly. The mismatch limits in place are limited.

Foreign currency exposure emanating from international loan business are hedged to a large extent.

Funding and Liquidity Management

In accordance with its Articles of Association, IKB AG does not take deposits. IKB AG funds its activities primarily through the issuance of medium- and long-term bearer bonds, the granting of loans evidenced by transferable certificates of indebtedness (*Schuldscheindarlehen*) and borrowings from other banks, in part in combination with interest rate and/or exchange rate hedging via long-term swaps with top-rated German and foreign banks. The core of interbank funding is provided to IKB AG on a loan by loan basis by instrumentalities serving public policy objectives such as *KfW*, *Deutsche Ausgleichsbank*, *Bayerische Landesanstalt für Aufbaufinanzierung* and *European Investment Bank* under their respective programmes. The funds thus received by IKB AG are at preferential rates and are on-lent to its customers within the framework of such programmes.

Fixed Income

Fixed income management focuses on the stabilisation of interest surplus emanating from the position of the liquidity book as well as an the long-term creation of evaluation reserves.

Generally IKB AG invests in top rated bonds, especially in floating rate notes, which with the use of swaps are being transformed into fixed interest rates. In addition, various optional elements are embedded for further improvement of interest rate cash flows.

Proprietary Trading

IKB AG is active in interest rate and stock market trading. Although proprietary trading is not of strategic relevance to IKB AG's earnings, it is run as a profit centre and has produced stable profits over the years.

Risk is monitored online on a mark to market basis. A value-at-risk approach is also applied.

Rating

The long-term unsecured senior debt of IKB AG has been assigned a rating of A+ by Fitch IBCA and A1 by Moody's.

Employees

At 31 March 2002, the total number of employees in the IKB Group was 1,429. Of these, 569 were assigned to market units and 429 to headquarter departments of IKB AG. 431 employees worked for subsidiaries.

Management considers relations with its employees to be good. There has been no material disruption of work as a result of labor unrest in recent years.

Litigation

No legal, arbitration, administrative or other proceedings which could have a significant effect on the business or financial position of the Bank or IKB Group, or had such an effect in the last two years, have been pending, nor is IKB AG aware, to the best of its knowledge, of any such proceedings now pending or threatened.

Recent Developments and Outlook of the Group of IKB Deutsche Industriebank Aktiengesellschaft

In the financial year ended 31 March 2002, net interest income increased by 7.4% to EUR 471 million and net commission income rose by EUR 27 million to EUR 40 million. In line with IKB AG's planning, administrative expenditure increased by 12.7% to EUR 207 million. Due to the unfavourable macro-economic conditions – in particular the economic downturn and the depressed stock markets – gross provisioning had to be raised by EUR 13 million to EUR 252 million. The decline of risk provisioning balance by EUR 12 million to EUR 175 million resulted from a high release of former risk provisions (EUR 48 million) and an improvement of the result from securities in the liquidity reserve to EUR 29 million.

As a consequence of these developments, the result from ordinary activities decreased by 8.3% to EUR 160 million for the financial year ended 31 March 2002. The cost-income ratio was at 38.1% (previous year: 37.8%); the return on equity (before tax) reached 15.0% (previous year: 16.8%).

IKB AG entered into securitisation transactions in December 2000 and March 2002. As a result, the solvability ratios of IKB Group improved. The total solvability ratio of IKB Group as at 31 March 2002 stood at 12.1% while the tier 1 capital ratio of IKB Group was 6.4%.

On 25 October 2002, IKB AG published its preliminary result for the first half of the current financial year (1 April to 30 September 2002). Pursuant to these preliminary figures, IKB Group generated a result from ordinary activities of EUR 75 million, up 1.6% compared to the same period in the previous financial year. Net interest income decreased slightly by 0.7% to EUR 222 million, whereas net commission income rose by EUR 17 million to EUR 23 million. Administrative expenditure increased by 10.8% to EUR 109 million. Other operating result declined by EUR 10 million to EUR 14 million. The risk provisioning balance was reduced by 8% to EUR 75 million. IKB AG published its final interim report for the first six months of the financial year 2002/2003 on 21 November 2002.

For the remainder of the current financial year, IKB AG intends to continue its strictly risk-adjusted credit pricing policy which has already lead to an increase of the bank's average interest margin on its new business generated in recent time. IKB AG also continues to see significant potential for new business given its strategic alliance with *KfW*, in particular for its Corporate Lending, Structured Finance and Private Equity divisions.

In January 2002, Moody's raised IKB AG's long-term rating by Moody's – against the general trend in the banking sector – from A2 to A1 ("positive outlook").

In November 2002 Fitch Ratings changed the long-term outlook from "stable" to "negative". Fitch explained this change with low economic growth in Germany, which could affect the performance of IKB AG due to the potential necessity to increase risk provisions. The long-term rating of IKB AG "A+" was affirmed.

The Capital Notes offered on the basis of this document are expected to be assigned a rating of "A" by Fitch Ratings and "A3" by Moody's Investors Services Inc.

As regards the financial year 2002/2003, IKB AG expects – despite the highly dissatisfying economic situation – a slight growth in the operational results. Eventually, it will be decisive that there arises no necessity to increase risk provisions to an amount in excess of the volume currently planned.

Taxation

Taxation in the Federal Republic of Germany

This chapter "Taxation in the Federal Republic of Germany" contains a summary of some important German fiscal provisions that are relevant in connection with the acquisition, the holding and the sale or redemption of capital notes. This summary is not intended to be a comprehensive and complete representation of all aspects under tax law that could be relevant to investors. This summary is based on German tax law in force at the time of preparing the Prospectus; it may be subject to changes at short notice which may even have a retrospective effect. We strongly recommend that potential investors seek advice from their professional tax consultant with regard to the tax implications of the acquisition, the holding and the sale or redemption of capital notes.

Investors resident within Germany

As a rule, all interest payments made by the Issuer to Investors domiciled within Germany are subject to income or corporate tax plus a solidarity surcharge in the amount of 5.5% of the relevant income or corporate tax liabilities. Where capital notes are held as assets of a German business, these interest payments are also subject to trade tax (*Gewerbesteuer*). Where capital notes are held in the custody of a domestic bank (including the German branches of foreign banks), interest income tax (*Zinsabschlag*) in the amount of 30% (plus a 5.5% solidarity surcharge on the tax amount, i.e. a total of 31.65%) will be withheld. The amount of withholding tax will be set off against the final income or corporate tax debt of the noteholder.

Profits from the sale or redemption of capital notes, including the profits achieved by a second or subsequent purchaser, are deemed to be interest income and are subject to personal income or corporate tax plus solidarity surcharge. Where these assets are held as part of a German business, they are also subject to trade tax.

Where capital notes are held in the custody of a domestic bank or financial services provider (including the German branches of foreign banks), the paying agent will be required to withhold interest income tax in the amount of 30% (plus a 5.5% solidarity surcharge) on the difference between the sale or redemption amount and purchase price of the note if said note has been in the custody of the relevant bank or financial services provider since its acquisition. If the paying agent has changed since acquisition of the capital note, the advance deduction of interest income tax (*Zinsabschlag*) will be 30% on the sale or redemption proceeds. The advance deduction will in turn be set off against the personal income or corporate tax debt of the investor.

Investors domiciled outside Germany

Investors domiciled outside Germany are not subject to German taxation and there is no advance deduction of interest income tax (even if capital notes are held in the custody of a German bank or financial services provider), unless the capital notes are held as business assets of a German branch of the noteholder.

Inheritance and Gift Tax

In accordance with German law, inheritance or gift tax is not charged if, in the case of inheritance tax, neither the deceased nor the beneficiary is domiciled within Germany or, in the case of gift tax, neither the donor nor the donee is domiciled within Germany and the capital note does not form part of German business assets for which an operation is being maintained within Germany or for which a permanent representative has been appointed in Germany. Exceptions apply to certain former tax residents.

Proposed EU Interest Taxation Directives

In accordance with a proposal which is currently being reviewed by the European Union as part of a larger set of measures, as of 2004 all EU member states may be required to direct, by national privilege, the paying agencies within the meaning of the Directive, that are based in the relevant EU member state, to withhold either (a) a tax deduction of 15%, and as of 2007 of 20%, on interests, issuing discounts or redemption premiums paid to individuals who are tax residents of another EU member state for their account, or (b) to notify that member state of such payment in which the payee is a tax resident. As of 2010, only notification as per (b) would be required and would replace any tax deduction as outlined under (a). As the implementation of this proposal depends on whether certain non-EU countries and associated overseas territories and non-self-governing territories of non-EU countries will also introduce a tax deduction or agree to provide information, it is currently not foreseeable whether, and in what form, the draft proposal will ultimately be implemented.

Underwriting and Sale

Pursuant to an underwriting agreement dated 17 December 2002, a banking consortium consisting of BNP PARIBAS, Deutsche Bank AG London, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Credit Agricole Indosuez and Natexis Banques Populaires (together the "Underwriting Banks") have agreed to underwrite and place with investors the Capital Notes of the Issuer in the aggregate nominal amount of € 200,000,000 at a price of 100% of the Nominal Amount. The Underwriting Banks are neither joint debtors nor joint creditors. Each of the Underwriting Banks acquires exclusive ownerships in the Capital Notes to be underwritten. IKB AG has agreed to pay to the Underwriting Banks a management, underwriting and placement fee in the amount of 2.00% of the aggregate nominal amount of the Capital Notes to be underwritten.

The Issuer agreed to indemnify the Underwriting Banks against certain liability risks in connection with the underwriting and offer of the Capital Notes. Under certain circumstances, the Joint Lead Managers BNP PARIBAS and Deutsche Bank AG London on behalf of the Underwriting Banks are entitled to cancel the underwriting agreement prior to the underwriting of the Capital Notes and payment of the issue price.

Sales Restrictions

United States of America

The Capital Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act"). Accordingly, the Capital Notes may not be offered or sold in the United States or to US Persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from registration requirements of the Securities Act.

United Kingdom

This document may only be delivered, and delivery of this document may only be arranged for, in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Issuer has not authorised any public offer of Capital Notes in the United Kingdom which provide for a term of maturity of one year or more within the meaning of the Public Offers of Securities Regulations of 1995 (as amended) (the "Regulations"). Such Capital Notes may not be offered or sold to any person in the United Kingdom unless in circumstances where such offer or sale does not result in a Public Offer in the United Kingdom within the meaning of the Regulations, or where such Capital Notes are otherwise offered or sold in accordance with all the requirements of such Regulations.

General

In jurisdictions where the sale or the distribution of the Capital Notes offered by this Prospectus is subject to legal restrictions, the Capital Notes may only be sold and/or distributed in compliance with such restrictions.

Stabilisation

Deutsche Bank AG London shall be entitled to take measures in order to maintain a certain market price of the Capital Notes which deviates from the price which would otherwise prevail. Any such measures may be terminated at any time and will only be taken in Germany in accordance with German law and market practice, which may differ significantly from the rules and market practices customarily applied in other countries in connection with the stabilisation of market prices.

Delivery of the Capital Notes

The Capital Notes are represented for their entire life by a global certificate in bearer form without interest coupons attached (the "Global Certificate"). The Global Certificate will be deposited for the entire life of the Capital Notes with Clearstream Banking AG, Frankfurt am Main, Germany, ("Clearstream Frankfurt"). The Global Certificate will also be held in custody by Clearstream Frankfurt on behalf of the holders of such Capital Notes which are held through Clearstream Banking S. A., Luxembourg, or Euroclear Bank S.A./N.V. in their capacity as operator of the Euroclear System. The Global Certificate will be personally signed by the management of the Issuer.

The Capital Notes may be transferred in book-entry form in accordance with the applicable rules of Clearstream Frankfurt. Delivery of the Capital Notes by book-entry against payment took place on 19 December 2002. Definite Capital Notes representing individual Capital Notes or coupons will not be issued. A copy of the Global Certificate may be obtained free of charge at the Paying Agent specified below.

Admission to Official Listing

The Capital Notes have been admitted to listing on the official market of the Frankfurt Stock Exchange and Euronext Amsterdam N.V. (Official Segment) on 20 December 2002.

Financial Information on IKB Deutsche Industriebank Aktiengesellschaft

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Consolidated Balance Sheet of IKB Deutsche Industriebank

Assets	EUR thousand*		March 31, 2002 EUR thousand	March 31, 2001 EUR thousand
Liquid funds				
a) Cash			127	42
b) Balances with the central banks			10 445	810
of which: with the Deutsche Bundesbank	10 225	(12)		
c) Balances on postal giro accounts			7	16
			10 579	868
Claims on banks				
a) payable on demand			311 321	247 249
b) other claims			1 293 626	556 873
			1 604 947	804 122
Claims on customers				
of which: loans to public authorities	1 799 696	(1 891 272)		
Debentures and other fixed interest securities				
a) Bonds and debentures			–	–
aa) from government issuers			4 782 165	3 737 924
ab) from other issuers			4 782 165	3 737 924
of which: eligible as collateral for advances from the Deutsche Bundesbank	3 710 931	(2 738 485)		
b) own bonds			145 598	75 795
face value	140 225	(74 027)		
			4 927 763	3 813 719
Shares and other non-fixed interest securities			37 691	36 139
Investments			38 878	38 907
of which: in banks	37 269	(37 269)		
of which: in financial services companies	–	(–)		
Shares in subsidiary companies			8 068	4 698
of which: in banks	–	(–)		
of which: in financial services companies	–	(–)		
Trust assets			6 018	6 800
of which: loans on a trust basis at third party risk	4 574	(5 308)		
Tangible fixed assets			214 706	211 511
Leasing items			2 346 384	2 239 422
Outstanding capital of minority shareholders			48 465	49 184
Treasury shares			–	529
nominal amount	–	(86)		
Other assets			891 325	803 979
Deferred items			138 868	153 301
Total assets			34 874 000	32 439 605

* in parentheses: Previous year's figures

as at March 31, 2002

Liabilities	EUR thousand*	March 31, 2002 EUR thousand	March 31, 2001 EUR thousand
Liabilities to banks			
a) payable on demand		754 273	507 708
b) with agreed maturity or period of notice		14 682 012	14 674 054
		15 436 285	15 181 762
Liabilities to customers			
Other liabilities			
a) payable on demand		61 014	18 647
b) with agreed maturity or period of notice		2 189 432	2 392 023
		2 250 446	2 410 670
Securitised liabilities			
Bonds and notes		12 975 080	10 825 073
Trust liabilities			
of which: loans on a trust basis at third party risk	4 574	(5 308)	
Other liabilities		531 493	567 647
Deferred items		469 180	514 090
Provisions			
a) for pensions and similar obligations		123 494	111 012
b) tax provisions		131 644	117 560
c) other provisions		45 517	52 976
		300 655	281 548
Special items including reserves			
Subordinated liabilities		7 570	8 935
Participation certificate (Genusschein) capital		868 413	803 413
of which: with remaining maturities of less than two years	51 129	(-)	
Fund for general banks risks		80 000	80 000
Participations of minority shareholders		14 483	26 508
Equity			
a) subscribed capital		225 280	225 280
contingent capital:	22 528	(48 128)	
b) silent capital		170 000	170 000
c) capital reserves		567 416	567 416
d) revenue reserves			
da) statutory reserves		2 399	2 399
db) reserves for treasury shares		-	529
dc) other revenue reserves		316 292	277 425
		318 691	280 353
e) consolidated profit		29 231	50 851
		1 310 618	1 293 900
Total liabilities		34 874 000	32 439 605
Contingent liabilities			
a) contingent liabilities arising from rediscounted bills of exchange		459	396
b) contingent liabilities arising from guarantees and indemnity agreements		1 747 709	988 856
		1 748 168	989 252
Other obligations			
Irrevocable loan commitments		5 800 047	2 309 366

* in parentheses: Previous year's figures

Consolidated Income Statement of IKB Deutsche Industriebank

Expenses	EUR thousand*	2001/2002 EUR thousand	2000/2001 EUR thousand
Interest expenses		2 424 069	2 334 815
Commission expenses		5 303	5 654
General operating expenses			
a) Personnel expenses			
aa) Salaries and wages		101 088	89 635
ab) Social security contributions and employee benefit and pension expenditure		32 343	27 553
of which: for pensions	19 509 (15 673)		
		133 431	117 188
b) other administrative expenses		54 889	49 978
		188 320	167 166
Depreciation and value adjustments on intangible and tangible fixed assets		20 214	18 242
Depreciation of leasing items		312 777	312 246
Rental expenditure on leasing items and other service related expenses		11 869	14 462
Other operating expenses		38 494	27 787
Write-downs and value adjustments to claims and securities, plus transfer to provisions for possible loan losses		175 186	187 216
Write-downs and value adjustments on investments, holdings in subsidiary companies and securities treated as long-term investments		—	87
Expenditure for loss takeovers		—	—
Allocations to special items including reserves		2 651	—
Transfer to the fund for general bank risks		—	—
Taxes on income and earnings		73 508	83 209
Other taxes not entered under "other operating expenses"		3 681	4 292
Profits transferred on the basis of a profit pool, a profit transfer agreement or a partial profit transfer agreement		—	—
Net income for the year		83 129	85 911
Total expenses	3 339 201	3 241 087	
Net income for the year		83 129	85 911
Attributable to other partners			
Profit		—4 360	—2 831
Loss		9 845	17 637
Loss carried forward from the previous year		—17 433	—10 161
		71 181	90 556
Release of revenue reserves			
of revenues for own shares		529	—
of other revenue reserves		—	
Allocation to revenue reserves			
to revenues for own shares		—	—315
to other revenue reserves		—42 479	—39 390
Unappropriated profit	29 231	50 851	

* in parentheses: Previous year's figure

for the Period April 1, 2001 to March 31, 2002

Income	2001/2002 EUR thousand	2000/2001 EUR thousand
Interest income from		
a) lending and money market operations	2 541 512	2 487 358
b) fixed interest securities and government-inscribed debt	211 029	178 815
	2 752 541	2 666 173
Current income from		
a) shares and other non-fixed interest securities	730	318
b) investments	4 071	1 373
c) holdings in subsidiary companies	—	—
	4 801	1 691
Income from profit pooling, profit transfer, and partial profit transfer agreements	—	—
Income from investments in associated companies	—	987
Commission income	44 800	17 977
Net income from finance operations	1 939	2 540
Earnings from write-ups relating to investments, holdings in subsidiary companies, and securities treated as fixed assets	—	8 507
Income from leasing operations	462 689	431 360
Earnings from the release of special items including reserves	283	1 118
Other operating income	72 148	110 734
 <hr/>		
Total income	3 339 201	3 241 087

Balance Sheet of IKB Deutsche Industriebank AG

Assets	EUR thousand*	March 31, 2002 EUR thousand	March 31, 2001 EUR thousand
Liquid funds			
a) Cash		120	35
b) Balances with central banks		10 338	119
of which: with the Deutsche Bundesbank	10 225	(–)	
c) Balances on postal giro accounts		6	3
		10 464	157
Claims on banks			
a) payable on demand		878 219	276 892
b) other claims		5 942 494	4 906 587
		6 820 713	5 183 479
Claims on customers		22 200 570	22 238 574
of which: loans to public authorities	1 799 696	(1 891 272)	
Debentures and other fixed interest securities			
a) Bonds and debentures			
aa) from government issuers		–	–
ab) from other issuers		4 635 500	3 570 639
of which: eligible as collateral for advances from the Deutsche Bundesbank	3 608 056	(2 614 081)	
b) own bonds		145 598	75 795
face value	140 225	(74 027)	
		4 781 098	3 646 434
Shares and other non-fixed interest securities		15 411	13 477
Investments		923	1 091
of which: in banks	294	(294)	
of which: in financial services companies	–	(–)	
Shares in subsidiary companies		367 915	353 786
of which: in banks	164 839	(164 839)	
of which: in financial services companies	–	(–)	
Trust assets		6 018	6 800
of which: loans on a trust basis at third party risk	4 574	(5 308)	
Tangible fixed assets		52 977	53 443
Treasury shares		–	529
nominal amount	–	(86)	
Other assets		756 399	689 056
Deferred items		131 331	147 574
Total assets		35 143 819	32 334 400

* in parentheses: Previous year's figures

as at March 31, 2002

Liabilities	EUR thousand*	March 31, 2002 EUR thousand	March 31, 2001 EUR thousand
Liabilities to banks			
a) payable on demand		1 299 105	652 355
b) with agreed maturity or period of notice		15 261 825	15 281 457
		16 560 930	15 933 812
Liabilities to customers			
Other liabilities			
a) payable on demand		72 580	36 327
b) with agreed maturity or period of notice		2 053 322	2 301 678
		2 125 902	2 338 005
Securitised liabilities			
Bonds and notes		12 919 627	10 770 794
Trust liabilities		6 018	6 800
of which: loans on a trust basis at third party risk	4 574	(5 308)	
Other liabilities		399 438	435 208
Deferred items		131 886	153 935
Provisions			
a) for pensions and similar obligations		108 833	98 147
b) tax provisions		114 853	107 624
c) other provisions		39 073	30 667
		262 759	236 438
Subordinated liabilities		868 413	803 413
Participation certificate (Genusschein) capital		623 759	439 259
of which: with remaining maturities of less than two years	51 129	(-)	
Fund for general bank risks		80 000	80 000
Equity			
a) subscribed capital		225 280	225 280
contingent capital:	22 528	(48 128)	
b) capital reserves		567 416	567 416
c) revenue reserves			
ca) statutory reserves		2 399	2 399
cb) reserves for treasury shares		-	529
cc) other revenue reserves		302 232	273 352
d) distributable profit		304 631	276 280
		67 760	67 760
		1 165 087	1 136 736
Total liabilities		35 143 819	32 334 400
Contingent liabilities			
a) contingent liabilities arising from rediscounted bills of exchange		459	396
b) contingent liabilities arising from guarantees and indemnity agreements		4 000 936	2 901 674
		4 001 395	2 902 070
Other obligations			
Irrevocable loan commitments		4 981 719	1 704 910

* in parentheses: Previous year's figures

Income Statement of IKB Deutsche Industriebank AG

Expenses	EUR thousand*	2001/2002 EUR thousand	2000/2001 EUR thousand
Interest expenses		2 448 583	2 380 995
Commission expenditure		2 090	3 420
General operating expenses			
a) Personnel expenditure			
aa) Salaries and wages		73 878	67 349
ab) Social security contributions and employee benefit and pension expenditure		27 351	22 700
of which: for pensions	17 997	(13 885)	
		101 229	90 049
		47 618	42 861
		148 847	132 910
b) other administrative expenses			
Depreciation and value adjustments on intangible and tangible fixed assets		13 865	12 125
Other operating expenses		10 330	12 438
Write-downs and value adjustments to claims and securities, plus transfers to provisions for possible loan losses		141 228	164 751
Write-downs and value adjustments on investments, holdings in subsidiary companies and securities treated as long-term investments		–	87
Expenditure for loss takeovers		42 922	9 458
Taxes on income and earnings		63 734	79 691
Other taxes not entered under "other operating expenses"		478	958
Net income for the year		96 110	98 065
Total expenses		2 968 187	2 894 898
 Net income for the year		96 110	98 065
Release of revenue reserves			
of revenues for own shares		529	–
Allocation to revenue reserves			
to reserves for own shares		–	315
to other revenues reserves		28 879	29 990
Unappropriated profit		67 760	67 760

* in parentheses: Previous year's figure