

**Supplement No. 3 dated 16 June 2017  
to the Base Prospectus dated 25 August 2016**



**Deutsche Industriebank**

**IKB Deutsche Industriebank Aktiengesellschaft ("IKB")**

(incorporated as a stock corporation under the laws of the Federal Republic of Germany)

**Debt Issuance Programme** (the "**Programme**")

for the issuance of notes in bearer form (the "**Notes**")

This supplement no. 3 (the "**Supplement**") constitutes a supplement for the purposes of Article 16.1 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended, (the "**Prospectus Directive**") and Article 13 of the Luxembourg Law on Prospectuses for Securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005, as amended, (the "**Prospectus Act**") to the Base Prospectus dated 25 August 2016 (the "**Base Prospectus**"), which has been prepared in connection with the Programme established by IKB (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus (as supplemented by supplement no. 1 to the Base Prospectus dated 7 December 2016 (the "**Supplement No. 1**") and supplement no. 2 to the Base Prospectus dated 7 April 2017 (the "**Supplement No. 2**")) and all documents incorporated by reference in the Base Prospectus.

Copies of the Base Prospectus, all documents incorporated by reference in the Base Prospectus, Supplement No. 1, Supplement No. 2 and this Supplement will be obtainable free of charge to each investor upon request. These documents can be requested from the Issuer via its website ([www.ikb.de](http://www.ikb.de)) or by letter to IKB Deutsche Industriebank Aktiengesellschaft at the following address: Wilhelm-Bötckes-Straße 1, 40474 Düsseldorf, Federal Republic of Germany. Copies of the Base Prospectus, all documents incorporated by reference in the Base Prospectus, Supplement No. 1, Supplement No. 2 and this Supplement will also be viewable on, and obtainable free of charge from, the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

To the extent that there is any inconsistency between (a) any statements in this Supplement or any statements incorporated by reference in the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

The Issuer accepts responsibility for the information contained in this Supplement (including any information incorporated by reference in the Base Prospectus by this Supplement). The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information

contained in this Supplement (including any information incorporated by reference in the Base Prospectus by this Supplement) is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

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## A. Introduction

On 9 June 2017, IKB published its Annual Report 2016/2017 as of and for the financial year ended 31 March 2017 (the "**Annual Report 2016/2017**"). Following the publication of the Annual Report 2016/2017, the sections entitled "A. SUMMARY", "B. RISK FACTORS", "D. DESCRIPTION OF THE ISSUER" and "I. DOCUMENTS INCORPORATED BY REFERENCE" contained in the Base Prospectus shall be amended as follows to provide updated information with regard to the Issuer and certain risks relating to the Issuer.

## B. Amendments to the section commencing on page 7 of the Base Prospectus which is entitled "A. SUMMARY"

### 1. Amendments to the subsection commencing on page 7 of the Base Prospectus which is entitled "1. ENGLISH VERSION OF SUMMARY"

The subsection commencing on page 9 of the Base Prospectus which is entitled "Section B – The Issuer – B.12 – Selected Historical Key Financial Information"(as replaced by Supplement No. 1) shall be replaced in its entirety as follows:

Element	Section B – The Issuer																																														
<b>B.12</b>	<b>Selected Historical Key Financial Information</b>	<p><b>Summary of Selected Financial Information</b></p> <p>Unless specified otherwise below, the following table sets out the key financial information of IKB in accordance with the German Commercial Code (Handelsgesetzbuch; "<b>HGB</b>") extracted from the consolidated financial statements as of and for the financial year ended 31 March 2017. The consolidated financial statements of IKB as of and for the financial year ended 31 March 2017 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("<b>PwC</b>") and PwC has issued an unqualified auditors' opinion on such consolidated financial statements.</p> <p><b>Consolidated Balance Sheet</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">in € million</th> <th style="text-align: right;">31 Mar. 2017</th> <th style="text-align: right;">31 Mar. 2016</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Assets</b></td> </tr> <tr> <td>Cash reserve</td> <td style="text-align: right;">20</td> <td style="text-align: right;">34</td> </tr> <tr> <td>Receivables from banks</td> <td style="text-align: right;">1,670</td> <td style="text-align: right;">2,122</td> </tr> <tr> <td>Receivables from customers</td> <td style="text-align: right;">9,925</td> <td style="text-align: right;">9,888</td> </tr> <tr> <td>Bonds and other fixed-income securities</td> <td style="text-align: right;">5,330</td> <td style="text-align: right;">5,052</td> </tr> <tr> <td>Equities and other non-fixed-income securities</td> <td style="text-align: right;">473</td> <td style="text-align: right;">470</td> </tr> <tr> <td>Assets held for trading</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Equity investments</td> <td style="text-align: right;">4</td> <td style="text-align: right;">11</td> </tr> <tr> <td>Investments in associates</td> <td style="text-align: right;">16</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Lease assets</td> <td style="text-align: right;">928</td> <td style="text-align: right;">941</td> </tr> <tr> <td>Prepaid expenses</td> <td style="text-align: right;">113</td> <td style="text-align: right;">275</td> </tr> <tr> <td>Deferred tax assets</td> <td style="text-align: right;">255</td> <td style="text-align: right;">254</td> </tr> <tr> <td>Remaining assets</td> <td style="text-align: right;">445</td> <td style="text-align: right;">498</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>19,189</b></td> <td style="text-align: right;"><b>19,559</b></td> </tr> </tbody> </table> <p>Some totals may be subject to discrepancies due to rounding differences.</p>	in € million	31 Mar. 2017	31 Mar. 2016	<b>Assets</b>			Cash reserve	20	34	Receivables from banks	1,670	2,122	Receivables from customers	9,925	9,888	Bonds and other fixed-income securities	5,330	5,052	Equities and other non-fixed-income securities	473	470	Assets held for trading	-	-	Equity investments	4	11	Investments in associates	16	15	Lease assets	928	941	Prepaid expenses	113	275	Deferred tax assets	255	254	Remaining assets	445	498	<b>Total assets</b>	<b>19,189</b>	<b>19,559</b>
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Element	Section B – The Issuer		
	<b>in € million</b>	<b>31 Mar. 2017</b>	<b>31 Mar. 2016</b>
	<b>Equity and liabilities</b>		
	Liabilities to banks	7,643	7,897
	Liabilities to customers	7,551	7,498
	Securitised liabilities	823	774
	Liabilities held for trading	-	-
	Deferred income	127	147
	Provisions	241	348
	Subordinated liabilities	696	922
	Profit participation capital	-	32
	Fund for general banking risks	585	585
	Remaining Other liabilities	484	345
	Equity	1,039	1,011
	<b>Total equity and liabilities</b>	<b>19,189</b>	<b>19,559</b>
	<b>Contingent liabilities and Other obligations</b>	<b>2,789</b>	<b>2,568</b>
	Some totals may be subject to discrepancies due to rounding differences.		
	<b>Consolidated Income Statement</b>		
	<b>in € million</b>	<b>31 Mar. 2017</b>	<b>31 Mar. 2016</b>
	<b>Expenses</b>		
	Lease expenses	-192	-211
	Interest expenses	-512	-647
	Commission expenses	-14	-14
	Net trading results	-	-
	General administrative expenses	-271	-288
	Amortisation and write-downs on intangible fixed assets and depreciation and write-downs on tangible fixed assets	-304	-322
	Other operating expenses	-675	-985
	Expenses for the addition to the fund for general banking risks	-	-7
	Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	-	-9
	Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investments	-8	-14
	Costs of loss absorption	-	0
	Extraordinary expenses	-42	-34
	Income taxes	-18	1
	Other taxes not reported under "Other operating expenses"	-2	-2
	<b>Net income for the financial year</b>	<b>-26</b>	<b>-10</b>
	<b>Total expenses</b>	<b>-2,064</b>	<b>-2,542</b>

Element	Section B – The Issuer		
	<b>in € million</b>	<b>31 Mar. 2017</b>	<b>31 Mar. 2016</b>
	<b>Income</b>		
	Lease income	541	586
	Interest income	741	862
	Current income	5	4
	Income from profit-pooling, profit transfer and partial profit transfer agreements	-	-
	Commission income	53	43
	Net trading results	-	6
	Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	17	-
	Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	267	281
	Other operating income	441	759
	Income from the reversal of the fund for general banking risks	-	-
	Extraordinary income	-	1
	Income from assumption of losses	-	-
	Net loss for the financial year	-	-
	<b>Total income</b>	<b>2,064</b>	<b>2,542</b>
	Net income for the financial year	26	10
	Loss carryforward from the previous year	-2,361	-2,372
	Withdrawals from capital reserves	-	-
	Withdrawals from revenue reserves	-	-
	Withdrawals from profit participation capital	-	-
	Withdrawals from silent partnership contributions	-	-
	Allocations to revenue reserves	-	-
	Replenishment of profit participation capital	-	-
	<b>Net accumulated losses</b>	<b>-2,336</b>	<b>-2,361</b>
	Some totals may be subject to discrepancies due to rounding differences.		
	<b>Consolidated Cash Flow Statement</b>		
	<b>in € million</b>	<b>2016/17</b>	<b>2015/16</b>
	Cash flow from operating activities	250.6	-739.5
	Cash flow from investing activities	-32.8	788.6
	Cash flow from financing activities	-239	-50.0
	Cash funds at end of period	19.7	33.7
	Some totals may be subject to discrepancies due to rounding differences.		
	<b>Summary of Regulatory Indicators</b>		
	Regulatory capital situation of IKB Group in accordance with CRR/CRD IV <sup>1)</sup> :		
	<b>in € million</b>	<b>31 Mar. 2017<sup>2)</sup></b>	<b>31 Mar. 2016<sup>2)3)</sup></b>
	Total risk-weighted assets (RWA)	12,934	12,763
	Own funds	2,181	2,190
	CET 1 ratio	11.7%	11.6%
	T 1 ratio	13.5%	13.8%
	Own funds ratio	16.9%	17.2%

Element	Section B – The Issuer	
		<p>Some totals may be subject to discrepancies due to rounding differences.</p> <p>1) Figures taking into consideration the phase-in and phase-out provisions of the CRR. The CET 1 ratios were calculated in accordance with the current legal status of the CRR as at 31 March 2017 and 31 March 2016 respectively, including transitional provisions and the interpretations published by the regulatory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.</p> <p>2) Figures after approval of the accounts.</p> <p>3) Taking into consideration the addition to the fund for general banking risk in CET 1 at the reporting date.</p>
	<b>Material adverse change in the prospects of the Issuer</b>	There has been no material adverse change in the prospects of IKB AG that has occurred since the date of the last audited consolidated financial statements as of and for the financial year ended 31 March 2017.
	<b>Significant change in the financial position</b>	Not applicable. There has been no significant change in IKB AG's financial position since the date of the last consolidated financial statements as of and for the financial year ended 31 March 2017.

2. **Amendments to the subsection commencing on page 29 of the Base Prospectus which is entitled "2. GERMAN TRANSLATION OF THE SUMMARY"**

The subsection commencing on page 31 of the Base Prospectus which is entitled "Abschnitt B – Die Emittentin – B.12 – Ausgewählte wesentliche historische Finanzinformationen" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:

Element	Abschnitt B – Die Emittentin																						
<b>B.12</b>	<b>Ausgewählte wesentliche historische Finanzinformationen</b>	<p><b>Zusammenfassung ausgewählter Finanzinformationen</b></p> <p>Sofern nachstehend nicht anders angegeben, enthält die nachstehende Tabelle die wesentlichen Finanzdaten der IKB nach Handelsgesetzbuch ("<b>HGB</b>"), die dem Konzernabschluss zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr entnommen wurden. Der Konzernabschluss der IKB zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr wurde von der PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("<b>PwC</b>") geprüft, und PwC hat einen uneingeschränkten Bestätigungsvermerk mit Bezug auf den Konzernabschluss erteilt.</p> <p><b>Konzernbilanz</b></p> <table border="1"> <thead> <tr> <th>in Mio. €</th> <th>31. März 2017</th> <th>31. März 2016</th> </tr> </thead> <tbody> <tr> <td><b>Aktiva</b></td> <td></td> <td></td> </tr> <tr> <td>Barreserve</td> <td>20</td> <td>34</td> </tr> <tr> <td>Forderungen an Kreditinstitute</td> <td>1.670</td> <td>2.122</td> </tr> <tr> <td>Forderungen an Kunden</td> <td>9.925</td> <td>9.888</td> </tr> <tr> <td>Schuldverschreibungen und andere festverzinsliche Wertpapiere</td> <td>5.330</td> <td>5.052</td> </tr> <tr> <td>Aktien und andere nicht festverzinsliche Wertpapiere</td> <td>473</td> <td>470</td> </tr> </tbody> </table>	in Mio. €	31. März 2017	31. März 2016	<b>Aktiva</b>			Barreserve	20	34	Forderungen an Kreditinstitute	1.670	2.122	Forderungen an Kunden	9.925	9.888	Schuldverschreibungen und andere festverzinsliche Wertpapiere	5.330	5.052	Aktien und andere nicht festverzinsliche Wertpapiere	473	470
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Element	Abschnitt B – Die Emittentin		
	<b>in Mio. €</b>	<b>31. März 2017</b>	<b>31. März 2016</b>
	<b>Aktiva</b>		
	Handelsbestand	-	-
	Beteiligungen	4	11
	Anteile an assoziierten Unternehmen	16	15
	Leasingvermögen	928	941
	Rechnungsabgrenzungsposten	113	275
	Aktive latente Steuern	255	254
	Übrige Aktiva	445	498
	<b>Summe der Aktiva</b>	<b>19.189</b>	<b>19.559</b>
	Summendifferenzen sind Rundungsdifferenzen.		
	<b>in Mio. €</b>	<b>31. März 2017</b>	<b>31. März 2016</b>
	<b>Passiva</b>		
	Verbindlichkeiten gegenüber Kreditinstituten	7.643	7.897
	Verbindlichkeiten gegenüber Kunden	7.551	7.498
	Verbriefte Verbindlichkeiten	823	774
	Handelsbestand	-	-
	Rechnungsabgrenzungsposten	127	147
	Rückstellungen	241	348
	Nachrangige Verbindlichkeiten	696	922
	Genussrechtskapital	-	32
	Fonds für allgemeine Bankrisiken	585	585
	Übrige Verbindlichkeiten	484	345
	Eigenkapital	1.039	1.011
	<b>Summe der Passiva</b>	<b>19.189</b>	<b>19.559</b>
	<b>Eventualverbindlichkeiten und andere Verpflichtungen</b>	<b>2.789</b>	<b>2.568</b>
	Summendifferenzen sind Rundungsdifferenzen.		
	<b>Konzern-Gewinn- und Verlustrechnung</b>		
	<b>in Mio. €</b>	<b>31. März 2017</b>	<b>31. März 2016</b>
	<b>Aufwendungen</b>		
	Leasingaufwendungen	-192	-211
	Zinsaufwendungen	-512	-647
	Provisionsaufwendungen	-14	-14
	Nettoaufwand des Handelsbestands	-	-
	Allgemeine Verwaltungsaufwendungen	-271	-288
	Abschreibungen und Wertberichtigungen auf immaterielle Anlagewerte und Sachanlagen	-304	-322
	Sonstige betriebliche Aufwendungen	-675	-985
	Aufwendungen aus der Zuführung zum Fonds für allgemeine Bankrisiken	-	-7
	Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft	-	-9
	Abschreibungen und Wertberichtigungen auf Beteiligungen, Anteile an verbundenen Unternehmen und wie Anlagevermögen behandelte Wertpapiere	-8	-14



Element	Abschnitt B – Die Emittentin		
	in Mio. €	31. März 2017	31. März 2016
	Aufwendungen aus Verlustübernahme	-	0
	Außerordentliche Aufwendungen	-42	-34
	Steuern vom Einkommen und vom Ertrag	-18	1
	Sonstige Steuern, soweit nicht unter dem Posten "Sonstige betriebliche Aufwendungen" ausgewiesen	-2	-2
	Jahresüberschuss	-26	-10
	<b>Summe der Aufwendungen</b>	<b>-2.064</b>	<b>-2.542</b>
	in Mio.€	31. März 2017	31. März 2016
	Erträge		
	Leasingerträge	541	586
	Zinserträge	741	862
	Laufende Erträge	5	4
	Erträge aus Gewinngemeinschaften, Gewinnabführungs- oder Teilgewinnabführungsverträgen	-	-
	Provisionserträge	53	43
	Nettoertrag des Handelsbestands	-	6
	Erträge aus Zuschreibungen zu Forderungen und bestimmten Wertpapieren sowie aus der Auflösung von Rückstellungen im Kreditgeschäft	17	-
	Erträge aus Zuschreibungen zu Beteiligungen, Anteilen an verbundenen Unternehmen und wie Anlagevermögen behandelten Wertpapieren	267	281
	Sonstige betriebliche Erträge	441	759
	Erträge aus der Auflösung des Fonds für allgemeine Bankrisiken	-	-
	Außerordentliche Erträge	-	1
	Erträge aus Verlustübernahme	-	-
	Jahresfehlbetrag	-	-
	<b>Summe der Erträge</b>	<b>2.064</b>	<b>2.542</b>
	Jahresüberschuss	26	10
	Verlustvortrag aus dem Vorjahr	-2.361	-2.372
	Entnahmen aus der Kapitalrücklage	-	-
	Entnahmen aus Gewinnrücklagen	-	-
	Entnahmen aus Genusssrechtskapital	-	-
	Entnahmen Stille Einlage	-	-
	Einstellungen in Gewinnrücklagen	-	-
	Wiederauffüllung des Genusssrechtskapitals	-	-
	<b>Bilanzverlust</b>	<b>-2.336</b>	<b>-2.361</b>
	Summendifferenzen sind Rundungsdifferenzen.		
	<b>Konzern-Kapitalflussrechnung</b>		
	in Mio. €	2016/17	2015/16
	Cashflow aus laufender Geschäftstätigkeit	250,6	-739,5
	Cashflow aus Investitionstätigkeit	-32,8	788,6
	Cashflow aus der Finanzierungstätigkeit	-232	-50,0
	Finanzmittelfonds am Ende der Periode	20	33,7
	Summendifferenzen sind Rundungsdifferenzen.		

Element	Abschnitt B – Die Emittentin																				
	<p><b>Regulatorische Kapitalausstattung</b></p> <p>Regulatorische Kapitalsituation der IKB-Gruppe unter CRR/CRD IV<sup>1)</sup>:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">in Mio. €</th> <th style="text-align: right;">31. März 2017<sup>2)</sup></th> <th style="text-align: right;">31. März 2016<sup>2)3)</sup></th> </tr> </thead> <tbody> <tr> <td>Total Risk Weighted Assets (RWA)</td> <td style="text-align: right;">12.934</td> <td style="text-align: right;">12.763</td> </tr> <tr> <td>Own Funds</td> <td style="text-align: right;">2.181</td> <td style="text-align: right;">2.190</td> </tr> <tr> <td>CET 1 Ratio</td> <td style="text-align: right;">11,7%</td> <td style="text-align: right;">11,6%</td> </tr> <tr> <td>T 1 Ratio</td> <td style="text-align: right;">13,5%</td> <td style="text-align: right;">13,8%</td> </tr> <tr> <td>Own Funds Ratio</td> <td style="text-align: right;">16,9%</td> <td style="text-align: right;">17,2%</td> </tr> </tbody> </table> <p>Summendifferenzen sind Rundungsdifferenzen.</p> <p>1) Angaben unter Berücksichtigung der Ein- und Ausphasungsregelungen der CRR. Die CET 1-Quoten wurden nach aktuellem Rechtsstand der CRR zum 31. März 2017 bzw. 31. März 2016 inklusive Übergangsvorschriften sowie der bekannten Interpretationen der Aufsicht und deren Auslegung ermittelt. Es ist nicht auszuschließen, dass zukünftige EBA-/EZB-Standards/Interpretationen bzw. sonstige aufsichtliche Handlungen retrograd zu einer abweichenden CET 1-Quote führen können.</p> <p>2) Angaben nach Bilanzfeststellung.</p> <p>3) Unter stichtagsgleicher Zurechnung der Dotierung des Fonds für allgemeine Bankrisiken im CET 1.</p>			in Mio. €	31. März 2017 <sup>2)</sup>	31. März 2016 <sup>2)3)</sup>	Total Risk Weighted Assets (RWA)	12.934	12.763	Own Funds	2.181	2.190	CET 1 Ratio	11,7%	11,6%	T 1 Ratio	13,5%	13,8%	Own Funds Ratio	16,9%	17,2%
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T 1 Ratio	13,5%	13,8%																			
Own Funds Ratio	16,9%	17,2%																			
	<b>Wesentliche Verschlechterung der Aussichten der Emittentin</b>	Seit dem Datum des letzten geprüften Konzernabschlusses zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr sind keine wesentlichen Veränderungen in den Aussichten der IKB AG eingetreten.																			
	<b>Wesentliche Veränderung in der Finanzlage</b>	Entfällt. Seit dem Datum des letzten Konzernabschlusses zum und für das am 31. März 2017 abgeschlossene Geschäftsjahr sind keine wesentlichen Veränderungen in der Finanzlage der IKB AG eingetreten.																			

**C. Amendments to the section commencing on page 55 of the Base Prospectus which is entitled "B. RISK FACTORS"**

**Amendments to the subsection commencing on page 55 of the Base Prospectus which is entitled "1. RISK FACTORS RELATING TO THE ISSUER"**

- 1. In the subsection commencing on page 57 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB faces liquidity risks, which it may fail to mitigate if it is unable to raise sufficient funding.*" the third paragraph (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

Depending on the development of its new business, IKB expects its liquidity requirements to amount to between € 4 billion and € 5 billion during the course of the next twelve months. As previously, the main options currently available for refinancing these requirements are accepting customer deposits and promissory note loans, secured borrowing on the interbank market (cash and term deposits), participating in ECB tenders and issuing bearer bonds.

- 2. In the subsection on page 60 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *Market risks associated with fluctuations in rates of interest, bond and equity prices and other market factors are inherent in IKB's business.*" the fourth paragraph shall be replaced in its entirety as follows:**

IKB reports its financial results in euros. However, IKB enters into transactions in different currencies, the most important being U.S. Dollars and Japanese Yen. As a result, IKB is subject to certain currency exchange risks. Fluctuations in exchange rates could result in a mismatch between liabilities and investments.

3. **In the subsection on page 61 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB's business entails operational risks.*" the first paragraph shall be replaced in its entirety as follows:**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. IKB's business depends on the ability to process a large number of transactions efficiently and accurately while complying with applicable laws and regulations where it operates. Operational losses can result from, among other things, fraud, criminal acts, cyber crime, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record-keeping errors or errors resulting from faulty computer or telecommunications systems, problems with the security of IKB's IT systems and with its data inventory and fraud or other criminal acts by employees or outsiders. Although IKB maintains a system of controls designed to keep operational risk at appropriate levels, there can be no assurance that IKB will not suffer losses from any failure of these controls to detect or contain operational risk in the future.

4. **The subsection on page 63 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *IKB is exposed to substantial risk of loss from legal and regulatory proceedings.*" the third paragraph (as added by Supplement No. 2) shall be replaced in its entirety as follows:**

Various investors have threatened or taken legal action in connection with subordinated debt instruments issued by IKB AG. The preliminary value at risk of combined threats stands at about € 94 million as of 9 May 2017. Investors claim additional interest payments and in addition allege a wrongful write-down of the principal amount of subordinated debt instruments issued by IKB AG over time. At the end of May 2017, one action is pending at the Regional Court (*Landgericht*) of Düsseldorf with a preliminary value at risk of about € 22 million.

5. **The subsection on page 63 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *Risk related to structured credit products.*" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

*Risks related to structured credit products*

The risks from IKB's remaining structured credit products in terms of the book value amount to € 54 million. This amount refers to the risks from mortgage investments (including subprime) which were transferred to the special purpose vehicle Rio Debt Holdings in 2008. All transactions related to the strategic core business of IKB, i.e. securitisations of IKB's own loans, have been terminated during the financial year ended 31 March 2017.

6. **In the subsection commencing on page 65 of the Base Prospectus which is entitled "1.2 Risks Relating to IKB and its Business – *There is a risk of additional taxes due to a dissenting view of the tax authorities on the application of the German Corporate Income Tax Act (Körperschaftsteuergesetz; "KStG") and the German Trade Tax Act (Gewerbesteuergesetz; "GewStG").*" (as amended by Supplement No. 1) the first and the third paragraph shall be replaced in their entirety as follows:**

In August 2015, IKB AG received tax assessment notices in which a dissenting view of the tax authorities was implemented with respect to the application of Section 8c KStG / Section 10a

GewStG in connection with the capital increase implemented by IKB AG during the course of the financial year 2008/2009 and the subsequent sale of KfW's shares in IKB AG to Lone Star in the financial year 2008/2009. IKB AG has filed appeals against the tax assessments. IKB AG paid the corporation tax and the solidarity surcharge for 2009, including interest attributable to the corporation tax in time. Payment was made in the amount of approximately € 140 million from the tax provision recognised as at 31 March 2015 and in the amount of € 1 million from net other operating income (other interest). With respect to the trade tax base assessment (*Gewerbesteuermessbetragsbescheid*) IKB AG was granted a suspension of enforcement (*Aussetzung der Vollziehung*) by the tax authorities upon its application. The trade tax and the associated interest were therefore not yet payable.

After receipt of a negative decision on the appeal against corporation tax IKB AG filed a lawsuit at the end of October 2016. IKB AG has not yet received a decision of the tax authorities with regard to its appeal against the trade tax assessment.

The current outcome of the risk assessment does not differ from the outcome as at 31 March 2016. A provision has not yet been recognised for trade tax or the corresponding interest. There is a possibility that this risk will need to be reassessed as proceedings continue. The risk with respect to trade tax becoming finally payable currently amounts to around € 112 million plus interest of 0.5% per month and to € 1.2 million for cost allocations for chamber of commerce and industry membership fees. The potential risk of interest with respect to trade tax amounted to € 39.2 million as at 31 March 2017 plus approximately € 0.6 million for each additional month. If this risk were to occur, the regulatory tier 1 ratio or common equity tier 1 ratio calculated as at 31 March 2017 would deteriorate by 1.2 percentage points at the level of the IKB Group, the leverage ratio calculated as at 31 March 2017 would decline by 0.7 percentage points for the regulatory IKB Group and the net income after taxes and before additions to/reversals of the fund for general banking risks as at 31 March 2017 would decline by € 152 million. There would be no impact on the liquidity coverage ratio or the liquidity ratio in accordance with section 2 (1) of the German Liquidity Regulation (*Liquiditätsverordnung*).

In April 2016, Aleanta GmbH (which is a wholly owned subsidiary of IKB AG without a profit transfer agreement and which is therefore not included in the income tax group), in the context of an audit of a company to which it is the legal successor (Olessa GmbH), received an initial written notice to the effect that the tax authorities are considering evaluating the retroactive merger of Olessa GmbH with Aleanta GmbH in the 2010/11 financial year as a case of Section 42 of the German Fiscal Code (*Abgabenordnung*) with the consequence that Aleanta GmbH would have to pay an additional amount of approximately € 27 million for outstanding payments, interest thereon amounting to € 8 million as at 31 March 2017 and the reallocation of Chamber of Commerce and Industry contribution of € 0.2 million in addition. The tax audit is not finished yet, and Aleanta GmbH has sent comments on the matter and the current assessment of the audit. If the tax authorities set respective tax assessments in place, Aleanta will file appeals against these tax assessments.

- D. Amendments to the section commencing on page 89 of the Base Prospectus which is entitled "D. DESCRIPTION OF THE ISSUER"**
- 1. Amendments to the subsection commencing on page 89 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT"**
- a. The subsection on page 89 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.1 General Information / History and Development – 2.1.1 Auditors" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

IKB's statutory auditor until the end of IKB AG's most recent financial year ended 31 March 2017 was PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Straße 19, 40277 Düsseldorf, Federal Republic of Germany ("PwC"). PwC audited the most recent financial statements of IKB AG prepared in respect of the financial year ended 31 March 2017. PwC is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*). After 10 years of co-operation with PwC, a change of IKB's auditors was required by law. The new statutory auditor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Flughafenstraße 61, 70629 Stuttgart, Federal Republic of Germany ("EY"). EY is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*).

- b. **The subsection commencing on page 90 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.2 Business Overview" the subsection entitled "2.2.4 Summary of Regulatory Indicators" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

## 2.2.4 Summary of Regulatory Indicators and Regulatory Status

### *Regulatory Indicators*

IKB calculates its regulatory capital resources in accordance with the provisions of the CRR. It applies the standardised approach for credit risk for counterparty default risk, the standard method for the calculation of the credit valuation adjustment charge, the base indicator approach for operational risk, and the prescribed standard regulatory methods for market price risk. IKB continues to use the regulatory netting approach to determine the net basis of measures for derivatives, taking existing netting agreements into account. The following table provides an overview of the regulatory risk items, equity base and ratios.

*Table: Regulatory capital situation at the IKB Group in accordance with CRR / CRD IV<sup>1)</sup>*

Figures in € million	31 Mar. 2017 <sup>2)</sup>	31 Mar. 2016 <sup>2)3)</sup>
Counterparty default risk	11,888	11,970
Market risk equivalent	323	182
Operational risk	722	611
<b>Total risk-weighted assets (RWA)</b>	<b>12,934</b>	<b>12,763</b>
Common Equity Tier 1 (CET 1)	1,510	1,479
Additional Tier 1 (AT 1)	236	282
<b>Total Tier 1 (T 1)</b>	<b>1,746</b>	<b>1,761</b>
Tier 2 (T 2)	435	429
<b>Own funds</b>	<b>2,181</b>	<b>2,190</b>

Figures in € million	31 Mar. 2017 <sup>2)</sup>	31 Mar. 2016 <sup>2)3)</sup>
<b>CET 1 ratio</b>	<b>11.7%</b>	<b>11.6%</b>
T 1 ratio	13.5%	13.8%
Own funds ratio	<b>16.9%</b>	17.2%

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

- 1) Figures taking into consideration the phase-in and phase-out provisions of the CRR. The CET 1 ratios were calculated in accordance with the current legal status of the CRR as at 31 March 2017 and 31 March 2016 respectively, including transitional provisions and the interpretations published by the regulatory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.
- 2) Figures after approval of the accounts
- 3) Taking into consideration the addition to the fund for general banking risk in CET 1 at the reporting date.

At 11.7 % at Group level and 15.5 % at individual IKB AG level, IKB's Common Equity Tier 1 ("**CET 1**") capital ratios significantly exceed the minimum legal requirements including the capital conservation buffer and the countercyclical capital buffer.

IKB's Board of Managing Directors expects it to be possible to meet the statutory minimum requirements in the future.

Although the CRR has been binding since 1 January 2014, there remains uncertainty with regard to the interpretation of the new regulation. This is also reflected in the large number of interpretation issues raised with the EBA, which are extremely important when it comes to interpreting the regulation. Furthermore, many technical regulatory standards to be announced by the EBA are not yet available in their final version or their publication has been delayed compared with the EBA's original timetable. Further uncertainty is due to the fact that the results of the international banking regulation process and the European project for uniform bank supervision are not always foreseeable. This relates in particular to the implementation of the regulations arising from the Banking Recovery and Resolution Directive ("**BRRD**") with national implementation in the form of the German Recovery and Resolution Act ("**SAG**"). The European Commission published the consultation documents on the revision of the CRD IV/CRR on 23 November 2016, which have yet to be approved by the European Parliament and the Council and adopted as a regulation and directive. This process, and the compromise process it usually entails, will take several years. In addition, the Basel Committee on Banking Supervision (BCBS) has issued for consultation or already adopted a number of working papers that are consolidated under the working title Basel IV. In particular, these include the papers on revisions to the standardised approach for credit risk (BCBS 347), the standardised approach for measuring counterparty default risk (BCBS 279), revisions to the securitisation framework (BCBS 303), the trading book framework (BCBS 305), the standardised approaches for operational risk (BCBS 355), interest rate risk in the banking book (BCBS 368), capital floors for the advanced measurement approach (BCBS 306) and identification and management of step-in risk (BCBS 398). The exact effect of these papers on future capital requirements cannot be conclusively quantified at the end of May 2017. The binding date on which harmonised EU-wide banking supervisory legislation will come into force has also still yet to be defined.

## **Regulatory Status**

In 2014, BaFin requested IKB AG to compile a recovery plan according to Sections 47 *et seq.* of the KWG as applicable until 31 December 2014 and the German Circular on Minimum Requirements for the Contents of Recovery Plans for Credit Institutions (*Mindestanforderungen an die Ausgestaltung von Sanierungsplänen*). On 30 July 2014, IKB submitted its initial recovery plan to BaFin. Meanwhile, the recovery plan has been revised according to the requirements of the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) and was re-submitted to BaFin on 30 October 2015. In April 2016, BaFin informed IKB AG of its current qualification as not potentially systemically important (*nicht potenziell systemgefährdend*). The qualification will be updated regularly and, thus, is subject to change.

- c. The subsection commencing on page 95 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.3 Organisational Structure / Description of the Group – Consolidated Entities" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

### *Consolidated Entities*

As at 31 March 2017, the consolidated entities were as follows:

#### **A. Consolidated Subsidiaries**

##### **1. German subsidiaries**

	<b>Share of capital in %</b>
Aleanta GmbH, Düsseldorf	100.0
IKB Beteiligungen GmbH, Düsseldorf	100.0
IKB Beteiligungsgesellschaft 1 mbH, Düsseldorf	100.0
IKB Beteiligungsgesellschaft 2 mbH, Düsseldorf	100.0
IKB Beteiligungsgesellschaft 3 mbH, Düsseldorf	100.0
IKB Beteiligungsgesellschaft 5 mbH, Düsseldorf	100.0
IKB Data GmbH, Düsseldorf	100.0
IKB Equity Capital Fund GmbH, Düsseldorf <sup>1)</sup>	100.0
IKB Grundbesitzgesellschaft Düsseldorf GmbH & Co. KG, Düsseldorf	94.9
IKB Grundbesitzgesellschaft Frankfurt GmbH & Co. KG, Düsseldorf <sup>1)</sup>	94.9
IKB Grundstücks GmbH & Co. Objekt Holzhausen KG, Düsseldorf	100.0

<b>1. German subsidiaries</b>		<b>Share of capital in %</b>
IKB Grundstücks GmbH, Düsseldorf		100.0
IKB Grundstücksgesellschaft Düsseldorf GmbH, Düsseldorf		100.0
IKB Invest GmbH, Düsseldorf	1)	100.0
IKB Leasing Beteiligungsgesellschaft mbH, Hamburg	1)	100.0
IKB Leasing GmbH, Hamburg	1)	100.0
IKB Projektentwicklung GmbH & Co. KG i.L., Düsseldorf	3)	100.0
IKB Real Estate Holding GmbH, Düsseldorf		100.0
IKB Struktur GmbH, Düsseldorf	1)	100.0
Istop 1 GmbH, Düsseldorf	1)	100.0
Istop 2 GmbH, Düsseldorf	1)	100.0
Istop 4 GmbH, Düsseldorf	1)	100.0
Istop 6 GmbH, Düsseldorf	1)	100.0
MATRONA GmbH, Düsseldorf	1)	100.0
Projektbeteiligung TH GmbH & Co. KG, Düsseldorf	1)	89.8
Tempelhofer Hafen GmbH & Co. KG, Düsseldorf	1)	94.9
UTA Truck Lease GmbH, Neu-Isenburg	1)	100.0
Aleanta GmbH, Düsseldorf		100.0
<b>2. Foreign subsidiaries</b>		<b>Share of capital in %</b>
AO IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia	1)	100.0
IKB Finance B.V., Amsterdam, Netherlands		100.0
IKB Funding LLC I, Wilmington, United States of America	1)	100.0
IKB Funding LLC II, Wilmington, United States of America	1)	100.0
IKB International S.A. i.L., Munsbach, Luxembourg	2)3)	100.0
IKB Leasing Austria GmbH, Vienna, Austria	1)	100.0
IKB Leasing CR s.r.o., Prague, Czech Republic	1)	100.0
IKB Leasing Finance IFN SA, Bucharest, Romania	1)	100.0
IKB Leasing France S.A.R.L., Marne La Vallée, France	1)	100.0
IKB Leasing Kft., Budapest, Hungary	1)	100.0
IKB Leasing Polska Sp.z.o.o, Poznan (Posen), Poland	1)	100.0



<b>2. Foreign subsidiaries</b>		<b>Share of capital in %</b>
IKB Leasing S.R.L., Bucharest, Romania	1)	100.0
IKB Leasing SR, s.r.o., Bratislava, Slovakia	1)	100.0
IKB Lux Beteiligungen S.à.r.l, Munsbach, Luxembourg		100.0
IKB Pénzügyi Lízing Zrt., Budapest, Hungary	1)	100.0
IKBL Asset spółka z ograniczona odpowiedzialnoscia & Co. spółka komandytowa, Poznan, Poland	1)	100.0
IKBL ASSET Spolka z ograniczona odpowiedzialnoscia, Poznan, Poland	1)	100.0
IKBL Renting and Service S.r.l., Lainate (MI), Italy	1)	100.0
STILL LOCATION S.à.r.l., Marne La Vallée, France	1)	100.0
AO IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia	1)	100.0
IKB Finance B.V., Amsterdam, Netherlands		100.0
IKB Funding LLC I, Wilmington, United States of America	1)	100.0
IKB Funding LLC II, Wilmington, United States of America	1)	100.0
IKB International S.A. i.L., Munsbach, Luxembourg	2)3)	100.0
IKB Leasing Austria GmbH, Vienna, Austria	1)	100.0
IKB Leasing CR s.r.o., Prague, Czech Republic	1)	100.0
IKB Leasing Finance IFN SA, Bucharest, Romania	1)	100.0
IKB Leasing France S.A.R.L., Marne La Vallée, France	1)	100.0
IKB Leasing Kft., Budapest, Hungary	1)	100.0
IKB Leasing Polska Sp.z.o.o, Poznan (Posen), Poland	1)	100.0
IKB Leasing S.R.L., Bucharest, Romania	1)	100.0
IKB Leasing SR, s.r.o., Bratislava, Slovakia	1)	100.0
IKB Lux Beteiligungen S.à.r.l, Munsbach, Luxembourg		100.0
IKB Pénzügyi Lízing Zrt., Budapest, Hungary	1)	100.0
IKBL Asset spółka z ograniczona odpowiedzialnoscia & Co. spółka komandytowa, Poznan, Poland	1)	100.0
IKBL ASSET Spolka z ograniczona odpowiedzialnoscia, Poznan, Poland	1)	100.0

**3. Special Purpose Vehicles in accordance with Section 290 paragraph 2 No. 4 German Commercial Code**

German Mittelstand Equipment Finance S.A., Luxembourg,  
Luxembourg

RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin, Ireland

**B. Associated Companies** **Share of capital in %**

Linde Leasing GmbH, Wiesbaden 1) 30.0

Notes:

- 1) Indirect shareholding.
- 2) In Liquidation (bank licence returned).
- 3) In Liquidation.

- d. The subsection on page 98 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.4 Information on Business Trends – 2.4.1 Statement on Material Adverse Change" shall be replaced in its entirety as follows:**

**2.4.1 Statement on Material Adverse Change**

There has been no material adverse change in the prospects of IKB AG that has occurred since the date of the last audited consolidated financial statements as at and for the financial year ended 31 March 2017.

- e. The subsection on page 98 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.4 Information on Business Trends – 2.4.3 Recent Developments – *Valin Funds*" shall be replaced in its entirety as follows:**

*Valin Funds*

The investment fund "Valin Mittelstand Senior Debt Fund S.A., SICAV-SIF" was established by IKB on 3 June 2014. IKB sold all of its founding shares in Valin Mittelstand Senior Debt Fund S.A., SICAV-SIF with effect from 8 April 2015 and remains indirectly invested in the fund via rated notes issued by a securitisation vehicle on the fund shares as underlying. In November 2015, IKB launched an additional investment fund, the "Valin Ruysdael Fund" as a sub-fund of the umbrella fund Valin Funds S.A., SICAV-SIF with aggregate capital commitments amounting to € 150 million. The Valin Ruysdael Fund was established as a co-investment vehicle pursuing the same investment strategy as the Valin Mittelstand Senior Debt Fund S.A., SICAV-SIF. The investors are a foreign institutional investor and IKB who committed an amount of € 7.5 million. IKB also acts as the investment manager of the Valin Ruysdael Fund.

- f. The subsection commencing on 98 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.4 Information on Business Trends – 2.4.3 Recent Developments – *Compilation of Recovery Plan According to Sections 12 et seq. of the German Recovery and Resolution Act (SAG) and the German Circular on Minimum Requirements for the Contents of Recovery Plans for Credit Institutions (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen; "MaSan")* shall be deleted in its entirety.**

- g. The subsection on page 99 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.4 Information on Business Trends – 2.4.3 Recent Developments – *Potential Sale of IKB*" shall be replaced in its entirety by the following subsections:

*Potential Sale of IKB*

A sale of IKB by its current sole shareholder Lone Star remains possible at any time. The Board of Managing Directors remains open to supporting these plans.

*Potential Sale or Other Strategic Options for IKB Leasing and IKB Data*

IKB AG is evaluating a sale or other strategic options for its subsidiaries IKB Leasing and IKB Data.

- h. In the subsection commencing on page 101 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.5 Administrative, Management and Supervisory Bodies – 2.5.2 Supervisory Board" the entry relating to Supervisory Board member Marc Coker contained in the table setting out the members of the Supervisory Board, the end of the term for which they have been appointed and the principal activities outside IKB AG (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:

<b>Name</b>	<b>End of Term</b>	<b>Principal Activities outside IKB AG</b>
Marc Coker	2017	Managing Director & General Counsel - Europe of Hudson Advisors UK Ltd.

- i. In the subsection commencing on page 102 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.5 Administrative, Management and Supervisory Bodies – 2.5.3 Advisory Board" the entries relating to Stefan A. Baustert and Dr. Ekkehard Köhler contained in the table setting out the members of the Advisory Board and their functions outside IKB AG (as replaced by Supplement No. 1) shall be replaced in their entirety and an entry relating to new Advisory Board member Hildegard Müller shall be added between the entries relating to Advisory Board members Dr. Harald Marquardt and Gerd Peters as follows:

<b>Name</b>	<b>Function</b>
Stefan A. Baustert	Member of the Board of Managing Directors of QSC AG, Köln
Dr. Ekkehard Köhler	Managing Partner of Bleistahl Prod.-GmbH & Co. KG, Wetter
Hildegard Müller	Chief Operating Officer (COO) Grid & Infrastructure of Innogy SE, Essen

- j. In the subsection on page 106 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information" the subsection entitled "2.8.1 Historical Financial Information" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:

### 2.8.1 Historical Financial Information

The Annual Report 2014/2015, the Annual Report 2015/2016 and the Annual Report 2016/2017 (together, the "**Annual Reports of IKB**") and the 6-Month Report 2016/2017 of IKB are partially incorporated by reference in, and partially form an integral part of, this Base Prospectus.

IKB's currency of presentation is the euro, and its financial year ends on 31 March of each year. IKB AG prepares its nonconsolidated financial statements in accordance with the German Commercial Code (*Handelsgesetzbuch*; "**HGB**"). IKB has also prepared its consolidated financial statements as of and for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 and as of and for the six months period ended 30 September 2016 in accordance with HGB.

- k. **In the subsection commencing on page 106 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information" the subsection entitled "2.8.2 Audit of Financial Information" shall be replaced in its entirety as follows:**

#### 2.8.2 Audit of Financial Information

The consolidated financial statements of IKB as of and for the financial years ended 31 March 2017, 31 March 2016 and 31 March 2015 and the annual financial statements of IKB AG as of and for the financial years ended 31 March 2017, 31 March 2016 and 31 March 2015 were audited by PwC and the auditors have issued in each case an unqualified auditors' opinion.

- l. **In the subsection commencing on page 106 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information" – 2.8.3 Legal Proceedings" (as replaced by Supplement No. 1 and amended by Supplement No. 2) the first and the second paragraph shall be replaced in their entirety as follows:**

#### 2.8.3 Legal Proceedings

##### *Proceedings Relating to Off-Balance Sheet Financing Vehicles Formerly Advised by IKB*

In one case relating to the long defunct financing vehicle Rhineland Funding, certain investors ("**JPCs**") in collateral debt obligations issued by Wells Fargo/Wachovia sued Wells Fargo Securities LLC ("**Wells Fargo**"), claiming that Wells Fargo had fraudulently induced them into making these investments. Wells Fargo subsequently filed a Third Party Complaint against IKB for contribution.

Similar claims may be brought against IKB as a result of affirmative actions against other arrangers of structured products and related entities in relation to IKB's previous role as investment advisor to Rhineland Funding and other special purpose vehicles.

##### *Derivatives Business*

Several customers criticised the consulting services provided by IKB in connection with certain swap products. Corresponding suits are pending in three cases. Two additional cases are pending out of court. IKB will continue to defend itself against the accusations.

## *Tax Procedures*

In August 2015, IKB AG received tax assessment notices in which a dissenting view of the tax authorities was implemented with respect to the application of Section 8c KStG / Section 10a GewStG in connection with the capital increase implemented by IKB AG during the course of the financial year 2008/2009 and the subsequent sale of KfW's shares in IKB AG to Lone Star in the financial year 2008/2009. IKB AG has filed appeals against the tax assessments. IKB AG paid the corporation tax and the solidarity surcharge for 2009, including interest attributable to the corporation tax in time. Payment was made in the amount of approximately € 140 million from the tax provision recognised as at 31 March 2015 and in the amount of € 1 million from net other operating income (other interest). With respect to the trade tax base assessment (*Gewerbsteuerermessbetragsbescheid*) IKB AG was granted a suspension of enforcement (*Aussetzung der Vollziehung*) by the tax authorities upon its application. The trade tax and the associated interest were therefore not yet payable.

After receipt of a negative decision on the appeal against corporation tax IKB AG filed a lawsuit at the end of October 2016. IKB AG has not yet received a decision of the tax authorities with regard to its appeal against the trade tax assessment.

The current outcome of the risk assessment does not differ from the outcome as at 31 March 2016. A provision has not yet been recognised for trade tax or the corresponding interest. There is a possibility that this risk will need to be reassessed as proceedings continue. The risk with respect to trade tax becoming finally payable currently amounts to around € 112 million plus interest of 0.5% per month and to € 1.2 million for cost allocations for chamber of commerce and industry membership fees. The potential risk of interest with respect to trade tax amounted to € 39.2 million as at 31 March 2017 plus approximately € 0.6 million for each additional month. If this risk were to occur, the regulatory tier 1 ratio or common equity tier 1 ratio calculated as at 31 March 2017 would deteriorate by 1.2 percentage points at the level of the IKB Group, the leverage ratio calculated as at 31 March 2017 would decline by 0.7 percentage points for the regulatory IKB Group and the net income after taxes and before additions to/reversals of the fund for general banking risks as at 31 March 2017 would decline by € 152 million. There would be no impact on the liquidity coverage ratio or the liquidity ratio in accordance with section 2 (1) of the German Liquidity Regulation (*Liquiditätsverordnung*).

In April 2016, Aleanta GmbH (which is a wholly owned subsidiary of IKB AG without a profit transfer agreement and which is therefore not included in the income tax group), in the context of an audit of a company to which it is the legal successor (Olessa GmbH), received an initial written notice to the effect that the tax authorities are considering evaluating the retroactive merger of Olessa GmbH with Aleanta GmbH in the 2010/11 financial year as a case of Section 42 of the German Fiscal Code (*Abgabenordnung*) with the consequence that Aleanta GmbH would have to pay an additional amount of approximately € 27 million for outstanding payments, interest thereon amounting to € 8 million as at 31 March 2017 and the reallocation of Chamber of Commerce and Industry contribution of € 0.2 million in addition. The tax audit is not finished yet, and Aleanta GmbH has sent comments on the matter and the current assessment of the audit. If the tax authorities set respective tax assessments in place, Aleanta will file appeals against these tax assessments.

## *Subordinated Debt Claims*

Various investors have threatened or taken legal action in connection with subordinated debt instruments issued by IKB AG. The preliminary value at risk of combined threats stands at about € 94 million as of 9 May 2017. Investors claim additional interest payments and in addition allege a wrongful write-down of the principal amount of subordinated debt instruments issued by IKB AG over time. At the end of May 2017, one action is pending at

the Regional Court (*Landgericht*) of Düsseldorf with a preliminary value at risk of about € 22 million.

- m. In the subsection commencing on page 106 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.8 Financial Information" the subsection entitled "2.8.4 Significant Changes in the Financial Position" (on page 110 of the Base Prospectus) (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:

#### **2.8.4 Significant Changes in the Financial Position**

There has been no significant change in the financial position since the date of the last consolidated financial statements as of and for the financial year ended 31 March 2017.

- n. In the subsection commencing on page 110 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.9 Material Contracts" the subsection entitled "2.9.1 Financing Agreements" (as amended by Supplement No. 1) shall be replaced in its entirety as follows:

##### **1.1.1 Financing Agreements**

###### *Loans with Debt Waivers and Compensation out of Future Profits*

In February and March 2008, KfW granted loans to IKB AG in the total amount of € 1,050 million. The loans are unsecured. Under the loan agreements, KfW waived (i) repayment of the loan, (ii) payment of interest and (iii) reimbursement of increased costs. However, IKB AG and KfW entered into agreements pursuant to which KfW will be compensated out of future profits for its claims under (i) to (iii) under certain conditions.

These loans were transferred as part of the sale of the IKB AG shares held by KfW to LSF6 Europe Financial Holdings L.P. as of 29 October 2008 and then assigned to LSF6 Rio (Ireland) Limited, Dublin.

###### *Debt Waiver in Respect of Subordinated Bonds with Compensation out of Future Profits*

By way of an agreement entailing a debt waiver and compensation out of future profits, LSF6 Europe Financial Holdings, L.P., Delaware, the holder of two subordinated bonds issued by IKB AG in November and December 2008 with a total nominal amount of € 101.5 million, waived its claims to repayment and future interest payments from these bonds against IKB AG, subject to the condition subsequent of the occurrence of future profits. An improvement entitling to compensation occurs if IKB AG could report an annual net profit in its unconsolidated financial statements and provided that IKB AG maintains a regulatory ratio of at least 9.0 % at the individual bank level.

###### *Funding Trust Agreements*

IKB AG has raised regulatory Tier 1 capital on a consolidated basis via two trust preferred securities-structures established separately in July 2002 (2002 structure) and in June 2004 (2004 structure). In respect of each structure, a statutory business trust has been formed under Delaware law (IKB Funding Trust I and IKB Funding Trust II). Each Trust has issued a common security to IKB AG and perpetual trust preferred securities to capital markets investors.

Each Trust has used the gross proceeds derived from the issuance of the trust preferred securities to purchase Class B preferred shares issued by two separately established Delaware LLC

companies (IKB Funding LLC I under the 2002 structure and IKB Funding LLC II under the 2004 structure). IKB AG consolidates both of the structures for accounting and regulatory purposes.

Periodic distributions on the perpetual trust preferred securities are to be paid by the Trusts out of periodic distributions received by each Trust with respect to the corresponding Class B preferred shares that each respective trust holds. IKB AG and each of the LLC's entered into a subordinated support undertaking (*nachrangige Patronatserklärung*), pursuant to which IKB AG has undertaken to ensure, among other things, that the relevant LLC will at all times be in a financial position to meet its obligations under such Class B preferred shares. Periodic distributions under the Class B preferred shares are, in addition to other conditions, only payable to the extent that IKB AG has an amount of distributable profits for the preceding financial year at least equal to the aggregate amount of the periodic distribution on the Class B preferred shares.

On 1 June 2017, IKB Funding Trust II issued a request for consent, from the holders of the 2004 structure's perpetual trust preferred securities, to amend the amended and restated trust agreement to allow IKB Funding Trust II to enter into a merger agreement with a newly established Delaware statutory trust which is wholly beneficially owned by IKB AG. If the merger referred to in the consent solicitation is completed then IKB AG would become the holder of all outstanding trust preferred securities of the IKB Funding Trust II. The consent period is scheduled to end on 26 June 2017.

#### *Silent Participations*

By way of capital contributions from its silent partners, Hybrid Raising GmbH and Capital Raising GmbH, IKB AG raised Tier 1 capital. Pursuant to a Silent Partnership Agreement dated 9/10 December 2002, IKB AG raised Tier 1 capital in the amount of € 200 million from Capital Raising GmbH, Norderfriedrichskoog, Germany and pursuant to a Silent Partnership Agreement dated 30 January and 2 February 2004, IKB AG raised further Tier 1 capital in the amount of € 200 million from Hybrid Raising GmbH, Norderfriedrichskoog, Germany (both agreements qualify as *Teilgewinnabführungsvertrag* within the meaning of Section 292 paragraph (1) no. 2 of the AktG). In order to fund their capital contribution to IKB AG, each of the companies issued € 200 million perpetual fixed rate notes (*Teilschuldverschreibungen*) (all notes issued by Capital Raising GmbH and by Hybrid Raising GmbH together the "**Notes**") to capital markets investors which reflect the conditions of payments received under the respective silent participations. In addition to participating, subject to certain conditions, in the profits of IKB AG, the silent partners (and indirectly the Notes issued by the silent partners) also participate in any losses of IKB AG up to the full outstanding notional of the participation. IKB AG consolidates both of the silent partners for accounting and regulatory purposes.

In 2016, IKB AG negotiated with each silent partner an amendment to the Silent Partnership Agreements. Pursuant to the amendment agreements, IKB AG would be entitled to transfer to the relevant silent partner any or all Notes that IKB AG may acquire from capital markets investors in order to effect a reduction of the nominal contribution amount of the respective silent participation of the relevant silent partner. The draft amendment agreements were approved by the Annual General Meeting of IKB AG in September 2016, but have not yet been entered into. On 20 April 2017, IKB Lux Beteiligungen S.à.r.l. (a company of the IKB Group) launched an offer to the holders of the Notes to purchase for cash any and all of the Notes. At the end of the tender offer period on 10 May 2017, IKB Lux Beteiligungen S.à.r.l. had received declarations of acceptance of the tender offer totalling 87.9 % of the Notes (average across all Notes). After termination of the tender offer, IKB Lux Beteiligungen S.à.r.l. purchased 87.9 % of the Notes (average across all Notes) on 15 May 2017 and holds these Notes.

- o. In the subsection commencing on page 110 of the Base Prospectus which is entitled "2. IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT – 2.9 Material**

**Contracts" the subsection entitled "2.9.3 Other Agreements" (commencing on page 112 of the Base Prospectus) (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

### **2.9.3 Other Agreements**

#### *Sale and Transfer of IKB's Headquarter Building and Associated Property*

In July 2016, IKB AG as seller and IKB Grundbesitzgesellschaft Düsseldorf GmbH & Co. KG as purchaser entered into a property purchase and transfer as well as lease back agreement regarding the sale and transfer and lease back of IKB HQ. With the registration of the transfer of IKB HQ to IKB Grundbesitzgesellschaft Düsseldorf GmbH & Co. KG in the land register and with economic effect as of 1 August 2016, IKB AG as lessee and IKB Grundbesitzgesellschaft Düsseldorf GmbH & Co. KG as lessor entered into a lease agreement regarding the IKB HQ.

#### *Letting to Helaba and Berkshire Hathaway*

In March 2013, a long-term subletting agreement was entered into with Landesbank Hessen-Thüringen Girozentrale A.ö.R. ("**Helaba**") concerning parts of IKB HQ. In March 2016, IKB AG entered into a long-term letting agreement with Berkshire Hathaway International Insurance Limited concerning further parts of IKB HQ. With the sale and transfer of IKB HQ in July 2016, these rental agreements were transferred to IKB Grundbesitzgesellschaft Düsseldorf GmbH & Co. KG.

#### *Fidelity Information Services GmbH*

In 2010, IKB AG entered into a cooperation with XCOM AG, which obliged XCOM AG (and its affiliate biw Bank für Investments und Wertpapiere AG) to provide IT- and banking services for IKB's online private banking platform. Since April 2017, the afore-mentioned services are rendered to IKB AG by Fidelity Information Services GmbH. This cooperation was set up in 2015 for a fixed first term until 31 March 2022.

## **2. Amendments to the subsection commencing on page 113 of the Base Prospectus which is entitled "4. DOCUMENTS ON DISPLAY"(as amended by Supplement No. 1)**

**The following wording shall be added as penultimate bullet point to the list of the bullet points:**

- IKB's and IKB AG's compiled annual report for the financial year 2016/2017, including the management report and the audited consolidated financial statements and the audited annual financial statements as of and for the financial year ended 31 March 2017, prepared in accordance with the provisions of the German Commercial Code (HGB).

## **E. Amendments to the section commencing on page 588 of the Base Prospectus which is entitled "I. DOCUMENTS INCORPORATED BY REFERENCE"**

### **1. The following text shall be added as subsection "A.3" to the table commencing on page 588 of the Base Prospectus which is entitled "Table of Documents Incorporated by Reference" (as amended by Supplement No. 1):**

- A.3 Annual Report 2016/2017 (English Translation) of IKB containing the Combined Annual Financial Statements of the Group and IKB Deutsche Industriebank AG for the**



## **Financial Year 2016/17:**

Consolidated balance sheet of IKB Deutsche Industriebank AG as at 31 March 2017	Pages 60 - 61
Balance sheet of IKB Deutsche Industriebank AG as at 31 March 2017	Pages 62 - 63
Consolidated income statement of IKB Deutsche Industriebank AG for the period from 1 April 2016 to 31 March 2017	Pages 64 - 65
Income statement of IKB Deutsche Industriebank AG for the period from 1 April 2016 to 31 March 2017	Pages 66 - 67
Consolidated cash flow statement	Pages 68 - 69
Notes on the consolidated cash flow statement	Page 70
Notes to the combined annual financial statements of the Group and IKB Deutsche Industriebank AG	Pages 71 - 114
Auditor's reports	Pages 115 - 116

**2. The first paragraph below the table commencing on page 588 of the Base Prospectus which is entitled "Table of Documents Incorporated by Reference" (as replaced by Supplement No. 1) shall be replaced in its entirety as follows:**

The Annual Reports 2014/2015, 2015/2016, 2016/2017 and the 6-Month Report 2016/2017 of IKB are available on the Issuer's website ([www.ikb.de](http://www.ikb.de)) under "Investor Relations", "Financial Reports" (*Finanzberichte*). In addition, such documents together with this Base Prospectus and any Final Terms (for notes listed on the Luxembourg Stock Exchange) will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **F. Withdrawal Right**

Any investor who may wish to exercise any withdrawal right arising pursuant to Article 16.2 of the Prospectus Directive or Article 13.2 of the Prospectus Act as a result of the publication of this Supplement must exercise that right on or before 20 June 2017. Such withdrawal, if any, is not required to contain any reasons for the withdrawal and is to be addressed in writing to IKB Deutsche Industriebank Aktiengesellschaft, Wilhelm-Bötzkens-Straße 1, 40474 Düsseldorf, Federal Republic of Germany. In order to comply with the time limit set out above, punctual dispatch of the withdrawal is sufficient.