Restated
6-Month Report
2009/10

1 April – 30 September 2009

This report substitutes the 6-Month Report 2009/10, disclosed for the first time at 26 November 2009.

IKB Deutsche Industriebank

Letter from the Chairman of the Board of Managing Directors

Dear Shareholders,
Dear business partners of IKB,

IKB reported a loss of € 454 million in the first half of the 2009/10 financial year. The stabilisation of the financial markets led to a significant narrowing in the risk premiums (spreads) on IKB's liabilities. The write-ups this entailed on the equity and liabilities side of the balance sheet are a material factor in the statement of comprehensive income in the form of heavy fair value losses. The restatement of the 2009/10 6-Month Report also relates to the fair value result. The Board of Managing Directors decided on 1 February 2010 to withdraw a positive effect of € 56 million originally included in the fair value result as of 30 September 2009. Thus, the IFRS consolidated net loss for the first half of the 2009/10 financial year has risen to the € 454 million stated above. This change does not have any effect on the HGB figures or therefore the regulatory equity.

Even disregarding IFRS measurement effects, IKB is still facing major challenges. While the recession in Germany seems to have halted since the summer, the decline in economic output amounted to 5% for the year as a whole. This economic slump is not leaving our customers unscathed. Although many are well positioned, others are undergoing situations that are threatening their existence. Taking into account a prolonged dry period, we have almost doubled the provision for possible loan losses accordingly as against the first half of 2008/09.

In this environment, IKB itself is still exposed to considerable risks, as presented in detail in this report. We do not have control over all the factors contributing towards this. Nonetheless, good progress has been made in advancing IKB as a bank for small and medium-sized enterprises and making it more viable in the past few months.

Thanks to the SoFFin guarantee, IKB's liquidity is now secure for the foreseeable future. The further capital boost by our major shareholder Lone Star and the reduction of risk assets have resulted in a Tier I capital ratio above the 10% marker. We expect that it will be possible to comply with both statutory minimum requirements and the minimum requirements imposed by SoFFin and the Auditing Association of German Banks (including a Tier I ratio of 8%).

We have also gone on the offensive to implement the EU requirements, even though the cutbacks and business restrictions are hard and require substantial implementation work and high costs. There has also been considerable progress with regard to satisfying EU requirements that, among other things, call for total assets to be cut to € 33.5 billion by

September 2011. We have extensively reduced the portfolio of our US subsidiary IKB Capital Corporation and intend to close the New York location before the end of this financial year rather than in September 2011. We are also on schedule in terms of the other requirements. The closure of subsidiaries and locations is freeing up resources for SME business and reducing costs.

The progress in the business model, compliance with requirements and the stabilisation of the Bank have also been made clear in the modified restructuring plan we have presented to the EU Commission. The original restructuring plan was drawn up before the insolvency of Lehman Brothers in September 2008 and provided for an operative turnaround at IKB in the next financial year. The basic shape of the updated plan is unchanged, and the new plan essentially addresses the adjustments to the significant deterioration in general conditions since the Lehman insolvency and the delayed return to profitability as a result. The Board of Managing Directors is still assuming that it can achieve an appropriate return on operative business by the focusing on SME business and stabilise the Bank by reducing its risk positions in the medium term.

The focus on business with small and medium-sized customers is progressing well. Building on our credit expertise, we are placing customer interests at the centre of our work. We have extended our range of services to include M&A activities, restructuring consulting, derivatives and capital market services. We are delighted to have engaged renowned specialists to help us widen our business opportunities and to increase the quality of our service.

We are still working towards reducing our administrative costs. For example, we have launched an internal initiative to help bring expenses into line with a downscaled quantity structure. A redundancy scheme and a reconciliation of interests are aiding in the Bank’s transition into a company with a stronger focus on services. The goal for operating expenses is still a cut of 30%. We are making progress in the repositioning of IKB and have begun the fundamental organisational changes. Nonetheless, we still have a difficult journey ahead of us that we will approach optimistically with the support of our shareholders, business partners and employees.

Hans Jörg Schüttler
Chairman of the Board of Managing Directors

Restated Interim Group Management Report

Restatement of the Interim Group Management Report:
The 2009/10 6-Month Report is to be restated following a decision by the Board of Managing Directors. The need for the restatement resulted from the translation of an item under “Loans and advances to banks” in foreign currency at the consolidated company Havenrock Ltd., St. Helier, Jersey, in which the exchange rate used was not updated as of the reporting date. For further details, please see the comments in the restated Interim Consolidated Financial Statements. The resulting changes in the Interim Group Management Report relate to the sections “3. Net assets, financial position and results of operations” and “4. Risk report”.

1. General conditions

The financial market crisis that broke out at the end of July 2007 and reached its climax with the insolvency of Lehman Brothers has now been going on for more than two years. Economic performance around the world crashed in the autumn of 2008. In Germany in particular, economic output suffered its biggest slump in post-war history, triggering a decline in gross domestic product. The first half of the 2009/10 financial year of IKB Deutsche Industriebank AG (IKB AG) and the IKB Group (IKB) continued to be dominated by the effects of the financial market crisis. In particular, this also affected IKB's SME business (core business), for which the general development of the economy and the business performance of the SME manufacturing industry in Germany are the most important general conditions.

The economic environment improved slightly in the period from 1 April to 30 September 2009. The recession in Germany has halted since the summer. GDP rose again by 0.4% and 0.7% quarter-on-quarter in the second and third quarters of the 2009 calendar year respectively, though admittedly from a low level. According to the forecast by the joint survey of German economic research institutes, the decline in economic performance for the year as a whole will amount to around 5% on account of the severe slump at the start of the calendar year.

The slide in GDP has also slowed substantially in IKB's key international markets (the UK, France, Italy, Spain) since the spring. However, production capacity utilisation has fallen to record lows in many countries in the wake of the global recession. Furthermore, financing conditions for companies are still difficult all over Europe. In light of this, investments – key factors in lending business and for a sustainable recovery – remained weak in Germany and key international markets.

Despite the brightening of the economy in the reporting period, the entire global economy is still in a difficult phase. Unemployment is rising and companies are still facing a tense situation, also shown by the rising number of insolvencies. Insolvencies among companies are expected to reach their peak in the coming months. Previous experience has shown that as economic trends pick up, weakened companies increasingly fail.

Above all, the main threat to the economy is thought to be that the recovery may not be self-supporting and that it is essentially being carried by government stimulus packages and aided by central banks. The retreat from an expansive monetary policy and from government rescue programmes and high emerging public debt remain elements of uncertainty.

Hopes of an end to the crisis have also brought slight relief to the financial markets since the start of March 2009, though the capital markets and the money market between banks have not yet normalised again. Share prices have since risen significantly and the risk premiums on corporate and government bonds in some Eurozone and emerging market countries have fallen perceptibly. Historically speaking, the volatility of capital market prices and the level of risk premiums are still high, though they have lessened since the peak levels experienced immediately after the collapse of Lehman Brothers. This is also reflected by the fact that market participants are estimating risks as lower than in autumn 2008 – the absolute highpoint of the financial market crisis.

It is currently feared for Germany in particular that the supply of credit on the economy cannot be sufficiently guaranteed to finance the recovery and avoid insolvencies. There are felt to be various factors impairing the credit supply. These include – owing to the economic slump – further defaults and rating migrations in bank credit portfolio, leading to greater strains on equity at these banks. At the same time, the banks have no access to capital markets with which they can share these risks – for example through securitisation.

2. Significant events in the reporting period

Tier I capital strengthened with Lone Star

The subordinated bonds of IKB AG with a total nominal amount of € 101.5 million assumed by LSF6 Rio S.à.r.l., Luxembourg, (a company of the US financial investor Lone Star) in November and December 2008 were transferred to LSF6 Europe Financial Holdings, L.P., Delaware, Dallas, USA, a further Lone Star company and majority shareholder of IKB AG, on 4 June 2009. By way of an agreement dated 5 June 2009 entailing a debt waiver and compensation from future profits between LSF6 Europe Financial Holdings, L.P. and IKB AG, LSF6 Europe Financial Holdings, L.P. – as the bearer of subordinated bonds – waived its claims to repayment and future interest payments from these bonds against IKB AG, subject to the precedent condition of the occurrence of future profits, thereby making an additional payment to the capital reserves in the amount of € 101.5 million in accordance with section 272 (2) no. 4 HGB. An improvement occurs if IKB AG could report an annual net profit and if IKB AG maintains a regulatory equity ratio of at least 9.0% at individual Bank level.

In addition, the Bank's share capital increased by € 123.5 million on 14 July 2009 with the issue of shares to LSF6 Rio S.à.r.l., Luxembourg, following the conversion of the bonds issued by IKB AG on 11 December 2008 with a contingent conversion obligation and a contingent conversion privilege of IKB AG in the amount of € 123.5 million. Since 14 July 2009, IKB AG's share capital has amounted to € 1,621 million (previously: € 1,498 million), comprising 633,326,261 notional no-par value bearer shares (previously: 585,075,911). Following the completion of the conversion, Lone Star's interest in the share capital of IKB AG increased to 91.5%.

Extension of the SoFFin guarantees

In light of the turbulent conditions on the capital markets in autumn 2008, IKB applied to the Special Fund Financial Market Stabilization (Sonderfonds Finanzmarktstabilisierung – SoFFin) for guarantees to allow it to release issues for its own refinancing. With a state-guaranteed issue of € 1 billion in April 2009, the SoFFin guarantees of € 5 billion granted in December 2008 were utilised in full.

On 3 July 2009, SoFFin informed IKB AG of its intention to extend its guarantee for new bonds issued by IKB by € 7 billion. The agreement to this effect was signed on 18 August 2009. This was first approved by the EU Commission after the Federal Republic of Germany had obtained assurances that it would be presented with a modified restructuring plan by November 2009 (see also the supplementary report). IKB therefore has total guarantees of € 12 billion, with which it is using and will use the instrument generally provided to banks on account of the functional weakness of the bond market.

One condition of the guarantee agreement is that the IKB Group and IKB AG continue to maintain a Tier I capital ratio of at least 8%.

In connection with this, the Auditing Association of German Banks, in its capacity as service provider for the Deposit Protection Fund of private banks, set the maximum limit for the protection of customer deposits at € 11 billion (previously € 9 billion until 30 September 2011) for the duration of the SoFFin guarantees to maintain deposit protection.

In addition, the members of the Board of Managing Directors of IKB AG are waiving compensation in excess of € 500 thousand p.a. for the period from 3 July 2009 to 31 December 2010. This does not include fringe benefits.

Up to a maximum of € 4 billion, the state-guaranteed bonds under the extended guarantees can have a maturity of up to 36 months and, up to a maximum of € 3 billion, a maturity of up to 60 months. However, they must expire by 31 December 2014 at the latest. The fees to be paid to the SoFFin were increased overall under the extended guarantee. In addition to the fees agreed, IKB AG will pay 2% on the amount of the SoFFin-guaranteed IKB bonds outstanding on 30 June 2013 to SoFFin on maturity.

IKB intends to use the guaranteed issues to maintain its liquidity and stabilise its business with SMEs. IKB has not requested support from SoFFin for recapitalisation or the assumption of risks.

The first state-guaranteed issue of € 2 billion under the extended guarantee was placed on 10 September 2009. Thus, IKB AG has so far issued state-guaranteed bonds of € 7 billion. IKB is currently planning other issues by the end of 2009 that have to be approved on a specific case-by-case basis under the SoFFin guarantee.

Status of implementation of EU conditions

In the matter of state aid from the Federal Republic of Germany for the restructuring of IKB, the EU Commission announced on 21 October 2008 that the state rescue measures that IKB had received since the start of the crisis in July 2007 had been approved subject to conditions and requirements.

The conditions include a drastic reduction of IKB's business activities, the discontinuation of the Real Estate Finance segment, the closure of certain international offices and the partial discontinuation of new business. The Group's total assets are to be reduced by around 47% to € 33.5 billion (from € 63.5 billion on 31 March 2007, before the start of the IKB crisis) by 30 September 2011. IKB must comply with an agreed restructuring plan.

By way of a decision of 15 May 2009, the European Commission approved a change to the schedule for the winding up of the Luxembourg site.

Specifically, the conditions are as follows:

- discontinuation of the Real Estate Finance segment (no new business, active reduction of at least 20% of the portfolio by 30 September 2010; reduction of a further 40% by 30 September 2011, remaining portfolio by way of scheduled repayments); subsidiaries affected: IKB Immobilien Management GmbH, IKB Projektentwicklung GmbH & Co. KG, IKB Projektentwicklungsverwaltungs GmbH,

- disposal of IKB's 50% interest in Movesta Lease and Finance GmbH ("Movesta") by 30 September 2011

- winding-up or disposal of IKB Capital Corporation, New York, ("IKB CC") by 30 September 2011 (active reduction of 25% of portfolio by 30 September 2010) and discontinuation of new business as of 31 December 2008,

- winding up IKB International S.A., Luxembourg, ("IKB S.A.") by 1 April 2011 (derivatives business and credit holdings up to a maximum of € 3.2 billion can be relocated to IKB AG in Düsseldorf) and discontinuation of new business by 1 December 2010

- discontinuation and winding up of IKB's business activities in Amsterdam by 30 March 2010 and

- the disposal of non-strategic asset positions by 30 September 2011.

The status of the implementation of the EU conditions is currently as follows:

- The credit volume of Real Estate Finance has already been reduced by 18% (interim goal by 30 September 2010 set by the EU Commission: reduction of 20%); the winding up or disposal of the subsidiaries affected has been initiated.

- IKB's 50% interest in Movesta was disposed of on 28 August 2009. One contractual requirement for the closing, which is scheduled for before the end of this year, is hiving off Movesta Development GmbH and selected Movesta special-purpose entities. IKB intends to wind up Movesta Development's business as much as possible by 30 September 2011 or to dispose of its interest in the company.

- IKB CC: The interim target set by the EU Commission of a reduction of 25% of the credit portfolio by 30 September 2010 – based on a credit portfolio of nominally € 1.2 billion as of 31 March 2007 – has been significantly surpassed. The credit portfolio has been reduced to a nominal level of US$ 0.1 billion as of 31 October 2009.

- IKB S.A.: Conceptual and practical preparations are currently being made for the winding up of IKB S.A. and the assumption of certain activities by the parent company to allow for compliance with the EU requirements on time as of 1 April 2011.

- IKB's business activities in Amsterdam have been discontinued.

- Considerable progress has already been made in the disposal of non-strategic asset positions; the credit volume as of 30 September 2009 has been reduced from € 1.7 billion as of 31 March 2007 to € 0.5 billion.

- The Group's total assets have been reduced to € 42.0 billion as of 30 September 2009.

Changes in the Group

Some of the securities holdings of IKB AG consist of bonds issued by ELAN Ltd., Jersey (ELAN notes). IKB has sold or wound up other ELAN notes in two tranches, the first in June 2009 and the second (final) tranche in October 2009. The cells of the special-purpose entity ELAN Ltd., Jersey, were deconsolidated following the disposal of the ELAN note tranches.

The special-purpose entity REPV-DS 2008-1 GmbH, Frankfurt, ("REPV-DS") was founded for refinancing in June 2008. The special-purpose entity acquired specific rights to a pool of receivables (the rights) of IKB. REPV-DS refinanced the acquisition by issuing promissory notes. The senior promissory note was acquired by an investor, the subordinated promissory note by IKB. As the material credit risks remained with IKB, REPV-DS was consolidated by IKB. The transaction was set up for one year and ended on schedule in September 2009. REPV-DS was deconsolidated on completion of the transaction.

Claims for damages

As part of an action filed with the High Court of Justice, London, Calyon S.A., a company based in Paris, France, owned by the Crédit Agricole Group, is suing IKB for damages of more than US$ 1.675 billion. The statement of claim was presented to IKB on 24 August 2009. The suit is objectively related to the suit of March 2008 by the US Financial Guaranty Insurance Company, New York, USA, and its British subsidiary FGIC UK Limited, London, UK, (together "FGIC"). However, Calyon is suing IKB for compensation independently and irrespectively of FGIC for allegedly false statements when concluding the agreement involving Havenrock II Ltd., Jersey, with regard to the Rhineland Funding Capital Corporation conduit ("RFCC"). IKB currently considers these claims to be unfounded and will file its statement of defence with the High Court of Justice on time by 30 November 2009.

Please see the risk report for further information.

Court appointment of a special auditor

At the extraordinary General Meeting of 25 March 2009, following the resolution proposal from LSF6 Europe Financial Holdings, L.P., the resolutions passed by the Annual General Meeting on 27 March 2008 regarding the performance of a special audit of possible breaches of duty by members of the Board of Managing Directors and the Supervisory Board of IKB AG were cancelled and the appointment of the special auditor was revoked. In the opinion of LSF6 Europe Financial Holdings, L.P., there is no reason to doubt that the Board of Managing Directors and the Supervisory Board will duly examine whether former members of executive bodies committed breaches of duty. As it is believed that it is possible to deal with such matters in an appropriate manner internally whilst maintaining confidentiality, it is not thought to be in the interests of the Company to allow internal information to become accessible to the public through a special audit.

Actions for annulment have been filed against the resolutions of the extraordinary General Meeting of 25 March 2009 on items 3 and 4 (cancellation of the special audit of the Board of Managing Directors and the Supervisory Board).

In August 2009, the Düsseldorf Regional Court resolved at the request of shareholders to appoint a special auditor to examine whether members of the Board of Managing Directors or the Supervisory Board of IKB AG committed breaches of duty in connection with the causes of the crisis at IKB. The district court awarded the special audit mandate to Dr Harald Ring, a member of the Management Board of Treuhand- und Revisions-Aktiengesellschaft Niederrhein, Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, Krefeld, Germany.

IKB AG has appealed against the ruling of the Regional Court.

By way of resolution of 26 October 2009, the Düsseldorf Higher Regional Court suspended the appointment of the special auditor by the Regional Court until a decision has been made on the main issue by the Higher Regional Court.

Personnel changes

Effective 27 April 2009, Dr-Ing. E.h. Eberhard Reuther stepped down from the Supervisory Board of IKB AG. By way of resolution of the Düsseldorf Local Court, Dr Thomas Rabe, Berlin, a member of the Board of Managing Directors of Bertelsmann AG, was appointed as a member of the Supervisory Board of IKB AG effective 23 June 2009.

As a result of a re-election of employee representatives, Dr Carola Steingräber left the Supervisory Board after the Annual General Meeting of IKB AG on 27 August 2009. Ms Carmen Teufel was elected to the Supervisory Board as an employee representative in her place and has been a member of the Supervisory Board of IKB AG since 27 August 2009.

Dr Reinhard Grzesik stepped down from the Board of Managing Directors of IKB AG as of 3 July 2009 at his own request for personal reasons. The Board of Managing Directors of IKB AG was reduced to four members. The areas of responsibility of Dr Grzesik, Finance, Taxes, Real Estate and IT, have been assumed by Dr Dieter Glüder, previously responsible on the Board of Managing Directors of IKB for Products, Treasury and Economic Research. In addition to their existing duties, Hans Jörg Schüttler, the Chairman of the Board of Managing Directors, assumed responsibility for Treasury and Dr Michael H. Wiedmann, the member of the Board of Managing Directors responsible for Sales, assumed responsibility for the Products Central Division and the Economic Research Central Division. Claus Momburg continues to be responsible on the Board of Managing Directors of IKB AG for Risk Management, Credit Operations and Human Resources.

Annual General Meeting on 27 August 2009

The Annual General Meeting of IKB AG for the 2008/09 financial year was held in Düsseldorf on 27 August 2009. The Annual General Meeting adopted all of the resolutions proposed by the Bank’s management by a large majority. The results of the individual votes can be found on the Bank’s website under www.ikb.de. Legal suits described under “Legal risks” in the risk report are pending against individual resolutions by the Annual General Meeting.

Current rating situation

Moody’s confirmed the following ratings for IKB on 17 September 2009: long-term rating: Baa3, short-term rating: Prime-3, financial strength rating: E, outlook: negative.

Fitch did not issue a new assessment of the rating situation in the reporting period. Its current appraisal since August 2008 has been: long-term rating: BBB-, short-term rating: F3, financial strength rating: D/E, outlook: negative.

3. Net assets, financial position and results of operations

Business development

IKB significantly reduced its new loans business in the reporting period – not least on account of the EU requirements and more restrained credit demand. The volume of new business in the first half of the 2009/10 financial year amounted to € 1.35 billion, a decline of 61% as against the same period of the previous year.

Income statement figures

In the first half of the 2009/10 financial year, the consolidated income statement was again strongly affected by the crisis at the Bank and – in spite of since having improved somewhat – the general financial market and economic crisis.

Extraordinary factors

The following table shows the main extraordinary factors affecting the Group's operating result, broken down by individual income statement items:

1 April 2009 – 30 September 2009 **Figures in € million**	Total	Portfolio invest-ments	Long-term invest-ments and derivatives	Measure-ment of liabilities due to credit rating changes	Measure-ment of liabilities in line with IAS 39 AG 8	Repurchase of own issues	IFRS 1 IG 60A	Total extra-ordinary factors
Net interest income	101.9				–31.3		–35.0	–66.3
Provision for possible loan losses	210.0							0.0
Net interest income (after provision for possible loan losses)	**–108.1**	**0.0**	**0.0**	**0.0**	**–31.3**		**–35.0**	**–66.3**
Net fee and commission income	–13.0							–0.0
Net income from financial instruments at fair value	–334.4	99.1	204.4	–629.4				–325.9
Net income from investment securities	12.6	54.5	–7.0					47.5
Result of investments accounted for at equity	–1.1							0.0
Administrative expenses	–145.7							0.0
Other operating result	140.3	–10.0			132.3	24.6		146.9
Operating result	**–449.4**	**143.6**	**197.4**	**–629.4**	**101.0**	**24.6**	**–35.0**	**–197.8**
Earnings before taxes	**–449.4**	**143.6**	**197.4**	**–629.4**	**101.0**	**24.6**	**–35.0**	**–197.8**
Taxes	4.8							0.0
Consolidated net income/loss	**–454.2**	**143.6**	**197.4**	**–629.4**	**101.0**	**24.6**	**–35.0**	**–197.8**

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

Portfolio investments. Extraordinary effects from the portfolio investments generated a net positive contribution to the income statement of € 144 million.

The securities held by the consolidated special-purpose entity Rio Debt Holdings (Ireland) Limited, Dublin, ("Rio Debt Holdings") accounted for subsequent measurement gains of € 285 million reported in the fair value result and net income from investment securities. This was offset by losses of € 179 million on the subsequent measurement of the special purpose entity's third-party liabilities, resulting in a total gain of € 106 million.

Other portfolio investments generated a gain on subsequent measurement of € 48 million.

The other operating result mainly includes provisions for legal costs for the settlement of portfolio investments of € 10 million.

Fair value gains on long-term investments and derivatives. Fair value gains on long-term investments and derivatives came to a net amount of € 197 million and resulted from the following components:

- Around half of the gains arose on account of the sharp drop in risk premiums for government debtors, companies and mortgage bonds.

- The remaining gains related to fair value gains caused by interest rates in particular or resulting from a decline in interest rate volatilities that had risen sharply in the previous financial year.

Measurement of liabilities (due to creditworthiness). IKB measures some liabilities at fair value through profit or loss. In the last two financial years, the crisis situation at IKB had led to severe losses of value on its own issues owing to credit rating changes and corresponding measurement gains totalling € 2,135 million. As anticipated, the significant improvement in the market assessment of IKB's credit rating in the past six months has led to a partial reversal of this extraordinary effect. In total, increases in the value of liabilities measured at fair value as a result of credit rating changes generated corresponding losses on subsequent measurement of € 629 million.

Measurement of liabilities in accordance with IAS 39 AG8. The measurement of liabilities in accordance with IAS 39 AG8 comprises the two compensation agreements from future profits in connection with the debt waivers of KfW and LSF6 Europe Financial Holdings, L.P. and some profit participation certificates and silent partnerships. These are measured at the present value of estimated future payments. The total result of their measurement was € 101 million:

- The present value of anticipated future payments on these instruments was recognised lower as of the end of the half-year, resulting in a measurement gain of € 132 million.

- The present values calculated at earlier dates using estimates of future payments have to be adjusted to the measurement date in subsequent periods (so called unwinding). Unwinding resulted in an interest expense for this financial half-year of € 31 million.

Other extraordinary factors. At € 35 million, net interest income was reduced by the amortisation of the adjustment item for dissolved hedges as of the transition to IFRSs (IFRS 1 IG 60A).

IKB bought back own issues at less than nominal value at the start of the financial half-year and in doing so generated gains of € 25 million.

Income statement figures without extraordinary factors

Changes beyond the extraordinary factors explained are as follows.

Net interest income declined by € 88 million to € 102 million. The main changes in business marked by volume declines are as follows:

- drop in Treasury result of € 70 million

- drop in net interest income in the Portfolio Investments segment of € 23 million

- The decline of € 11 million in the Structured Finance segment and of € 6 million in the Real Estate Clients segment was more than offset by a rise in non-core business exposures of € 20 million.

The provision for possible loan losses increased significantly by € 103 million year-on-year to € 210 million on account of the continuing poor economic situation. This included net additions to portfolio allowances of € 14 million. A detailed description of risk development can be found in the risk report.

Net fee and commission income amounted to € –13 million. The € 37 million decrease predominantly resulted from the increase in costs of liquidity procurement. There was no commission expense for SoFFin guarantees in the same period of the previous year. This amounted to € 27 million in the past half-financial year. There was also a decline in fee and commission income, primarily in the Structured Finance segment.

Administrative expenses were reduced by € 34 million to € 146 million as part of the cost cutting measures. € 26 million of this decline related to other administrative expenses, where the cost of third-party consultancy in particular was reduced. It should be noted that the prior-year figure for other administrative expenses included additional payments for the Deposit Protection Fund of € 9 million.

The average number of employees declined by 79 in the financial half-year to 1,670. Staff costs were down € 8 million year-on-year to € 81 million.

The tax expense of € 5 million consists of income taxes of € 3 million and other taxes of € 2 million. In addition to deferred tax revenues of € 40 million, income taxes include current taxes of € 43 million.

Overall, there was a consolidated net loss for the period of € 454 million (consolidated net income in the first half of 2008/09: € 240 million). The positive extraordinary factors were clearly more dominant in the consolidated net profit for the same period of the previous year.

Taking into account the rise in the average number of shares outstanding from 97 million to 609 million, earnings per share amounted to € –0.75 in the first half of the 2009/10 year (€ 2.48).

The consolidated net loss and the earnings contributions taken directly to equity produce the total result. In particular, positive earnings contributions taken directly to equity were generated by subsequent measurement gains on investment securities available for sale (€ 48 million) and changes in actuarial gains and losses on pension obligations (€ 28 million). After expenses in equity from deferred taxes on changes in equity (€ 25 million), the total result amounted to € –395 million.

Segment reporting

In the Corporate Clients segment, which includes domestic corporate lending, equipment leasing and private equity activities, IKB paid out € 1.0 billion (first half of 2008/09: € 2.0 billion) in the period under review. This reduction reflects the selective approach on account of the equity and liquidity situation at IKB and the changing profitability and credit rating requirements. The gross margin improved from 0.99% to 1.33%. The operating result amounted to € –24 million (€ 30 million). At € 106 million, net interest income was slightly lower than in the previous year (€ 110 million). The provision for possible loan losses was more than doubled from € 25 million to € 57 million on account of the economic crisis. The fair value result declined by € 10 million to € –4 million on account of changes in value in the fund and direct investment portfolio of IKB Private Equity GmbH. Administrative expenses remained constant in the reporting period at € 72 million. The return on equity was –5.8% (6.2%), the cost-income ratio was 68.8% (56.4%).

In the Structured Finance segment, i.e. in acquisition, project and export financing, the new business volume was reduced to € 0.2 billion (first half of 2008/09: € 1.1 billion). Activities involving company acquisitions in Europe virtually came to a standstill, which meant that almost no new acquisition financing was awarded. IKB was extremely cautious in business with project financing on account of the lengthy terms involved. The margin on new business climbed to 2.77% (2.37%). The Structured Finance segment reported an operating loss of € –96 million (€ 6 million). Net interest income was down € 11 million year-on-year at € 53 million on account of the decline in credit volume in this segment (previous year: € 64 million). The provision for possible loan losses rose to € 110 million (€ 42 million). Administrative expenses declined from € 33 million to € 25 million. The segment's return on equity was –42.8% (2.2%), while the cost-income ratio was 66.7% (41.3%).

The Real Estate Clients segment, which discontinued its new business in October 2008 in line with EU requirements, still reported a new business volume of € 0.1 billion on account of the utilisation of credit commitments from previous years (first half of 2008/09: € 0.4 billion). The margin on new business climbed to 1.25% (0.90%). The Real Estate Clients segment generated an operating result of € –8 million (€ –1 million). At € 26 million, net interest income was down on the previous year (€ 32 million). The provision for possible loan losses declined by € 6 million to € 15 million. Administrative expenses fell by € 19 million to € 15 million. The return on equity was –7.3% (–0.6%), the cost-income ratio was 71.0% (49.1%).

The Portfolio Investments segment, which comprises the portfolio investments remaining at IKB, reported an operating result of € 135 million (previous year: € –83 million). Net interest income declined from € 30 million to € 6 million due to the further reduction of the portfolio investments. The fair value result rose by € 1 million to € 99 million on account of impairment reversals and the net income from investment securities improved from € –192 million to € 55 million. The segment's administrative expenses were down slightly year-on-year at € 10 million (previous year: € 11 million).

Net assets

Total assets amounted to € 42.0 million as of 30 September 2009, a decline of € 2.7 million in the first half of the financial year. This drop is essentially due to the reduction of loans and advances to customers, mainly on account of the EU requirements, and the reduction of financial instruments and trading assets. The main reduction on the equity and liabilities side of the balance sheet was in liabilities to banks and trading liabilities.

The Tier I capital ratio of the IKB Group was 10.4% on 30 September 2009. The overall capital ratio was 14.7%.

Loans and advances to customers fell significantly by € 1.3 billion to € 26.6 billion. This was mainly due to the disposal of loans at IKB CC and the reduction of other risk assets on account of the EU requirements. The new business volume in credit business was significantly lower than in the previous year's level in the first half of the financial year.

At € 1 billion, the provision for possible loan losses was essentially unchanged as against the balance sheet date of 31 March 2009. The net additions of € 0.2 billion were virtually matched by utilisation and the reversal of impairment losses.

Loans and advances to banks rose by € 0.3 billion as of the reporting date to € 3.3 billion, mainly in the short-term area.

Trading assets were reduced by € 0.6 billion to € 3.1 billion as a result of a decline in the positive fair values of derivative financial instruments – including those hedging the credit derivatives of the Havenrock companies.

Investment securities dropped by € 1.3 billion to € 8.9 billion on account of maturities and disposals. One notable transaction was the disposal of a further tranche of ELAN issues in the amount of around € 0.4 billion.

At € 14.1 billion, securitised liabilities were up slightly on the balance sheet date of 31 March 2009 (€ 14.0 billion) and, alongside deposits from other banks, are still the most important sources of refinancing. These were contributed to by two further issues with a total amount of € 3 billion under the SoFFin guarantee. Additions and reversals of impairment on account of credit rating changes have therefore been almost fully compensated by repayments.

Deposits from other banks were reduced by € 2.0 billion to € 13.3 billion on account of the new issues mentioned above. Borrowing from the ECB was reduced significantly on account of the increased liquidity.

Amounts due to customers grew by € 0.5 billion to € 6.3 billion. In particular, this resulted from reversals of impairment on promissory note issues measured at fair value due to credit rating and interest rate changes.

Reflecting the development of trading assets, liabilities held for trading fell by € 0.7 billion to € 4.8 billion. This development was contributed to by the hedging positions at the Havenrock companies.

Subordinated capital declined by € 0.2 billion to € 1.2 billion on account of the maturity structure of profit participation certificates and the partial conversion of subordinated bonds with contingent conversion obligations and the receivable waiver on the subordinated registered bond.

Equity fell by € 0.3 billion to € 1.4 billion, largely as a result of the net loss for the period. Issued capital increased by € 0.1 billion as a result of the issue of new shares owing to the conversion of the convertible bond held by LSF6 Rio S.à.r.L. The waiver of the receivable from the subordinated bond against compensation from future profits taken to the capital reserves under HGB did not result in any significant changes in the capital reserve under IFRSs. The agreement with LSF6 Europe Financial Holdings, L.P. for compensation from future profits is a financial obligation carried at the present value of future estimated cash flows in line with IAS 39.AG8.

Financial position

The liquidity situation remained tense at IKB as of 30 September 2009, partially because the money and capital markets are highly limited in the way they are operating. Except for the utilisation of SoFFin guarantees, borrowing was almost only possible on a short-term basis and in collateralised form. For further details, please also see the risk report and the forecast report.

Overall assessment

Overall, the business performance and situation in the first half of the 2009/10 year are still heavily dominated by the financial and economic crisis and the EU requirements. The factor that had by far the strongest negative influence on the high negative result was the higher measurement of liabilities, which corresponds to a reversal of the subsequent measurement gains on liabilities in the past. On the assets side of the balance sheet, investment securities in particular increased in value, though this did not offset the losses owing to the measurement of liabilities. The subsequent measurement of compensation from future profits and some profit participation certificates resulted in significant gains. In core business, the high provision for possible loan losses recognised on account of the lingering recession in particular contributed to the negative result. The additional capital from Lone Star and the reduction of risk positions helped to stabilise the Bank.

4. Risk report

Regulatory capital resources and risk-bearing capacity

Regulatory capital resources

Banks must maintain a minimum statutory level of equity (capital) to cover the risks they take. At 14.7% at Group level, the equity ratio of IKB is above the minimum amount required for regulatory purposes of 8.0%. At 10.4% at Group level, the currently more important Tier I ratio is higher than the regulatory minimum of 4.0%.

The following table provides an overview of the Bank's regulatory risk items, equity resources and equity ratios:

At bank group level (Section 10a KWG)

Regulatory capital situation	As of 30 Sept 2009 in € million	As of 31 March 2009 in € million
Risk-weighted assets	21 579	24 718
Market risk equivalent	475	613
Operational risk	1 100	1 324
Risk position	**23 154**	**26 655**
Tier I capital	2 499	2 276
Tier II capital	1 077	1 245
Tier III capital	0	35
Deductions[1)]	–177	–236
Equity capital	**3 399**	**3 320**
Tier I ratio in %	10.4	8.1
Overall capital ratio in %	14.7	12.5

Some totals may be subject to discrepancies due to rounding differences.
[1)] Deductions as of 30 September 2009 and 31 March 2009 predominantly consisted of securitisation positions, which are included in risk-weighted assets at a risk weighting of 1,250% in accordance with SolvV (German Solvency Regulation) and investments in accordance with section 10 (6) sentence 1 no. 1 KWG.

The decline in risk-weighted assets as of 30 September 2009 is the result firstly of the disposal of risk assets, in particular of loan receivables at IKB CC, and secondly of scheduled repayments coupled with restrictions on new business.

At the same time, HGB Tier I capital was increased by around € 220 million as a result of the measures performed by Lone Star.

The Board of Managing Directors still expects that it will be possible to comply with both statutory minimum requirements and the minimum capital requirements imposed by SoFFin and the Auditing Association of German Banks (including a Tier I ratio of 8%) in future.

Risk-bearing capacity

For internal monitoring of risk-bearing capacity, the available economic risk cover is compared against the Bank's total risk as measured in line with business practices (economic capital requirements) from both an equity provider (going concern view) and a lender (liquidation view) standpoint.

Components of economic risk cover

Equity provider perspective in € million			**Lender perspective** in € million		
	30 Sept 2009	31 March 2009		30 Sept 2009	31 March 2009
Core capital	**1 299**	**1 634**	**Core capital**	**734**	**823**
Pro rata profit participation certificates and silent partnership contributions	385	386	Profit participation certificates and silent partnership contributions	596	621
			Subordinated capital	870	535
Benchmark capital[1)]	**–1 140**	**–1 333**			
Risk cover	**544**	**687**	**Risk cover**	**2 201**	**1 979**

Some totals may be subject to discrepancies due to rounding differences.
1) Expert opinion of IKB derived from market comparisons for minimum capital requirements of a bank with a BBB rating

Tier I (core capital) includes share capital, reserves, unappropriated surplus/loss carryforward and the planned operating result for the next twelve months. Hidden charges are deducted from risk cover[1].

The risk cover available has changed as against the start of the financial year essentially as a result of the following developments:

- increase in the hidden charges included in the equity provider view,
- reduction of the minimum required benchmark capital in the equity provider view for total Bank risk on account of the reduction in risk-weighted assets (see also “Regulatory capital situation“ table),
- non-repurchase of own subordinated loans, repurchase of which had been anticipated in risk cover as of 31 March 2009.

1 Equity provider perspective: All interest-driven hidden charges from closed positions and interest and volatility-driven hidden charges expected to be recognised in the income statement in the next five years. Credit spread-driven hidden charges only if expected to be realised in the next five years. No hidden charges from loan refinancing.
Lender perspective: All interest, volatility and credit spread-driven hidden charges with the exception of hidden charges in traditional lending business in illiquid markets

The Group's economic capital requirements to cover "unexpected" total Bank risk (counterparty default risk, market price risk and general business and operational risk) are determined using the Bank's own quantitative models. Economic capital requirements do not include liquidity, reputation or investment risks, though these are also subject to ongoing monitoring.

The risks quantified for a risk horizon of one year for the available risk cover are compared from the perspective of an equity capital provider and a non-subordinated lender are shown below.

Equity capital provider perspective

Economic capital requirements – equity capital provider perspective at a confidence level of 90%

	30 Sept 2009		31 March 2009	
	in € million	in %	in € million	in %
Counterparty default risk	257	50	321	60
Market price risk[1]	137	27	115	22
Operational risk	29	6	30	6
Business risk	89	17	67	12
Total	**512**	**100**	**533**	**100**
less diversification effects	–152		–121	
Total risk position	**360**		**412**	
Risk cover	**544**		**687**	

Some totals may be subject to discrepancies due to rounding differences.
[1] Market price risk not including extreme market development from mid-September 2008 to the end of 2008 and credit spread risks for investment securities. The inclusion of the extreme market developments in a stress scenario results in an increase to € 181 million; the additional inclusion of credit spread risks in this stress scenario would have led to a further increase of € 76 million (31 March 2009: € 78 million).

In spite of the € 52 million decline in the total risk position, utilisation of the available cover increased from 60% to 66% as the available risk cover decreased more strongly at the same time.

The reduction in the total risk shown is mainly due to the decline in credit risk, itself partly due to the reduction of risk assets and partly to the improvement in risk measurement methods, whereby the general parameters previously used have been replaced by empirical and varying parameters. The slight increase in market price risk that arose from the growth in spread risks in spite of the reduction of market risk positions and in the general business risk was largely offset by a simultaneous rise in the diversification effect.

Lender perspective

The table below shows the economic capital requirements from the perspective of a non-subordinated lender with a confidence level adequate to the current "BBB" rating of 99.76%.

Economic capital requirements – lender perspective

	30 Sept 2009		31 March 2009	
	in € million	in %	in € million	in %
Counterparty default risk	996	52	1 141	58
Market price risk[1)]	666	35	609	31
Operational risk	84	4	84	4
Business risk	165	9	129	7
Total	**1 911**	**100**	**1 964**	**100**
less diversification effects	–253		–243	
Total risk position	**1 658**		**1 720**	
Risk cover	**2 201**		**1 979**	

Some totals may be subject to discrepancies due to rounding differences.
[1)] Market price risk not including extreme market development from mid-September 2008 to the end of 2008 and credit spread risks for investment securities.

Owing to the slight increase in risk cover assets as against the start of the financial year and the simultaneous decrease in the total risk position, utilisation of risk cover assets improved from 87% to 75%.

The decline in the total risk position resulted solely from the reduction in counterparty risk as a result of the reduction of risk assets (risk reduction: € –94 million) and the changes in methodology described above.

The change in market price risk as against the start of the financial year is due to a significant reduction in the interest risk position (risk reduction: € –228 million), which was however offset firstly by an increase in the spread risk on account of spread developments since the start of the financial year and secondly by a reduction in diversification effects within the market price risk.

In the stress scenario the market price risk increased from € 666 million to € 1,108 million.

Given that overall economic developments are still characterised by a high level of uncertainty, the Bank has prepared various forecasts for the next two financial years. These forecast calculations are based on various stress scenarios and the Bank's business plan. The finding was that risk-bearing capacity will be assured if the business plan occurs. Analysis of stress scenarios shows that even if business performance is below that shown in the business plan, the risk-bearing capacity will be close but will nonetheless be present. However, there will be hardly any further buffer to cushion other risks. In the event of a significant expansion of the current recession beyond 2010 and yet another severe hit on the capital market such as it was forced to witness after the collapse of Lehman Brothers, the Bank would no longer have risk-bearing capacity.

Counterparty default risk

Rating process and procedures. IKB used a computer-based rating system to assess credit quality specifically designed for the relevant customer sector or specific type of financing. The individual rating classes are assigned probabilities of default based on the analysis of historical defaults and economic expectations.

In July 2009, IKB introduced a new IKB master scale that now has 15 credit rating levels for non-defaulted borrowers rather than the previous nine levels. The greater differentiation in the new IKB master scale allows a more precise measurement of the default risks of individual borrowers on the basis of the underlying rating score.

As a customer's credit score ultimately reflects the current forecast for a one-year probability of default, expected future economic performance has been integrated into the rating as a point of reference for the probability of default. With regard to the current recession, the Bank is assuming that probabilities of default will be almost twice as high as the average level observed in recent years. This is reflected directly in the new master scale ratings, which are one to two levels weaker taking into account economic assumptions than in an average economic situation. A reconciliation of the rating structure from the old to the new master scale can be found further below in the risk report.

The forecast overall economic performance is reviewed regularly and adjusted in the rating as appropriate. As a result, customers' credit ratings will also change as economic forecasts change.

The new rating scale has no impact on classification as a problem exposure as these criteria are based on the definitions of default found in Basel II (1. restructuring; 2. arrears; 3. provision for possible loan losses; 4. insolvency). As part of the introduction of the new master scale, the number of levels for defaulted borrowers has been increased from previously two to four to allow individual mapping and better analysis of these criteria in future.

Structure of counterparty default risk. The Bank's internal reporting of credit volumes as of 30 September 2009 compared to 31 March 2009 showed the following:

Credit volume

	30 Sept 2009 in € million	31 March 2009 in € million	Change in € million
Loans to banks	19	23	–4
Loans and advances to customers	23 632	25 678	–2 046
Portfolio investments, corporate and government bonds	4 019	4 201	–182
Operating and finance leases	2 004	2 101	–97
Contingent liabilities, CDS and guarantees	1 171	1 283	–112
Total credit volume	**30 843**	**33 286**	**–2 443**
Other significant counterparty default risks outside the credit volume			
Loans and advances to other banks	3 267	2 957	+310
Assets held for trading	3 084	3 680	–596
Investment securities	4 971	6 088	–1 117
Irrevocable loan commitments	2 493	2 932	–439

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

Since the start of the financial year, the total credit volume has declined by around € 2.4 billion. The decline affected all market segments and essentially resulted from disposals of assets and scheduled repayments while at the same time limiting new business.

The counterparty default risk positions that are not allocated to the credit volume primarily relate to current loans and advances to banks, bonds – mainly mortgage bonds – as well as irrevocable loan commitments and derivatives.

Size[1)] in € million	30 Sept 2009 Credit volume		30 Sept 2009 Number[1)]	31 March 2009 Credit volume	
less than € 5 million	5 001	16%	18 858	5 666	17%
between € 5 million and € 10 million	3 213	10%	436	3 748	11%
between € 10 million and € 20 million	4 910	16%	364	5 195	16%
between € 20 million and € 50 million	3 883	12%	131	4 414	13%
€ 50 million and more	3 153	10%	28	3 124	9%
Total	**20 110**	**65%**	**19 817**	**22 147**	**67%**
Risk transfers[2)]	9 215	30%	154	9 811	29%
Market segments (total)	**29 325**	**95%**	**19 971**	**31 957**	**96%**
less than € 50 million	316	1%		586	2%
between € 50 million and € 100 million	672	1%		294	1%
€ 100 million and more	530	3%		449	1%
Portfolio Investments segment	**1 518**	**5%**		**1 329**	**4%**
Group (total)	**30 843**	**100%**		**33 286**	**100%**

Some totals may be subject to discrepancies due to rounding differences.
1) Borrower groups in accordance with section 19 KWG; number of borrower groups
2) Hermes guarantees, indemnifications, risks transferred

While the absolute credit volume in lending business for market segments is in decline in all sizes up to € 50 million, the credit volume in the € 50 million and more class is virtually unchanged. The average exposure in the class € 50 million and more is € 112.6 million.

There were shifts between size classes in Portfolio Investments on account of subsequent measurement gains. Allocation to a size class is based on the current remaining carrying amount rather than the original nominal investment volume.

Collateral, risk transfer and securitisation.

Collateral in € million	30 Sept 2009 Credit volume		31 March 2009 Credit volume	
Property liens and charges	6 778	22%	7 191	22%
Transfers of ownership	2 439	8%	2 562	8%
Other collateral[1]	6 036	20%	7 172	22%
Without collateral	4 857	16%	5 222	16%
Total	**20 110**	**65%**	**22 147**	**67%**
Risk transfers[2]	9 215	30%	9 811	29%
Market segments (total)	**29 325**	**95%**	**31 957**	**96%**
Portfolio Investments segment	**1 518**	**5%**	**1 329**	**4%**
Group (total)	**30 843**	**100%**	**33 286**	**100%**

Some totals may be subject to discrepancies due to rounding differences.
[1] e.g. assignment of receivables, participation rights, assignment of shares, ownership rights, subordinations, fixed and floating charges, mortgage over shares
[2] Hermes guarantees, indemnifications, risks transferred

The drop in credit volume in market segments affects all types of collateral, which means that the collateral structure of the portfolio as a whole is largely unchanged. The strong decline of more than € 1 billion in the volume backed by other collateral relates to the similarly strong reduction of credit volume in the Structured Finance segment.

Risk limitation is supported by the collateral provided by risk transfer. Currently transferred risks in the amount of € 9.2 billion include loans for which liability has been directly assumed by banks or public authorities plus the synthetic placement of loan receivables. As of the reporting date, the volume of synthetic collateralised loans was € 6.2 billion, of which € 5.1 billion relates to loans for which the Bank has only retained first loss risks of € 14 million. Expected losses and portions of unexpected losses of € 39 million were transferred for loans with a volume of € 1.1 billion. This hedging of the highest default risks in the portfolio is currently still considered adequate on the basis of expected values, even under recession conditions.

Geographical structure. The total credit volume breaks down by regions as follows:

Regions in € million	30 Sept 2009 Credit volume		31 March 2009 Credit volume	
Germany	12 537	41%	13 407	40%
Outside Germany	7 574	25%	8 739	26%
Western Europe	6 244	20%	6 516	20%
Eastern Europe	693	2%	720	2%
North America	356	1%	1 180	4%
Other	281	1%	323	1%
Total	**20 110**	**65%**	**22 147**	**67%**
Risk transfers[1]	9 215	30%	9 811	29%
Market segments (total)	**29 325**	**95%**	**31 957**	**96%**
Portfolio Investments segment	**1 518**	**5%**	**1 329**	**4%**
Group (total)	**30 843**	**100%**	**33 286**	**100%**

Some totals may be subject to discrepancies due to rounding differences.
[1] Hermes guarantees, indemnifications, risks transferred

The drop in the credit volume outside Germany of around € 1.2 billion was mainly in North America and was due to disposals of assets by IKB CC.

Breakdown of the country lending obligations according to IKB country rating:

Country rating[1] **Loan volume in € million**	30 Sept 2009 Total[2]	Rating 1–4	5–7	8–10	11–13	14–15
Outside Germany	7 574	7 136	155	214	69	0
Western Europe	6 244	6 244	0	0	0	0
Eastern Europe	693	411	103	178	0	0
North America	356	356	0	0	0	0
Other	281	125	52	36	69	0

Some totals may be subject to discrepancies due to rounding differences.
[1] Not including risks transferred to third parties; higher credit ratings reflect higher risk levels
[2] Export credit guarantees are deducted from the figures presented above. No other adjustments for collaterals are made.

96% of the credit volume attributed to countries outside Germany related to the best country risk classes, 1-4 and 5-7. In addition € 1.1 billion of risks transferred to third parties (for example Hermes Insurance) related to foreign borrowers.

The utilisation of loans in the risk classes 11-13 essentially relates to Turkey (€ 40 million), Egypt (€ 14 million), the Philippines (€ 9 million) and Iran (€ 6 million).

Sector structure. The level of diversification in the industrial sectors is virtually unchanged. No one industrial sector accounts for more than 5% of the portfolio. Around 35% of real estate financing relates to office property. The rest is distributed almost equally among the other property types (retail, commercial and other property).

Sector **in € million**	30 Sept 2009 Credit volume		31 March 2009 Credit volume	
Industrial sectors	14 342	47%	15 791	47%
Mechanical engineering	1 244	4%	1 365	4%
Energy supply	1 151	4%	1 267	4%
Services	818	3%	813	2%
Transport support services	816	3%	850	3%
Metal manufacturing	786	3%	831	3%
Retail (not including motor vehicles)	766	2%	817	2%
Wholesale (not including motor vehicles)	725	2%	716	2%
Chemicals	700	2%	869	3%
Health and community care	582	2%	614	2%
Food/beverages and tobacco	556	2%	622	2%
Other (< € 550 million; number: 29)	6 198	20%	7 027	21%
Real estate	2 996	10%	3 256	10%
Financial sector	602	2%	989	3%
Public sector/banks	2 170	7%	2 110	6%
Total	**20 110**	**65%**	**22 147**	**67%**
Risk transfers[1]	9 215	30%	9 811	29%
Market segments (total)	**29 325**	**95%**	**31 957**	**96%**
Portfolio Investments segment	**1 518**	**5%**	**1 329**	**4%**
Group (total)	**30 843**	**100%**	**33 286**	**100%**

Some totals may be subject to discrepancies due to rounding differences.
[1] Hermes guarantees, indemnifications, risks transferred

Credit rating structure: market segments. The total credit volume without the Portfolio Investments segment is broken down into internal rating classes as follows:

Credit rating structure[1] **in € million**	30 Sept 2009 Credit volume		31 March 2009 Credit volume	
1-4 (very good)[2]	1 288	4%	1 444	5%
5-7 (good)	3 666	13%	4 084	13%
8-10 (satisfactory)	5 459	19%	6 366	20%
11-13 (sufficient)	5 520	19%	5 949	19%
14-15 (insufficient)	1 467	5%	1 571	5%
Problem exposures[3]	2 709	9%	2 732	9%
Total	**20 110**	**69%**	**22 146**	**69%**
Risk transfers[4]	9 215	31%	9 811	31%
Market segments (total)	**29 325**	**100%**	**31 957**	**100%**

Some totals may be subject to discrepancies due to rounding differences.
[1] Higher rating classes reflect lower creditworthiness
[2] The very good credit rating levels of 1-4 mainly relate to public-sector borrowers and financial services providers.
[3] Carrying amounts, i.e. after deduction of losses from impaired investment securities (30 September 2009: € 151 million; 31 March 2009: € 156 million).
[4] Hermes guarantees, indemnifications, risks transferred

Measured against the new master scale, the credit rating structure of the portfolio as a whole is virtually unchanged as against the start of the financial year. This is mainly due to the fact that the probabilities of default calculated at the start of the financial year already took into account the anticipated poor economic development.

Thus, the negative credit rating migrations observed in the second half of the last financial year did not initially continue. Depending on overall economic performance, however, deteriorations in the credit rating structure cannot be ruled out in the remainder of the 2009/10 financial year.

The introduction of the new rating scale had the following effects on the credit rating structure in the market segments as against the old master scale (based on the reporting date 31 March 2009):

	Credit volume in € million	**New master scale**							
	Credit rating structure March 2009	**1–4**	**5–7**	**8–10**	**11–13**	**14–15**	**Problem exposures**	**Risk transfers**	**Total**
Old Scale	1–1.5	1 432	3 179	129	5	–	–	–	**4 745**
	2–2.5	–	906	5 024	1 219	11	–	–	**7 159**
	3–3.5	–	–	1 212	3 834	9	–	–	**5 055**
	4–4.5	12	–	–	864	1 140	–	–	**2 017**
	5 and above	–	–	–	27	411	–	–	**439**
	Problem exposures[1)]	–	–	–	–	–	2 732	–	**2 732**
	Risk transferred to third parties	–	–	–	–	–	–	9 811	**9 811**
	Total	**1 444**	**4 084**	**6 366**	**5 949**	**1 571**	**2 732**	**9 811**	**31 957**

Some totals may be subject to discrepancies due to rounding differences.
[1)] Carrying amounts, i.e. after deduction of losses from impaired investment securities (€ 156 million).

Identification and management of problem exposures. Problem exposures focus not just specifically on non-performing loans[2] but on all exposures where, while permanent impairment is not expected, available information indicates that they require special management from units specialising in settlement or restructuring.

The following table provides an overview of the development of problem exposures:

Problem exposures[1)] **Market segments**	30 Sept 2009 Credit volume in € million	31 March 2009 Credit volume in € million	Change in € million	Change in %
Impaired (non-performing loans)	2 075	2 138	–63	–2.9
Non-impaired	785	751	+34	+4.5
Total	**2 860**	**2 889**	**–29**	**–1.0**
As % of market segments credit volume	9.7%	9.0%		

Some totals may be subject to discrepancies due to rounding differences.
[1)] Carrying amounts before deduction of losses from impaired investment securities (30 September 2009: € 151 million; 31 March 2009: € 156 million).

The above problem exposures do not include the loans available for sale of IKB CC of € 104 million (31 March 2009: € 459 million). The discounts included for these in the amount of € 28 million (31 March 2009: € 28 million) were recognised solely on the basis of current market price indications. There is no acute risk of default. The IKB CC exposures still in place are expected to sold in full by the end of the financial year.

The following table provides an overview of the loans and advances in the market segments that are classified as non-performing:

Non-performing loans Market segments	30 Sept 2009 Credit volume in € million	31 March 2009 Credit volume in € million	Change in € million	Change in %
Germany	1 253	1 245	+8	+0.6
Outside Germany	411	472	–61	–12.9
Loans (non-performing)	**1 664**	**1 717**	**–53**	**–3.1**
Securities (impaired investment securities)[1)]	411	421	–10	–2.4
Total	**2.075**	**2 138**	**–63**	**–2.9**
As % of market segment credit volume	7.0%	6.7%		

Some totals may be subject to discrepancies due to rounding differences.
[1)] Carrying amounts before deduction of losses from impaired investment securities (30 September 2009: € 151 million; 31 March 2009: € 156 million).

[2] A loan is defined as being non-performing if (i) insolvency proceedings have been instigated, (ii) if interest or principal payments are more than 90 consecutive days in arrears, or (iii) in the event of other clear signs that the debtor is unable to meet the contractual obligations in the absence of any objective indications that subsequent payment or the realisation of collateral is likely. The liquidation value of the available collateral is taken into account in such cases.

The decline in non-performing loans mainly relates to foreign acquisition finance (mainly as a result of the reduction of the IKB CC portfolio). Almost 80% (€ 326 million) of the remaining non-performing loans outside Germany relate to Western Europe. However, the volume of non-performing loans in Germany barely changed in net terms: A rise in non-performing loans due to the recession in western Germany was offset by a decline of almost the same amount in non-performing loans in eastern Germany on account of the continuing systematic reduction of problem exposures.

The volume of permanently impaired investment securities in the market segments declined slightly in the first half of the 2009/10 financial year on account of exchange rate differences. In addition to structured securities relating to the transfer of own financing, the impaired investment securities include five first-to-default notes with a credit volume of € 166 million (nominally € 194 million). These notes include default risks of several EU states in particular, including some Eastern European states.

Provision for possible loan losses. At € 210 million, the provision for possible loan losses was almost twice as high year-on-year in the period from 1 April 2009 to 30 September 2009. However, the comparability of the two first half-years is limited as the effects of the recession only became clear in the second half of the 2008/09 financial year. The provision for possible loan losses in the second half of 2008/09 was € 483 million.

While the provision for possible loan losses rose significantly for German and foreign acquisition finance in the Structured Finance segment (first half of 2009/10: € 113 million, € 20 million of which IKB CC) compared to the first half of 2008/09 (€ 42 million), it was down when compared against the second half of 2008/09 (€ 282 million). The same is true for the Corporate Clients segment. Here, too, provisions for possible loan losses (first half of 2009/10: € 57 million) rose significantly as against the first half of 2008/09 (€ 25 million), but declined as against the second half of 2008/09 (€ 101 million).

As a result of the continuing disposal of assets, particularly at IKB CC, direct write-downs/losses on disposal rose from € 5 million in the first half of the previous year to € 29 million. At the same time, however, the disposals result in lower portfolio impairment requirements, which led to a decline in net additions to portfolio impairment losses from € 29 million to € 14 million.

Portfolio impairment is calculated on the basis of historically calculated loss rates. These values derived from historical values and estimates were increased again to reflect economic expectations (for information on the effects see the notes “Changes in line with IAS 8”, b) Changes in estimates).

The higher release of individual loan loss provision also resulted from sales of assets by IKB CC, as impairment already recognised on individual assets of around € 15 million was reversed.

Provision for possible loan losses

	1 April 2009– 30 Sept 2009 in € million	1 April 2008– 30 Sept 2008 in € million	Change in %
Additions to individual loan loss provisions/accruals	216.8	112.2	+93
Direct write-downs	28.7	5.4	+431
Receipts on loans previously written off	–3.5	–5.1	–31
Additions to releases of portfolio allowances	14.0	29.4	–52
Releases of individual loan loss provision/accruals	–46.0	–35.2	+31
Provision for possible loan losses	**210.0**	**106.7**	**+97**
Development of individual loan loss provisions/accruals			
Opening balance	871.3	801.5	+9
Utilisation	–175.0	–228.0	–23
Reversal	–46.0	–35.2	+31
Reclassification	–45.7	–	–
Unwinding	–12.7	–10.9	+17
Additions to individual loan loss provisions/accruals	216.8	112.2	+93
Effect of changes in exchange rates	–6.4	1.2	–
Total individual loan loss provisions/accruals	**802.3**	**640.8**	**+25**
Portfolio impairment			
Opening balance	184.6	83.0	+122
Addition/reversal	14.0	29.4	–52
Effect of changes in exchange rates	–0.9	0.7	–
Total portfolio allowances	**197.7**	**113.1**	**+75**
Total provision for possible loan losses (including accruals)	**1 000.0**	**753.9**	**+33**

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

The reclassification reported in the table above results from the transfer of loans and advances to customers (including the associated impairment losses) of IKB CC to “Non-current assets held for sale”. The provision for possible loan losses on IKB CC loans was included in the provision shown in the above table in the previous year and as of 31 March 2009.

The provision for possible loan losses was up € 246 million on 30 September 2008. As against the start of the financial year, however, the provision for possible loan losses was down slightly by around € 56 million. It should be noted that the provision for possible loan losses for IKB CC was still included at both of these reporting dates. Taking into account the reclassification, the rise as against the 30 September 2008 was € 292 million. The provision for possible loan losses was down slightly by € 10 million as against 31 March 2009.

The coverage of non-performing loans by impairment losses, provisions and impairment losses on investment securities was 46%. Based on loans the ratio is 49%; based on securities 37% (all virtually unchanged as against 31 March 2009).

Structured credit products. The credit volume in the Portfolio Investments segment increased due to subsequent measurement gains in the first half of the 2009/10 financial year and consists of

- € 0.68 billion in assets with a nominal value of € 2.20 billion transferred to the special purpose entity Rio Debt Holdings with a residual risk for IKB of € 0.15 billion. The carrying amount of this first-loss position rose by € 0.04 billion in the reporting period. The additional risk beyond this first-loss risk was assumed by KfW by way of a senior loan and by the Lone Star Group by way of a mezzanine loan. The nominal liabilities of the special-purpose entity to KfW and Lone Star were reduced by € 0.1 billion to around € 0.6 billion by way of repayment of the senior loans in the first half of the current financial year. Further repayments of the senior loan of € 0.1 billion were made after 30 September 2009.

- € 0.53 billion (nominally € 0.60 billion) of portfolio investments not sold to Rio Debt Holdings. These investments are predominantly being wound up and no longer contain any subprime risks. This includes synthetic transactions being wound up on account of the Lehman insolvency with a volume covered by collateral of nominally € 0.33 billion. There are also two other synthetic transactions (nominal volume of € 0.20 billion) that, following a restructuring in May 2009, are no longer backed by mixed reference assets (corporate and ABS/RMBS), but solely reference corporates and sovereigns now. The restructuring resulted in a significant increase in the stability and credit quality of the transaction. Furthermore, a principal protected note with a nominal volume of € 0.07 billion is still on the balance sheet whose original portfolio risk is completely hedged.

- € 0.31 billion of risks hedged by KfW with a nominal volume of € 0.34 billion. This position is not shown in the tables below.

In addition to the above portfolio investments, there are still securitisation positions with a credit volume of € 0.13 billion (nominally € 0.25 billion) from the market segments and IKB CC.

IKB's rating class distribution for the structured credit products of Rio Debt Holdings, the Portfolio Investments segment and the market segments is as follows:

*Credit rating structure of structured credit products of the IKB Group**

	30 Sept 2009		31 March 2009	
	Nominal amount in € billion	in %	Nominal amount in € billion	in %
Aaa	0.3	9	0.3	8
Aa	0.0	1	0.1	2
A	0.1	4	0.2	7
Baa	0.6	20	0.6	17
Ba/B	0.4	14	0.3	9
Sub B and no rating**	1.6	53	2.1	57
Total	**3.0**	**100**	**3.6**	**100**

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

* Moody's ratings scale is used. If two or more ratings are available, the less favourable rating is shown.

** The "Sub B and no rating" category includes two synthetic transactions with a volume of € 0.18 billion being wound up as a result of the Lehman insolvency. The risks for IKB resulting from these transactions are limited to legal risks with regard to the wind-up process and the credit quality of the available collateral. This also applies to the two other synthetic Lehman transactions, the last published ratings for those transactions were as follows: Aaa € 0.03 billion, Aa € 0.01 billion and Baa € 0.11 billion. Given the wind-up process, the last published rating used as a basis for the rating classification is no longer relevant for any of the four Lehman transactions.

The distribution of underlying assets for the structured credit products is as follows:

Underlying asset structure of the structured credit products of the IKB Group

	30 Sept 2009		31 March 2009	
Underlying portfolios	Nominal amount in € billion	in %	Nominal amount in € billion	in %
Corporates	1.1	37	1.2	32
ABS	1.9	63	2.3	62
thereof with sub-prime components*	1.3	41	1.6	44
ABS/Corporates mixed	–	–	0.2	5
thereof with sub-prime components	–	–	0.2	5
Total	**3.0**	**100.0**	**3.6**	**100.0**

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

* € 0.11 billion relates to a synthetic CDO-of-ABS transaction being wound up that references subprime components. The risks for IKB resulting from this transactions is limited to legal risks with regard to the wind-up process and the credit quality of the available collateral, i.e. IKB no longer bears any subprime risk from it.

€ 0.3 billion of the portfolio investments with corporate underlyings (CDOs of corporates and CLOs) relate to the rating classes Sub B. Of the companies referenced, 46% (31 March 2009: 49%) are based in North America.

€ 1.8 billion of portfolio investments with ABS underlyings are held by Rio Debt Holdings. In addition, there was an investment (CDO of ABS) of € 0.1 billion being wound up with a rating of Baa3 and a student Loan ABS (€ 0.01 billion) with a rating of Aaa as of 30 September 2009. The majority of the underlying assets are located in North America (97%; 31 March 2009: 94%).

Due to the restructuring of two transactions with mixed ABS and corporate underlyings mentioned above, no more investments with mixed ABS and corporate underlyings exist as of 30 September 2009. The two transactions still in the portfolio as of 31 March 2009 now solely reference corporates and sovereigns and are reported under "Corporates".

Liquidity and market price risk

Liquidity risk. In the reporting period, the Bank primarily covered its short-term liquidity requirements by secured borrowing on the interbank money market (cash and term deposits), participating in ECB tenders and acquisition of customer deposits. The volume of new customer deposits developed positively in the reporting period and now amounts to over € 1.5 billion. The Bank intends to use this opportunity both now and in the future to refinance by means of liabilities guaranteed by the Deposit Protection Fund. Two secured liquidity facilities from KfW limited to March 2011 allow the Bank to borrow up to € 3 billion. These facilities have currently been partially utilised (utilisation as of 30 September 2009: € 0.5 billion).

A key factor in generating medium-term liquidity is the additional guarantee from SoFFin, which provided an additional guarantee volume of € 7 billion by way of agreement dated 18 August 2009, € 3 billion of which with the option to issue bonds with a term of up to five years. IKB issued a further bond with a volume of € 2 billion with a three-year term in September 2009 on the basis of this guarantee. The Bank already placed one two-year and two three-year bonds under the first guarantee of € 5 billion from January to April 2009. The Bank is planning to make successive further issues under the remaining guarantee.

Medium and long-term liquidity was also generated by disposals of assets and, to a lesser extent, by issuing promissory note loans guaranteed by the Deposit Protection Fund. The Bank also received funds from public assistance programmes initiated by KfW and regional development authorities, which it is using to provide financing to its small and medium-sized corporate clients. The liquidity situation of the Bank has improved significantly as a result of the combined measures.

Depending on the development of its new business, the Bank expects its liquidity requirements to amount to between € 11 billion and € 12 billion over the next twelve months. To refinance these requirements, the main options available are SoFFin guarantees, drawing options at the ECB and within the KfW liquidity facilities plus accepting liabilities guaranteed by the Deposit Protection Fund and selling assets within the scope of the EU requirements.

Liquidity planning is based on a range of assumptions as to the above and other factors that can determine liquidity, both on the assets side and the liabilities side. In the event that several of these assumptions do not come to fruition simultaneously, this may result in liquidity bottlenecks. One possible scenario for this would be market developments that neither allows assets to be sold nor liabilities guaranteed by the Deposit Protection Fund to be increased.

Market price risk. IKB distinguishes between the portfolios for proprietary trading, investment portfolios (proprietary investments and liquidity reserve) and the refinancing of lending operations. The relevant risk factors for IKB include foreign currency, interest rates, credit spreads, volatility (option price) and share price risk.

The interest rate risk at IKB is particularly relevant in the investment portfolio.

The relevant spread risk at IKB results in particular from securities and promissory note loans in the investment portfolio, the first loss piece retained from the transaction with Rio Debt Holdings and other portfolio investments.

Option writer positions are held in the Bank's investment portfolio in particular.

At IKB, currency positions essentially only exist in USD, GBP, JPY and CHF. Loans and advances denominated in foreign currencies, including their future income streams, are hedged virtually in full.

Development of the market price risk profile. The first half of the financial year was stamped by a further decline in euro interest rates in short durations and a rise for long durations, a slight decline in interest rate volatility (which is now sticking to the November 2008 level, after the Lehman insolvency) and a significant narrowing of credit spreads on government and corporate bonds and mortgage bonds.

The following table shows the development of the Bank's market risk profile:

in € million	30 Sept 2009	31 March 2009
Basis point value* (BPV)	0.6	0.1
Vega**	–13.7	–17.1
VaR*** – foreign currency	–13.6	–9.3
VaR*** – interest rate and volatility	–96.1	–126.1
VaR*** – spread	–151.1	–123.8
Correlation effect	53.5	54.7
VaR* total**	**–207.3**	**–204.5**

Some totals may be subject to discrepancies due to rounding differences.
* Change in present value of the portfolios assuming a parallel upward shift of all yield curves by one basis point (0.01%)
** Change in present value of the Bank's portfolio assuming a 1% increase in interest rate volatility
*** 99% confidence level with a holding period of ten days

Since the significant BPV reduction in mid-2008, IKB has steered its BPV in a range of between € –0.75 million and € 0.75 million. In this context, IKB has taken a moderate short position since the start of the financial year with the BPV rise of € 0.5 million in anticipation of rising interest rates.

The vega decline of € 3.4 million resulted from the further reduction in option writer positions in the investment portfolio. This is also reflected in the significant € 30 million decline in the interest rate/volatility VaR. The reduction of option positions was continued in October resulting in a vega of around € 10 million at the end of October 2009.

The € 27 million rise in the spread risk is essentially due to the significant narrowing of credit spreads since the start of the financial year, which entails an appreciation of liquidity investment bond positions and thereby increased spread risk potential.

In total, the market risk potential as of the end of the first half of the year is at roughly the same level as at the start of the financial year. While interest rate and volatility risks and spread risks were still less significant at the start of the financial year, the spread risk is now dominant for the first time as of the end of the half-year.

Operational risks

Legal risks

Legal proceedings due to alleged incorrect capital market information. A total of 137 suits have been filed against the Company by investors in IKB securities since the outbreak of the crisis in summer 2007. These suits are based on the allegedly false content of the press release issued on 20 July 2007. Some are also based on the allegedly false content of annual press conference on 28 June 2007 or on supposedly incorrect capital market information before this date.

In the press release dated 20 July 2007, which formed the focus of the legal proceedings, the Bank issued a profit forecast of € 280 million for the 2007/08 financial year. It also referred to two analyses by Moody's and Standard & Poor's stating that it would only be affected by the sub-prime crisis to a limited extent. These assessments by the Company subsequently proved to be incorrect.

The legal proceedings detailed above are for a (provisional) total value of around € 8.6 million. The possibility that additional investors will file for damages against the Bank cannot be ruled out. The success of these claims could increase the overall risk to which the Bank is exposed.

79 of these suits filed by investors have already been rejected in the first instance by the Düsseldorf Regional Court; these rulings are legally binding in at least 55 of these cases. However, this does not mean that conclusions can be drawn as to the outcome of the other legal proceedings or any decisions by higher courts. However, several civil divisions of the Düsseldorf Higher Regional Court have already dismissed appeals in a total of six cases. The civil divisions declared these cases to be not subject to review.

IKB considers the outstanding claims by investors to be unfounded.

In addition to the claims detailed above, some shareholders and investors in IKB securities have approached the Bank with out-of-court claims for damages.

Other legal proceedings. On 10 March 2008, the US Financial Guaranty Insurance Company and its British subsidiary (together FGIC) filed claims against IKB, its (then) subsidiary IKB Credit Asset Management GmbH, Düsseldorf, Havenrock II Limited and Calyon S.A. with a New York court. The plaintiffs have predominantly applied to be released from contractual obligations in respect of Havenrock II and Calyon totalling up to US$ 1.875 billion. Claims for an unspecified amount of damages have also been made against IKB. IKB held and continues to hold the view that the accusations set out in the court submission are unfounded.

At the end of August 2008, FGIC announced that FGIC and Calyon had agreed a separate settlement, under the terms of which FGIC paid US$ 200 million to Calyon.

The New York court dismissed the claim filed by FGIC in late December 2008 for procedural reasons. In the beginning of February 2009, FGIC filed an application at the court in New York that had dismissed the claim to be able to negotiate the case again. At the same time, FGIC lodged an appeal against the dismissal at the New York Court of Appeals. FGIC needs to have fully substantiated this appeal by the end of November 2009.

At the end of May 2009, the very same first instance court again dismissed FGIC's application to review the judgement made in December. This decision is legally binding under New York procedural law, and the proceedings in New York are therefore classed as no longer pending before the court of first instance, despite the appeal lodged at the Court of Appeals.

The dismissals to date in New York have been of a procedural nature. For this reason, FGIC could still bring the claim before other courts outside New York. In this context, IKB filed a corresponding negative declaratory action against FGIC with the Düsseldorf Regional Court in June 2009.

In July 2009, Calyon filed a claim against IKB with the High Court of Justice, London, UK, the particulars of claim were delivered in August 2009. Calyon is claiming damages of more than US$ 1.6 billion. As do the FGIC proceedings, this action also relates to the Havenrock II transaction. Among other things, Calyon is accusing IKB of allegedly fraudulent acts and breach of contract. It is IKB's view that these claims are also unfounded.

It was announced at the start of October 2009 that King County, a legal entity under public law in the US state of Washington, had filed an unspecified class action with the United States District Court of the Southern District of New York against IKB and others. Also in October 2009 and at the same court, Iowa Student Loan Liquidity Corporation filed an unspecified class action against IKB and others. Both actions are seeking damages for incorrect or misleading rating information on the senior notes issued by the Rhinebridge special-purpose entity, to which the rating agencies had given their best credit ratings. However, statements of claim have not yet been formally delivered. IKB will examine the accusations.

It cannot be ruled out that further claims for damages could be brought against IKB as a result of its activities or the activities of IKB Credit Asset Management GmbH in relation to RFCC, the Havenrock transactions and/or Rhinebridge by other parties involved in these transactions.

In an agreement dated 10/16 September 2008, KfW provided a degree of indemnification to IKB for claims from legal disputes against IKB (including the relevant procedural costs) in connection with RFCC, Rhinebridge or Havenrock entities for events which occurred before 29 October 2008. Even if the indemnification amount is limited, IKB anticipates that the risks from currently asserted legal disputes are largely covered by the indemnification. In this connection, IKB has extensive duties to KfW in respect to information, disclosure, notification and action. Claims from IKB AG shareholders or investors in financial instruments linked to the development of IKB shares are not covered by the indemnification.

If IKB culpably violates a concrete obligation in the indemnification agreement in connection with a concrete claim covered by the indemnification agreement, under certain circumstances, the indemnification claim in relation to this specific claim may be extinguished. The Board of Managing Directors regards the risk of a dereliction of duty as slight. This is because, to assure the contractual obligations of IKB, the necessary implementation steps for securing conduct in line with the agreement were specified in detail and documented in writing in close coordination and cooperation with KfW. The indemnification claims of IKB are also extinguished retroactively if the share sale and transfer agreement or the share transfer in rem between KfW and LSF6 Europe Financial Holdings, L.P. are or become null and void or one of the parties exercises a right which results in the reversal of the performance rendered under the agreement. Furthermore, the claims under the indemnification agreement are extinguished if, also taking into account the claims for the indemnification agreement, there is reason for insolvency at IKB or insolvency proceedings have been instituted against the assets of IKB.

Investigation by the public prosecutors. In July 2009, the Düsseldorf Department of Public Prosecution brought an action against the former Chairman of the Board of Managing Directors, Mr Ortseifen, for market manipulation and breach of trust. The subject of the charges of breach of trust is solely accusations in connection with construction projects concerning properties in which Mr Ortseifen and another former member of the Board of Managing Directors lived, but which the Bank owned. However, as of mid-November 2009, the responsible chamber of the Düsseldorf Regional Court has not opened main proceedings with regard to market manipulation or the accusations of breach of trust.

An application was also filed at the Düsseldorf Regional Court for orders of summary judgement against two further former members of the Board of Managing Directors in connection with the above accusations of breach of trust.

Further proceedings against all other defendants (also in terms of proceedings for breach of trust concerning irresponsible portfolio investments) were suspended due to a lack of adequate suspicion. Proceedings relating to the suspicion of misrepresentation have also been suspended.

The Bank is the potentially aggrieved party with regard to the proceedings and the preferment of charges. The Board of Managing Directors is supporting the Department of Public Prosecution in its work and is cooperating with it in every way in order to ensure that the matters concerned are resolved in full as soon as possible.

State aid proceedings. In connection with the rescue measures taken by KfW with the support of the banking associations for the benefit of IKB, the European Commission qualified the measures as aid and approved them in October 2008 under strict conditions. The Bank must use considerable resources to implement these conditions.

In connection with the competition law ruling of the EU Commission on 17 August 2009 regarding the permissibility of the SoFFin guarantees, Germany assured the EU Commission that a modified restructuring plan would be prepared within three months. Among other things, this should take into account the changes in general economic conditions. Furthermore, the Company may currently only conduct limited proprietary trading and cannot buy back its own liabilities until further notice. If it is unable to comply with these requirements, the Bank may be significantly disadvantaged, both legally and economically. The proceedings between the German government and the EU Commission, in which IKB is participating, are currently on schedule.

Actions for annulment against resolutions by General Meetings. An action for annulment against resolutions by the Annual General Meeting of 28 August 2008, item 6 of the agenda (election of the Supervisory Board) is currently still pending.

The following actions against resolutions made at the extraordinary General Meeting of 25 March 2009 are currently still pending:

- twelve actions for annulment regarding agenda item 1 (authorised capital),
- twelve actions for annulment regarding agenda item 2 (contingent capital increase),
- 28 actions for annulment regarding agenda items 3 and 4 (cancelling the special audit of the Board of Managing Directors and the Supervisory Board),
- nine actions for annulment regarding agenda item 5 (Supervisory Board elections),
- one action for annulment regarding agenda item 8 (amendment of the Articles of Association with regard to the election of the Chairman of the Annual General Meeting) and
- four actions against the resolution to reject the motion brought in the Annual General Meeting to vote out the Chairman of the Annual General Meeting.

The following actions against resolutions made at the Annual General Meeting of 27 August 2009 are currently still pending:

- two actions for annulment regarding agenda item 2 (formal discharge of the Board of Managing Directors),
- two actions for annulment regarding agenda item 3 (formal discharge of the Supervisory Board),
- one action for annulment regarding agenda item 5 (Supervisory Board elections),
- one action for annulment against the resolutions to reject motions brought in the Annual General Meeting to adjourn the formal discharge of the Board of Managing Directors and the Supervisory Board and
- one action for annulment against the resolution to reject the motion filed at the Annual General Meeting to appoint a special auditor.

Risks in connection with SoFFin conditions

In addition to other conditions, one SoFFin condition requires IKB to prepare monthly, quarterly, half-yearly and annual reports presenting the financial and economic situation of IKB.

IKB must continue to ensure that it is sufficiently capitalised, i.e. specifically that it has a Tier I ratio in accordance with section 10 (2a) KWG of at least 8% of the denominator of the overall capital ratio stated in section 2 (6) sentence 2 SolvV. If the Tier I capital of IKB at single entity or Group level in accordance with section 10 (2a) KWG declines during the term of the guarantee agreement to less than 8% of the denominator of the respective overall capital ratio stated in section 2 (6) sentence 2 SolvV (at single entity or Group level), IKB must inform SoFFin of this immediately and immediately take all necessary action to restore the required Tier I ratio of at least 8% of the denominator of the overall capital ratio given in section 2 (6) sentence 2 SolvV (see also “Significant events” in the reporting period for information on the conditions of the extended SoFFin guarantee dated 3 July 2009).

Non-compliance with these obligations will result in certain legal repercussions including substantial contractual penalties. Specific violations of contract can increase the probability that unused portions of the guarantee will be forfeit. The Bank could also be required to provide cash collateral for the utilised guarantees.

Extensive processes have been implemented to minimise operational risks of non-compliance.

Personnel risks

As in previous periods, the trend in resignations by employees is continuing to decline. Given the stabilisation of the Bank, the published redundancy scheme and the general situation on the labour market, a significant decline in the resignation rate has been observed as against the previous quarters.

Over the first half of the financial year, around 170 jobs were downsized at the branches owing to relocation to head office (34) or departures or transfer to the interim employment company. This has not to date resulted in any of the possible distortions described in the Group management report as of 31 March 2009. Nonetheless, there are indications of uncertainty and a loss of motivation among employees on account of the outstanding downsizing in central divisions.

One factor that can be considered to have reduced risk is that the Bank has succeeded in recruiting a number of highly qualified new employees and executives. Also, more of the new established positions created as part of the restructuring measures have been largely filled by internal reassignments. This was not the case for only a small number of these positions, with the result that the start-up and error risks were limited – particularly in the new central divisions.

Generally, a greater need for restructuring specialists has been observed in the industry on account of the ongoing financial market crisis. This is tending to increase the risk of internal specialists being poached in this and related areas.

Overall assessment of the risk situation

The markets have still not fully processed the Lehman Brothers insolvency. In a market still characterised by high levels of uncertainty and volatility and in a deep recession, IKB is still exposed to considerable default, market price, liquidity and legal risks.

It is still very difficult to estimate the impact of the global economic downturn on counterparty default risks in lending business. The risk of further deterioration in the economy is still high. Even in the current financial year, the effects of the recession have left noticeable scars on structured financing, which accounted for around half of all impairment losses.

The risk to IKB from portfolio investments is limited to a total of € 0.8 billion, € 0.3 billion of which is being wound up. The rest is divided among restructured proprietary investments, a subordinated loan to Rio Debt Holdings and investments relating to the securitisation of on-balance sheet positions.

Following the reduction of interest positions in the past financial year and the continuing reduction of option positions, the market price risk is now dominated by the credit spread risk. In light of market jitters and despite all the measures taken to shrink interest rate risks, the Bank still has a relatively high exposure to increases in the volatility of interest rates (volatility risk, vega) due to the issuer positions still held in the investment portfolio.

Liquidity risk has been cushioned thanks to the support of SoFFin, to the extent that IKB will be able to implement its own planned measures to procure liquidity as the market environment returns to normal.

Risk-bearing capacity is assured in regulatory terms with ratios in excess of the minimum legal requirements. Economically, risk-bearing capacity is assured from both equity provider and lender perspectives as of 30 September 2009. Nonetheless, this situation is still tight. For this reason, the Bank is still making use of all economically viable opportunities to lower its risk position. This includes both counterparty risks and market price risks. In the event of a significant expansion of the current recession beyond 2010 and yet another severe hit on the capital market such as it was forced to witness after the insolvency of Lehman Brothers, the Bank would no longer have risk-bearing capacity without further additional equity. This also applies to unexpected legal risks if they are recognised in income.

IKB's ability to continue as a going concern depends on compliance with the requirements

- of SoFFin for the provision of guarantees,
- of the European Commission for the approval of state aid and
- of the Deposit Protection Fund of private banks

and the EU Commission's approval of the modified restructuring plan and the extended SoFFin guarantees.

To do this, it is of paramount importance that

- the Tier I ratio of at least 8% is complied with at Bank and Group level,
- consolidated total assets are reduced to € 33.5 billion by 30 September 2011,
- the Real Estate Finance segment and activities at locations in Luxembourg and New York are discontinued on schedule and
- risk-bearing capacity is also assured in the future in due consideration of the above points and the new business model.

If IKB is unable to maintain a Tier I capital ratio of at least 8%, guarantee its risk-bearing capacity and sufficiently reduce risk items in the coming financial years, further additional equity will be required.

IKB has not only taken these provisions into consideration in its planning but has also set up processes and executive bodies for the sustainable balance sheet structure management that this will require. In addition to the disposal of certain risk assets that no longer belong to the Bank's core business to institutional investors, this also includes changing the refinancing structure.

As well as the time component in the implementation of the EU requirements, effects on key economic indicators such as Tier I capital, ongoing earnings losses and liquidity will also be monitored on an ongoing basis.

In the event that the financial and economic crisis persists for longer than expected, there may still be scope to carry out any necessary adjustments to implement these measures, which means that it will not be necessary to sell off balance sheet assets at any price in order to comply with the EU requirements. Even if the Bank temporarily falls below the minimum Tier I ratio required by SoFFin, appropriate measures can be agreed with SoFFin. This could include the addition of further equity.

However, the Board of Managing Directors is assuming that the requirements will be implemented on time and that the business specifications will be complied with at the same time.

5. Related party disclosures

Transactions with related parties primarily relate to refinancing transactions and the capital boost by the parent company of IKB's main shareholder LSF6 Europe Financial Holdings, L.P. or companies owned by it. The capital boost has been described under item 2. in the interim Group management report. Loans and advances to customers mainly relate to lending to associates and other investees and investors. These are presented in note (39) to the interim consolidated financial statements.

6. Events after 30 September 2009 (supplementary report)

The following new developments have arisen since 30 September 2009:

EU requirements on account of modified restructuring plan

In connection with the extended SoFFin guarantee (for an additional € 7 billion) approved by the EU Commission, the Federal Republic of Germany undertook to submit a modified restructuring plan for IKB to the EU Commission within three months. The proceedings between the German government and the EU Commission, in which IKB is participating, are currently on schedule.

The original restructuring plan was drawn up before the insolvency of Lehman Brothers in September 2008 and provided for an operative turnaround at IKB in the 2010/11 financial year. The updated plan essentially addresses the adjustments to the significant deterioration in general conditions since the Lehman insolvency and the delayed return to profitability as a result and the need to use SoFFin guarantees. IKB's medium-term goal of achieving an appropriate return on capital employed by the focusing on SME business and stabilising the Bank by reducing its risk positions is unchanged.

Significant transactions

In connection with the implementation of the requirements of the European Commission to restructure the IKB Group, all rights and obligations arising from the investment agreement with BNP Paribas Luxembourg S.A. ("BNP S.A.") dated 8 November 1999 were transferred from IKB S.A. to IKB AG by way of contract transfer on 5 October 2009. The meeting of the owners of the silent investment certificates issued on a trust basis by BNP S.A. had first approved the transfer with a majority of 93.88%. The silent investment ended on 31 March 2009 (nominally € 100 million) was repaid in the amount of € 19 million as per contract on 17 November 2009.

Claims for damages

For information on the actions initiated by King County and Iowa Student Loan Liquidity Corporation at the start of October 2009, please see the section on “Legal risks” in the risk report.

Personnel changes

The appointment of Mr Hans Jörg Schüttler, Dr Dieter Glüder and Dr Michael Wiedmann as members of the Board of Managing Directors of the Company ended as of 14 October 2009. Effective 15 October 2009, Mr Hans Jörg Schüttler was appointed as a member of the Board of Managing Directors of the Company until 31 October 2013, Dr Dieter Glüder until 15 October 2013 and Dr Michael Wiedmann until 29 February 2014. Mr Schüttler was appointed the Chairman of the Board of Managing Directors.

Mr Claus Momburg was also already reappointed as a member of the Board of Managing Directors of the Company for the period from 11 November 2010 to 10 November 2015.

On account of the compensation restriction agreements with SoFFin, no bonuses will be paid to the members of the Board of Managing Directors from 3 July 2009 until 31 December 2010. The maximum compensation for members of the Board of Managing Directors in this period will be € 500 thousand p.a.

Regarding the amount of future bonuses, regulations on bonuses were adjusted in line with new legal requirements of the German Act on the Appropriateness of Management Board Compensation when agreements were extended. The Supervisory Board must take into account the results and economic situation of the Company and the work done by members of the Board of Managing Directors at its due discretion. The amount of bonuses must also be determined with a view to the sustainable development of the Company over multiple years. Thus, bonuses are determined with a view to the sustainable development of the Company over multiple years.

7. Outlook

Future general economic conditions

As of the end of the calendar year 2009, leading research institutes forecast a tangible rise in global economic output in their autumn reports. However, as the economic recovery begins, this does not mean a fast or strong upswing. The recovery next year will be hampered by the end of global stimulus programmes, massive surplus capacity in key industry sectors and an anticipated rise in unemployment. In addition, experience shows that insolvencies among companies increase when the economy starts to recover again. Thus, IKB anticipates that the wave of insolvencies will reach its peak in the next nine to twelve months.

The economy is gradually stabilising in the countries of Western Europe relevant to IKB. Research institutes are forecasting GDP growth in 2010 of 1.1% in France and 0.2% in Italy. The UK, however, will have difficulty emerging from the recession owing to the financial market crisis (2010: GDP growth rate of 0%). Spain will still feel the consequences of its domestic real estate crisis and the associated slump in the construction industry keenly in 2010 (2010: GDP growth rate of –0.3%).

The leading economic research institutes in Germany are forecasting only a hesitant recovery in the coming year. Given the still weak expansion of the global economy, German exports will only pick up at a moderate rate. Investments in equipment by companies, the most important economic determinant for IKB's lending business, are expected to grow by 1.5% next year after slumping an anticipated 20% in 2009. Private consumer spending is increasingly being impaired by the deteriorating situation on the labour market. In total, institutes are forecasting a rise in GDP in 2010 of 1.2%.

In the opinion of the economic research institutes, the main risks to further development will result from new shocks to the finance system that cannot be ruled out. Extensive write-downs on investment securities and impairment on credit portfolios as a result of rising insolvencies among companies could lead to further losses for banks.

In Germany it is particularly feared that the supply of credit to the economy in the coming months cannot be sufficiently guaranteed overall or could only be guaranteed for selected groups of SME companies as a number of negative factors take their toll on banks' lending capacity. This could also become a prolonged situation. In Germany it will also become important how much banks can extend their lending scope by way of securitisation. However, the securitisation market is still not functioning.

A functional weakness can also still be observed on other capital markets, such as for the important unsecured interbank money market. Overall, the recovery on the markets is remaining fragile as many actors are not ruling out further setbacks. Emerging economic imbalances, growing public debt, high lending by central banks and poor corporate results are repeatedly being seen as indications that the crisis is flaring up again or that a new bubble is forming. Speculation as to the timing and success of the end of stimulus measures by governments and central banks is also contributing to uncertainty.

Opportunities of future development

In spite of the ongoing financial and economic crisis, IKB has been able to maintain its business with German SMEs, albeit at a reduced level. Even during the crisis, it refocused its organisation on SMEs and restructured its sales and loan processing departments. The goal is to provide customers with a comprehensive offering with the corresponding expertise in consulting and for products. IKB has successfully begun building and expanding the necessary staff capacity to do this. The small and medium-sized enterprises that were exposed to the sudden slump in the economy are also changing their financing behaviour. They now rate liquidity and margins differently and are also increasingly seeking consulting services.

Parallel to this new focus, complexity that arose from large numbers of business areas and subsidiaries is being reduced. This is not just compliance with the requirements of the EU Commission, it is also mobilising resources for SMEs and sustainably reducing costs. IKB is also aiming to further strengthen its earnings power with consulting services not shown on the balance sheet.

As the financial and economic crisis draws to an end, business opportunities in consulting, lending and derivatives business will open up for IKB on the basis of this primarily sales-oriented organisation. Alongside cost awareness, price discipline will also be of crucial importance. It is also essential that IKB repositions itself early on for this phase and for SMEs.

When the crisis draws to an end, IKB will also be able to use the capital markets more strongly again for itself and for its customers. By way of securitisation, growth in assets will be brought in line with the equity and liquidity available while complying with the EU's restriction on total Group assets. Regulatory changes and restrictions with regard to higher equity and liquidity buffers in the banking sector are also emerging, and it is possible to manage adherence to these in a targeted way through securitisation.

Future risks exist in the possibility that the financial and economic crisis could last much longer or could flare up again. A further risk is that, given the major structural change on the German banking market, gaining market share could become a primary goal once again.

Net assets

The solvency ratios of IKB are higher than at the beginning of the financial year and are therefore significantly higher than the legal requirements. Key factors contributing to this were the capital increase by Lone Star and the targeted reduction of risk assets. The Tier I capital ratio, which is well over 8% for IKB AG and the Group, has become the main control parameter. IKB has a contractual obligation, mainly to SoFFin, to maintain this minimum value of 8% Tier I capital. Regardless of the continuing difficulties in the economic environment, IKB anticipates that it will continue to maintain this minimum value and thereby continue to comply with the legal requirements provided that legal equity requirements are not dramatically increased. IKB will essentially work to reduce risk assets to ensure these and other minimum ratios. If necessary, it will also carry out further measures to strengthen its capital basis, particularly in the economic downturn continues.

Liquidity situation

With issues of € 7 billion under the SoFFin guarantee and asset disposals of € 2 billion as key components of current planning, IKB’s liquidity has been assured for a forecast period of two years. These resources would also allow the Bank to bridge temporary, unexpected liquidity requirements, such as could emerge if the crisis were to flare up again or if there were a credit crunch in the corporate sector.

Collateralised borrowing and the lending of securities or loan assets with the Central Bank have become important sources of refinancing for all banks, and IKB is no exception. In its interbank business, the Bank is also using collateralised borrowing as an instrument to cover its liquidity requirements. IKB is also still refinancing a large portion of its lending business by borrowing from government development banks.

Planning includes a liquidity effect of € 2 billion from asset disposals needed to satisfy the EU requirements of a reduction in total assets. The planned asset disposals are therefore also an important component in the liquidity supply.

The Bank is also continuing to cover its short-term liquidity requirements by secured borrowing on the interbank money market (cash and term deposits), participation in ECB tenders, accepting customer deposits and secured KfW liquidity facilities limited to March 2011.

Given the current rating (Baa3/BBB-) it will be possible to issue unsecured bearer bonds on the capital market only very selectively and in small amounts if at all. This may improve in the longer term as a result of a change in investor behaviour and/or positive changes in the rating.

The future liquidity situation will continue to depend on the development of new business and the extent to which customers draw on existing loan commitments. Both factors have been included in liquidity requirement planning at sufficiently cautious levels.

In addition, the requirements of bank partners regarding the collateralisation of transactions, particularly in derivatives business, can also influence the liquidity of IKB. Potential risks from this have also been included in liquidity planning.

Earnings performance

The financial and economic crisis will continue to impair IKB's business development and cause a high level of earnings volatility. This applies to the positions carried at fair value and to core business.

Once its restructuring is complete, IKB is expected to have a substantially different earnings structure and a lower overall income level than in the financial years prior to 2007/08 as its total assets will be considerably less. Income from the Portfolio Investments segment will be replaced by commission from SME consulting business. The results for the 2009/10 and 2010/11 financial years are expected to be greatly squeezed by the knock-on effects of the financial crisis, defaults in the corporate sector and the costs of compliance with the EU's requirements. In particular, earnings will be reduced by the limitations on interest-bearing new business and the costs of reducing total assets. Other factors include the increased provision for possible loan losses and the sharp rise in refinancing costs. The Group's costs will also be significantly reduced by cutting operating expenses by 30% year-on-year and the anticipated headcount reduction of 370 jobs. Over time, the above negative factors will no longer affect annual results and the cost savings will become significant. The medium-term goal of achieving an appropriate return on operating business will then depend on additional fee and commission income being generated by the planned expansion of consulting business and on a gradual expansion of lending business achieving reasonable margins on a significantly reduced administrative and risk cost basis.

The continuing development of IKB is also dependent on its ability to refinance itself adequately. In addition to the expanded SoFFin guarantees, this means that the capital markets will have to return to normal, at least for collateralised borrowing, and that confidence will have to be restored in banks in general, resulting in more favourable refinancing costs than under the SoFFin guarantees.

The need to service the agreements on compensation from future profits entered into in return for the provision of € 1,050 million of regulatory core capital by KfW Bankengruppe in the 2007/08 financial year, the compensation agreement relating to the waiver by LSF6 Europe Financial Holdings, L.P. of its repayment claim and future interest payment claims arising from the subordinated bonds of IKB AG assumed in November and December 2008 and the impairment loss reversal rights of hybrid investors is likely to result in the Group and IKB AG not reporting any, or only minimal profit, for several financial years to come.

Düsseldorf, 19 November 2009/2 February 2010

IKB Deutsche Industriebank AG
The Board of Managing Directors

Restated Interim Consolidated Financial Statements in accordance with International Financial Reporting Standards as of 30 September 2009

Consolidated statement of comprehensive income of IKB Deutsche Industriebank AG for the period from 1 April 2009 to 30 September 2009

Consolidated income statement

	Notes	1 April 2009– 30 Sept 2009 in € million	1 April 2008– 30 Sept 2008* in € million
Net interest income	(1)	**101.9**	**190.2**
Interest income		1 026.0	1 419.8
Interest expenses		924.1	1 229.6
Provision for possible loan losses	(2)	**210.0**	**106.7**
Net interest income (after provision for possible loan losses)		**–108.1**	**83.5**
Net fee and commission income	(3)	**–13.0**	**24.3**
Fee and commission income		22.4	29.2
Fee and commission expenses		35.4	4.9
Net income from financial instruments at fair value	(4)	**–334.4**	**162.9**
Net income from investment securities	(5)	**12.6**	**–233.7**
Result of investments accounted for at equity	(6)	**–1.1**	**–8.1**
Administrative expenses	(7)	**145.7**	**180.0**
Staff costs		81.4	89.7
Other administrative expenses		64.3	90.3
Net other operating income	(8)	**140.3**	**422.9**
Other operating income		226.1	514.0
Other operating expenses		85.8	91.1
Operating result		**–449.4**	**271.8**
Income taxes	(9)	2.9	29.7
Other taxes		1.9	2.1
Consolidated net profit/loss for the period		**–454.2**	**240.0**
Minority interests		0.2	–0.1
Consolidated net profit/loss for the period after minority interests		**–454.0**	**239.9**

* Figures restated

Earnings per share

	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*
Consolidated net profit/loss for the period after minority interests (€ million)	–454.0	239.9
Average number of shares outstanding (million)	609.2	96.8
Earnings per share (€)	**–0.75**	**2.48**

* Figures restated

Condensed statement of comprehensive income

	1 April 2009– 30 Sept 2009 in € million	1 April 2008– 30 Sept 2008 in € million*
Consolidated net profit/loss for the period	**–454.2**	**240.0**
Change in equity due to available-for-sale financial assets	47.7	–50.0
Change in profit or loss due to available-for-sale financial assets	4.0	43.2
Change in profit or loss due to cash flow hedges	–	–37.4
Change in equity from derivatives hedging fluctuations in future cash flows	1.8	–
Changes in equity from currency translation	2.5	–20.1
Changes in equity due to actuarial gains/losses (IAS 19)	28.2	4.3
Deferred taxes on changes recognised directly in equity	–25.2	14.3
Total comprehensive income	**–395.2**	**194.3**

* Figures restated

Total comprehensive income relates to	1 April 2009– 30 Sept 2009 in € million	1 April 2008– 30 Sept 2008 in € million*
Shareholders of IKB AG	**–395.0**	**194.2**
Minority interests	–0.2	0.1

* Figures restated

Consolidated balance sheet of IKB Deutsche Industriebank AG as of 30 September 2009

	Notes	30 Sept 2009 in € million	31 March 2009 in € million	31 March 2008 in € million
Assets				
Cash reserve		25.2	4.2	308.8
Loans and advances to other banks	(10)	3 285.7	2 979.5	2 850.3
Loans and advances to customers	(11)	26 584.9	27 927.9	28 843.6
Provision for possible loan losses	(12)	–950.0	–997.7	–861.2
Trading assets	(13)	3 121.7	3 732.8	3 637.7
Investment securities	(14)	8 946.8	10 236.3	12 839.7
of which € 85.5 million investment securities pledged as collateral, available for sale or reassignment by the protection purchaser as of 30 September 2009 (31 March 2009: € 631.4 million; 31 March 2008: € 1,957.0 million)				
Companies accounted for using the equity method	(15)	7.2	7.5	14.7
Intangible assets		16.0	19.1	32.1
Property, plant and equipment	(16)	260.8	256.1	218.8
Current tax assets	(17)	49.5	57.7	44.8
Deferred tax assets	(17)	251.5	256.2	183.6
Other assets	(18)	255.2	228.2	2 111.1
Non-current assets held for sale	(19)	106.8	3.1	–
Total		**41 961.3**	**44 710.9**	**50 224.0**
Equity and liabilities				
Liabilities to banks	(20)	13 280.2	15 318.7	17 449.3
Liabilities to customers	(21)	6 340.4	5 818.8	5 751.5
Securitised liabilities	(22)	14 053.8	14 025.9	18 184.8
Trading liabilities	(23)	4 778.0	5 480.0	5 410.9
Provisions	(24)	149.6	172.3	83.7
Current tax liabilities	(25)	142.8	94.8	88.1
Deferred tax liabilities	(25)	129.0	139.6	149.2
Other liabilities	(26)	482.5	514.1	163.4
Subordinated capital	(27)	1 160.3	1 391.7	1 779.7
Equity		1 444.7	1 755.0	1 163.4
Issued capital		1 582.7	1 497.8	247.8
Capital reserve		597.8	597.8	597.8
Retained earnings		–265.0	–206.8	318.3
Currency translation reserve		–18.0	–20.5	7.0
Revaluation surplus		1.3	–35.9	2.8
Minority interests		–0.1	0.1	0.4
Consolidated unappropriated surplus/cumulative loss		–454.0	–77.5	–10.7
Total		**41 961.3**	**44 710.9**	**50 244.0**

Statement of changes in equity

in € million	Issued capital	Capital reserve	Retained earnings		Currency translation reserve	Revaluation surplus			Consolidated unappropriated surplus/ cumulative loss	Total	Minority interest	Total equity
			Actuarial gains/losses (IAS 19)	Other		Financial assets available for sale	Derivatives hedging fluctuations in future cash flows	Hedges (IFRS 1 IG 60B)				
Equity as of 1 April 2008	**247.8**	**597.8**	**–8.9**	**327.2**	**7.0**	**–22.8**	**–**	**25.6**	**–10.7**	**1 163.0**	**0.4**	**1 163.4**
Capital increase										–		–
Changes: scope of consolidation/other				0.4						0.4		0.4
Netting of consolidated net loss 1 April 2007 to 31 March 2008				–10.7					10.7	–		–
Total comprehensive income			3.0		–20.1	–3.0		–25.6	250.2	204.5	0.1	204.6
Equity as of 30 September 2008 before changes	**247.8**	**597.8**	**–5.9**	**316.9**	**–13.1**	**–25.8**	**–**	**–**	**250.2**	**1 367.9**	**0.5**	**1 368.4**
Changes in accordance with IAS 8									–10.3	–10.3		–10.3
Equity as of 30 September 2008 after changes	**247.8**	**597.8**	**–5.9**	**316.9**	**–13.1**	**–25.8**	**–**	**–**	**239.9**	**1 357.6**	**0.5**	**1 358.1**
Capital increase	1 250.0									1 250.0		1 250.0
Changes: scope of consolidation/other				5.9						5.9		5.9
Withdrawal from retained earnings				–502.5					502.5	0.0		0.0
Total comprehensive income			–21.2		–7.4	–1.8	–8.3		–819.9	–858.6	–0.4	–859.0
Equity as of 31 March 2009	**1 497.8**	**597.8**	**–27.1**	**–179.7**	**–20.5**	**–27.6**	**–8.3**	**–**	**–77.5**	**1 754.9**	**0.1**	**1 755.0**
Capital increase	84.9									84.9		84.9
Netting of consolidated net loss 1 April 2008 to 31 March 2009				–77.5					77.5	–		–
Total comprehensive income			19.3		2.5	36.0	1.2		–454.0	–395.0	–0.2	–395.2
Equity as of 30 September 2009	**1 582.7**	**597.8**	**–7.8**	**–257.2**	**–18.0**	**8.4**	**–7.1**	**–**	**–454.0**	**1 444.8**	**–0.1**	**1 444.7**

Condensed cash flow statement for the period from 1 April 2009 to 30 September 2009

	2009 in € million	2008 in € million
Cash and cash equivalents as of 1 April	**4.2**	**308.8**
Cash used in operating activities	–1 408.5	–2 327.2
Cash flow generated by investing activities	1 525.1	2 122.6
Cash used in financing activities	–95.6	–6.3
Cash and cash equivalents as of 30 September	**25.2**	**97.9**

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Restatement of the 6-Month Report

The need for the restatement resulted from the translation of an item under "Loans and advances to banks" in foreign currency at the consolidated company Havenrock Ltd., St. Helier, Jersey, in which the exchange rate used was not updated as of the reporting date.

The change reduces the fair value result and the carrying amount of loans and advances to banks in the Interim Consolidated Financial Statements by € 55.9 million each. As a result, the consolidated net loss rises from € –398.3 million to € –454.2 million; the total consolidated net result changes from € –339.3 million to € –395.2 million. The adjustment reduces equity from € 1,500.6 million to € 1,444.7 million. The effects of the changes on the items of the consolidated balance sheet and the consolidated statement of comprehensive income can be seen in detail in the following tables.

Consolidated income statement

in € million	1 April 2009 – 30 Sept 2009 before restatement	Change	1 April 2009 – 30 Sept 2009 after restatement
Net interest income	**101.9**	**–**	**101.9**
Interest income	1 026.0	–	1 026.0
Interest expenses	924.1	–	924.1
Provision for possible loan losses	**210.0**	**–**	**210.0**
Net interest income (after provision for possible loan losses)	**–108.1**	**–**	**–108.1**
Net fee and commission income	**–13.0**	**–**	**–13.0**
Fee and commission income	22.4	–	22.4
Fee and commission expenses	35.4	–	35.4
Net income from financial instruments at fair value	**–278.5**	**–55.9**	**–334.4**
Net income from investment securities	**12.6**	**–**	**12.6**
Result of investments accounted for at equity	**–1.1**	**–**	**–1.1**
Administrative expenses	**145.7**	**–**	**145.7**
Staff costs	81.4	–	81.4
Other administrative expenses	64.3	–	64.3
Net other operating income	**140.3**	**–**	**140.3**
Other operating income	226.1	–	226.1
Other operating expenses	85.8	–	85.8
Operating result	**–393.5**	**–55.9**	**–449.4**
Income taxes	2.9	–	2.9
Other taxes	1.9	–	1.9
Consolidated net profit/loss for the period	**–398.3**	**–55.9**	**–454.2**
Minority interests	0.2	–	0.2
Consolidated net profit/loss for the period after minority interests	**–398.1**	**–55.9**	**–454.0**

Condensed statement of comprehensive income

in € million	1 April 2009– 30 Sept 2009 before restatement	Change	1 April 2009– 30 Sept 2009 after restatement
Consolidated net profit/loss for the period	**–398.3**	**–55.9**	**–454.2**
Change in equity due to available-for-sale financial assets	47.7	–	47.7
Change in profit or loss due to available-for-sale financial assets	4.0	–	4.0
Change in profit or loss due to cash flow hedges	–	–	–
Change in equity from derivatives hedging fluctuations in future cash flows	1.8	–	1.8
Changes in equity from currency translation	2.5	–	2.5
Changes in equity due to actuarial gains/losses (IAS 19)	28.2	–	28.2
Deferred taxes on changes recognised directly in equity	–25.2	–	–25.2
Total comprehensive income	**–339.3**	**–55.9**	**–395.2**

Consolidated Balance Sheet

in € million	30 Sept 2009 before restatement	Change	30 Sept 2009 after restatement
Assets			
Cash reserve	25.2	–	25.2
Loans and advances to other banks	3 341.6	–55.9	3 285.7
Loans and advances to customers	26 584.9	–	26 584.9
Provision for possible loan losses	–950.0	–	–950.0
Trading assets	3 121.7	–	3 121.7
Investment securities	8 946.8	–	8 946.8
of which € 85.5 million investment securities pledged as collateral, available for sale or reassignment by the protection purchaser as of 30 September 2009 (31 March 2009: € 631.4 million; 31 March 2008: € 1,957.0 million)			
Companies accounted for using the equity method	7.2	–	7.2
Intangible assets	16.0	–	16.0
Property, plant and equipment	260.8	–	260.8
Current tax assets	49.5	–	49.5
Deferred tax assets	251.5	–	251.5
Other assets	255.2	–	255.2
Non-current assets held for sale	106.8	–	106.8
Total	**42 017.2**	**–55.9**	**41 961.3**
Equity and liabilities			
Liabilities to banks	13 280.2	–	13 280.2
Liabilities to customers	6 340.4	–	6 340.4
Securitised liabilities	14 053.8	–	14 053.8
Trading liabilities	4 778.0	–	4 778.0
Provisions	149.6	–	149.6
Current tax liabilities	142.8	–	142.8
Deferred tax liabilities	129.0	–	129.0
Other liabilities	482.5	–	482.5
Subordinated capital	1 160.3	–	1 160.3
Equity	1 500.6	–55.9	1 444.7
Issued capital	1 582.7	–	1 582.7
Capital reserve	597.8	–	597.8
Retained earnings	–265.0	–	–265.0
Currency translation reserve	–18.0	–	–18.0
Revaluation surplus	1.3	–	1.3
Minority interests	–0.1	–	–0.1
Consolidated unappropriated surplus/cumulative loss	–398.1	–55.9	–454.0
Total	**42 017.2**	**–55.9**	**41 961.3**

The statement of changes in equity and the tables affected by this within the notes have been adjusted accordingly.

Principles of Group accounting

The interim consolidated financial statements of IKB as of 30 September 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable as of the reporting date on the basis of Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and the related subsequent regulations. This also applies to the interpretations of such IFRSs issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). The interim consolidated financial statements have been prepared in condensed form in accordance with the requirements of interim financial reporting set out in IAS 34. The German requirements set out in section 315a (1) of the German Commercial Code (HGB) were also applied to the extent that they were applicable at the reporting date.

In accordance with section 37w of the German Securities Trading Act in conjunction with section 37y no. 2 of the German Securities Trading Act, IKB prepares a half-year report consisting of these condensed interim financial statements and an interim Group management report as well as a responsibility statement in line with the requirements of section 297 (2) sentence 3 of the German Commercial Code and section 315 (1) sentence 6 of the German Commercial Code.

Unless otherwise indicated, all amounts are stated in millions of euro (€ million). Amounts in millions and percentages are generally rounded to one decimal place in accordance with standard business principles. Some totals and percentages may contain discrepancies due to rounding differences. The term "previous year" is used for comparative figures for the prior-year period in the income statement data.

Accounting provisions adopted for the first time

These interim consolidated financial statements are based on standards and interpretations that are mandatory within the European Union for the financial year.

The International Accounting Standards Board (IASB) published the new standard IFRS 8 "Operating segments" in November 2006. This was endorsed by the EU in November 2007 and applies to financial years beginning on or after 1 January 2009. The standard replaces IAS 14 "Segment reporting". The main differences as against the previous provisions of IAS 14 lie in the definition of operating segments and their standards of measurement with the introduction of the management approach as opposed to the previous risk and reward approach. Segment information is now presented in line with the same internal measurement standards as are used for regular internal management information. The new regulations do not have any significant effect on IKB.

The revised IAS 1 "Presentation of Financial Statements" was published in September 2007 and applies to financial years beginning on or after 1 January 2009. The amendments affect both terminology and extended comparative disclosures. This results in disclosure requirements as of three balance sheet dates in the year of transition in accounting policies or in the event of corrections in errors. On the one hand, the new standard requires a reorganisation of the content of the income statement. This new statement can either be shown in one table as a statement of comprehensive income (single-statement approach) or in two statements (two-statement approach), the income statement in its previous form and a supplementary statement of recognised income and expense. On the other hand, the revised version of IAS 1 entails a different presentation of equity. In addition, the corresponding income tax must be shown for each individual component of recognised income and expense. The enterprise must also disclose all reclassification adjustments that were recognised in the statement of recognised income and expense in previous financial years. Thus, the adoption of IAS 1 only affects the presentation of the various reporting elements (balance sheet, statement of comprehensive income, statement of changes in equity and the notes).

On 29 March 2007, the IASB published a revised version of IAS 23 “Borrowing Costs”, applicable to financial years beginning on or after 1 January 2009. IAS 23 previously contained the option either to recognise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset either on the face of the income statement or to capitalise them. Under the amended IAS 23, borrowing costs relating to qualifying assets must be capitalised. The adoption of this standard has no effect on IKB.

In February 2008, the IASB published amendments to the standard IAS 32 “Financial Instruments: Presentation”, applicable to financial years beginning on or after 1 January 2009. The basic structure of the definition of capital under IFRSs has not been changed. However, the amendment to IAS 32 has granted two exceptions to this definition of capital. As a result, certain obligations shall in future be reported as equity in IFRS financial statements rather than as financial liabilities. This affects puttable instruments and financial instruments that result in a payment obligation for the company in the event of liquidation if these also represent the most subordinate class of capital. The amendments do not have any effect on the interim consolidated financial statements of IKB.

As part of the ongoing IFRS annual improvement project, the IASB published an amendment standard for the first time in May 2008. In connection with the annual IFRS improvement project, a number of changes to existing standards were made. These generally eliminated inconsistencies in or between standards or clarified certain wordings. Most of these changes take effect for financial years beginning on or after 1 January 2009. The amendments do not have any significant effect on IKB.

In January 2008 the IASB published amendments to IFRS 2 “Share-based payment: vesting conditions and cancellations”. It was endorsed in European law in December of the same year. The amendments to IFRS 2 apply to financial years beginning on or after 1 January 2009. The adoption of IFRS 2 was not required on account of a lack of relevance.

In November 2006 the IASB published IFRIC 12 “Service concession arrangements”, which was endorsed in European law in March 2009. Under European law, the interpretation must be adopted for financial years beginning on or after 29 March 2009. The interpretation does not have to be adopted by IKB as it is not sufficiently relevant.

IFRIC 13 “Customer loyalty programmes” was published by the IASB in June 2007. The interpretation was endorsed in European law in December of the following year, the provisions of which state that it must be adopted for the first time for financial years beginning on or after 31 December 2008. IFRIC 13 was not adopted owing to a lack of relevance. The interpretation does not have to be adopted by IKB as it is not sufficiently relevant.

In July 2007, the IASB published IFRIC 14, IAS 19 “The limit on a defined benefit asset, minimum funding requirements and their interaction”. The European Union endorsed these provisions in December 2008, whereby IFRIC 14, IAS 19 became applicable to financial years beginning on or after 31 December 2008 under European law. It was not necessary to adopt IFRIC 14, IAS 19 owing to a lack of relevance.

Future applicable accounting provisions

Standards and interpretations published by the IASB and endorsed by the European Union before 30 September 2009 are described below.

IKB has opted against early voluntary adoption of the following standards and interpretations in these interim consolidated financial statements.

In January 2008, the IASB published a revised version of IFRS 3 “Business Combinations” and an amended version of IAS 27 “Consolidated and Separate Financial Statements”. Both amendments apply to financial years beginning on or after 1 July 2009. While the application of the purchase method to business combinations was developed further in IFRS 3, IAS 27 sets out revised requirements concerning the calculation of minority interests and the accounting of the loss of control over a subsidiary. Under the new provisions, changes to a parent’s interest in a subsidiary as a result of the acquisition of minority interests or the disposal of shares to minorities without losing control are recognised as equity transactions. Any difference between the purchase price or the proceeds from the sale and the pro rata carrying amount are offset in equity under retained earnings. However, sales of shares resulting in a loss of control are recognised in profit and loss. There were no acquisitions as defined by IFRS 3 in the reporting period.

In July 2008, the IASB published an amendment to IAS 39 “Financial Instruments: Recognition and Measurement” regarding qualifying hedged items. First-time adoption is required for financial years beginning on or after 1 July 2009. The amendment relates to the hedging of inflation risks with hedged items in specific cases and the designation of options at their intrinsic or fair value. The amendments do not have any significant effect on IKB.

IFRIC 15 “Agreements for the Construction of Real Estate” was published by the IASB in July 2008 and endorsed by the European Parliament in July 2009. The interpretation must be adopted for the first time for financial years beginning after 31 December 2008. The basic question behind IFRIC 15 is whether a contract is designed in such a way that is falls within the scope of IAS 11 “Construction contracts” or if it has more features requiring the application of IAS 18 “Revenue”. This includes clarification of whether revenue can only be recognised on completion of the real estate (IAS 18) or whether it is reported in line with the progress of construction (IAS 11). The amendments do not have any significant effect on IKB.

Also in July 2008, the IASB published IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”, which was endorsed in European law in June 2009. The interpretation must be adopted for the first time for financial years beginning on or after 30 June 2009. IFRIC 16 contains more precise specifications on the qualification of hedges on net investments in a foreign operation. The amendments do not have any significant effect on IKB.

In May 2008, the IASB published amendments to IFRS 1 and IAS 27 “Cost of an investment in subsidiaries, associates and joint ventures”. It was endorsed by the European Union in January 2009. The amendments are applicable to financial years beginning on or after 1 January 2009, but are not relevant to IKB.

The following standards and interpretations were published by the IASB but had not been endorsed in EU law as of 30 September 2009:

IFRIC 17 “Distributions of non-cash assets to owners” was published in November 2008. The interpretation must be adopted for the first time for financial years beginning on or after 1 July 2009. The interpretation provides guidelines on when a dividend must be recognised and how it is measured. IFRIC 17 also regulates how differences arising from carrying amount of distributed assets compared to the obligation are handled.

In January 2009, the IASB published IFRIC 18 "Transfers of assets from customers". Under European law, the interpretation must be adopted prospectively for transfers of assets on or after 1 July 2009.

In March 2009, the IASB published amendments to IFRS 7 "Financial Instruments: Disclosures". The amendments relate to disclosures on the calculation of fair values and the liquidity risk. Information on the calculation of the fair value was specified such that a breakdown for each class of financial instrument is being introduced on the basis of a three-level fair value hierarchy. The extent of disclosure requirements is also being increased. The interpretation also clarified the disclosures on liquidity risk and other disclosures. Firstly, the maturity analysis will focus more strongly on how a company manages its liquidity risk in future. Secondly, more extensive qualitative information on liquidity risk management will be required. In this context, the maturities and amount of the cash flows shown must be explained. The amendments are applicable to financial years beginning on or after 1 January 2009.

Also in March 2009, the IASB published amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement". The amendments are applicable to financial years ending on or after 30 June 2009. They clarify that when reclassifying specific financial instruments from at fair value through profit or loss, the embedded derivatives must be tested for separation requirements and possible recognised separately in the financial statements. However, if an estimate of the fair value of the separable derivative is not possible, the entire hybrid financial instrument must remain in the fair value through profit or loss category.

As part of the ongoing IFRS annual improvement project, the IASB published an amendment standard again in April 2009. The new amendment standard also featured a number of changes to existing standards. These generally eliminated inconsistencies in or between standards or clarified certain wordings. The amendments apply to financial years beginning on or after 1 July 2009 or 1 January 2010.

In June 2009, the IASB published amendments to IFRS 2 "Share-based payment". The amendments clarify how cash-settled share-based payment is shown in the separate financial statements of subsidiaries when payment is settled by the parent company or another group company. The amendments are applicable to financial years beginning on or after 1 January 2010.

The IASB also amended IFRS 1 "First-time adoption of International Financial Reporting Standards" in July 2009 and revised it in November 2008. The amendments published in June are applicable to financial years beginning on or after 1 January 2010. The revision of the standard in November 2008 will apply to financial years beginning on or after 1 July 2009.

In October 2009, the IASB published amendments to IAS 32 "Financial Instruments: Presentation". The amendments regulate the recognition at issuers of subscription rights, options and option certificates to the acquisition of a fixed number of equity instruments denominated in a currency other than the functional currency of the issuer. The amendments are applicable to financial years beginning on or after 1 February 2010.

In November 2009, the IASB published the revised version of IAS 24 "Related party disclosures". The provisions are applicable to financial years beginning on or after 1 January 2011.

Also in November 2009, the IASB published IFRS 9 “Financial instruments”. The new provisions are intended to increase the comprehensibility of financial statements with regard to the classification and measurement of financial instruments. IFRS 9 is applicable to financial years beginning in or after January 2013.

The above standards can be endorsed in full or in part as part of the comitology procedure, and so IKB is not able analyse their possible effects on accounting at this time.for the first time for financial years beginning on or after 1 July 2009. The interpretation provides guidelines on when a dividend must be recognised and how it is measured. IFRIC 17 also regulates how differences arising from carrying amount of distributed assets compared to the obligation are handled.

Accounting policies

(a) General information

With the exception of the changes described below, the same accounting policies and calculation methods have been applied to the interim consolidated financial statements as to the consolidated financial statements for the year ended 31 March 2009.

Income taxes are calculated in line with IAS 34.30.

(b) Scope of consolidation

In addition to the parent company, a total of 27 German companies (31 March 2009: 27; 30 September 2008: 28) and 17 foreign companies (31 March 2009: 17; 30 September 2008: 16) have been included in IKB's interim consolidated financial statements in accordance with IAS 27 as of 30 September 2009. IKB AG holds the majority of voting rights in these entities.

Zero German special-purpose entities (31 March 2009: one; 30 September 2008: one) and six foreign special-purpose entities (31 March 2009: six; 30 September 2008: three) were included in consolidation in accordance with SIC-12.

The consolidated companies are listed in note (42).

The following companies were no longer included in the interim consolidated financial statements as of 30 September 2009:

A note of the issue company ELAN Ltd., Jersey, was sold in June 2009. This led to a reduction in the cells of ELAN Ltd. consolidated by IKB. The deconsolidation of these cells had no significant effect on the income statement.

The transaction with the special-purpose entity REPV-DS Finance 2008-1 GmbH, Frankfurt a. M., (REPV-DS) ended in September 2009. Following the reversal of the transaction, the company has no significant assets or liabilities. It also poses no further risks or opportunities for IKB with the result that the company was deconsolidated. The deconsolidation had no significant effect on the income statement.

Further details can be found in the consolidated financial statements for the year ended 31 March 2009.

Special matters

Special Fund Financial Market Stabilization (Sonderfonds Finanzmarktstabilisierung – SoFFin)

The Special Fund for the Stabilization of the Financial Market (*Sonderfonds Finanzmarktstabilisierung* – SoFFin) extended its guarantee for new bonds to be issued by IKB in future by € 7 billion. Following the contractual implementation of this decision and the approval by the EU Commission, IKB has total guarantees of € 12 billion, € 7 billion of which has already been used to issue guaranteed bonds.

The fixed-interest risk associated with the bonds was eliminated using interest rate swaps, whereby the bonds were assigned to the fair value through profit and loss category. In line with this, subsequent measurement (through profit and loss) is at fair value. There are observable market prices for these issues.

The SoFFin guarantee is a financial guarantee contract as defined by IAS 39.9 that is not recognised separately in line with IAS 39 and instead influences the fair value of the bond classified as at fair value through profit or loss.

Issue of a mandatory convertible bond

On the basis of the authorisation of the Annual General Meeting of IKB on 28 August 2008, the Board of Managing Directors of IKB Deutsche Industriebank AG (IKB AG) resolved to issue subordinated bonds of € 123.7 million with a contingent conversion obligation and contingent conversion privilege in denominations of € 23.04.

As these conversion conditions were met on 1 July 2009, the conversion obligation shall arise no later than on 12 April 2012 or earlier if IKB does not maintain specific regulatory ratios. The separable derivative components in the mandatory convertible bond were recognised at fair value through profit or loss and the host debt instrument is recognised at amortised cost. The carrying amount was adjusted in line with IAS 39 AG8 on account of IKB's interest deferral right for interest amount A.

LSF6 Rio S.à.r.l. exercised its conversion right in the amount of € 123.5 million on 2 July 2009 and converted the bonds into shares reported in equity. The separable derivative and the host debt instrument were derecognised as a result of the conversion. The final interest amount paid at the time of conversion led to an adjustment of the conversion ratio. The remaining amount of € 84.9 million was recognised in issued capital.

The remaining as yet unconverted bonds are reported under subordinated capital and assigned to the "Other financial liabilities" category.

Registered bonds

On 24 November and 16 December 2008, IKB issued subordinated registered bonds ranking equally with all the issuer's other subordinated liabilities. They will be repaid either on maturity in 2018 or early by way of redemption by the issuer from 2013 and on every subsequent interest payment date.

By way of an agreement dated 5 June 2009 between LSF6 Europe Financial Holdings, L.P. (Delaware), Dallas, and IKB AG entailing a debt waiver and compensation from future profits, LSF6 Europe Financial Holdings, L.P. – as the bearer of subordinated bonds of IKB AG 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 precedent condition of the occurrence of future profits.

As the agreed interest and repayment conditions in the event of future profits have not changed, the liability to date has not been derecognised. Subsequent measurement will still be at amortised cost. Given the change in the estimate of future cash flows, the carrying amount will be adjusted in line with IAS 39 AG8 and the adjusted amount reported under other operating income.

Restructuring measures

The following restructuring measures were carried out in the first half of the financial year to implement the conditions of the European Union:

a) Disposal of Movesta Lease and Finance GmbH (Movesta)

On 28 August 2009, IKB Beteiligungen GmbH, Düsseldorf, (IKB Beteiligungen) and KfW IPEX-Beteiligungsholding GmbH, Frankfurt, concluded an agreement to sell their shares in Movesta to Immobilienholding LHA Anlagenverwaltungsgesellschaft mbH, Munich, which already has investments in the property leasing area. The final transfer will take place on the occurrence of closing conditions agreed between the parties to the agreement and the payment of the purchase price. The closing conditions are as follows:

- antitrust approval
- bank regulation approval
- approval of the Ministry of Finance, which was granted on conclusion of the agreement
- approval of the Board of Supervisory Directors of KfW, which was also granted on conclusion of the agreement and
- repurchase of IKB Immobilien Management GmbH, Düsseldorf, (IMG) and the acquisition of specific special-purpose entities

Under the purchase agreement, the rights to cash flows and the risk and rewards of the investment will be transferred to the acquirer on the occurrence of precedent conditions. The shares are still reported separately under the balance sheet item “Non-current assets held for sale”.

As the agreed closing conditions were not met as of 30 September 2009, the disposal of the shares in Movesta had no effect on the balance sheet or the income statement as of the end of the first half of the year.

As part of the sale of Movesta, IKB Beteiligungen undertook to buy back a 25% share in IMG. Subject to the condition precedent, Movesta must transfer the 25% share in IMG and shares in specific special-purpose entities to IKB Beteiligungen. The precedent condition will be satisfied after 30 September 2009, which means that the retransfer had no effect on the balance sheet or the income statement as of the end of the first half of the year.

b) Closure of IKB Capital Corporation, New York

Under IFRS 5.7 and 5.8, an asset is classified as a “Non-current asset held for sale” when it is available for immediate sale in its present condition, a plan to find a buyer has been established and disposal is highly likely within the next twelve months. A large portion of assets have already been sold to date. IKB is aiming to close the company and sell its assets by 31 March 2010. The assets are reported under “Non-current assets held for sale”.

Changes in accordance with IAS 8

These financial statements contain various changes as against the interim consolidated financial statements as of 30 September 2008. The following corrections have been made to last year's interim consolidated financial statements prepared on 23 December 2008 to ensure that comparisons can be made between the financial statements:

(a) Adjustments of accounting policies

Income and expenses from operating leases have been reclassified from net interest income to other operating result. As of 30 September 2008, this resulted in a reduction of interest income of € 62.0 million and a reduction of interest expenses of € 57.2 million, an increase in other operating income of € 62.0 million and an increase in other operating expenses of € 57.2 million.

Planned income from contractual trust arrangements (CTA) is no longer reported under staff costs and is now reported under interest income. This resulted in an increase in interest income and a decrease in staff costs of € 4.8 million each as of 30 September 2008.

(b) Changes in estimates

In calculating portfolio impairment losses, the parameters for estimating the probability of default were revised in the reported period by the introduction of a new rating scale and the estimation of loss given default for acquisition finance was also revised. In addition, the probabilities of default derived on the basis of historical data were further increased from 40% to 60% in the model by using macroeconomic parameters to reflect economic expectations.

The current parameters would have had the following effects on the amount of portfolio impairment as of 31 March 2009:

New rating scale:	€ –12.0 million
Loss given default on acquisition finance:	€ 5.8 million
Increased economic mark-up:	€ 13.9 million
Total:	€ 7.7 million

No sufficient sales in senior securitised liabilities of IKB with a remaining term of up to three years were observed as of 30 September 2009. As of the reporting date, these debt instruments were therefore measured by discounting with estimated credit spreads. The credit spreads were derived from market prices for debt instruments of IKB with corresponding maturities as of the reporting date, the liquidity of which is estimated as low on account of the low trading turnover and the high bid/ask spreads. Had the credit spread been 100 bp lower (higher), the fair value of the liabilities in question would have been € 11.1 million higher (€ 10.7 million lower).

The changes in estimates were applied prospectively in line with IAS 8.

(c) Correction of errors

On account of measurement parameters not previously recognised, individual investment securities carried at fair value had to be revalued. The carrying amount of investment securities and the net income from financial instruments at fair value were each reduced by € 15.1 million as of 30 September 2008 on account of the remeasurement. This resulted in a reduction of income tax expenses of € 4.8 million and an increase in deferred tax assets of € 4.8 million.

Owing to a miscalculation in the mapping of the repurchase of own issues, interest expenses and other operating income were both increased by € 12.3 million as of 30 September 2008.

(d) Overview of IAS 8 changes

in € million	IAS 8 section	1 April 2008 – 30 Sept 2008 before changes	Changes in accordance with IAS 8	1 April 2008 – 30 Sept 2008 after changes
Net interest income	**a/c**	**202.5**	**–12.3**	**190.2**
Interest income	a	1 477.0	–57.2	1 419.8
Interest expenses	a/c	1 274.5	–44.9	1 229.6
Provision for possible loan losses		**106.7**	**–**	**106.7**
Net interest income (after provision for possible loan losses)	**a/c**	**95.8**	**–12.3**	**83.5**
Net fee and commission income		**24.3**	**–**	**24.3**
Fee and commission income		29.2	–	29.2
Fee and commission expenses		4.9	–	4.9
Net income from financial instruments at fair value	**c**	**178.0**	**–15.1**	**162.9**
Net income from investment securities		**–233.7**	**–**	**–233.7**
Result of investments accounted for at equity		**–8.1**	**–**	**–8.1**
Administrative expenses	**a**	**175.2**	**4.8**	**180.0**
Staff costs	a	84.9	4.8	89.7
Other administrative expenses		90.3	–	90.3
Net other operating income	**a/c**	**405.8**	**17.1**	**422.9**
Other operating income	a/c	439.7	74.3	514.0
Other operating expenses	a	33.9	57.2	91.1
Operating result		**286.9**	**–15.1**	**271.8**
Income taxes	c	34.5	–4.8	29.7
Other taxes		2.1	–	2.1
Consolidated net profit for the period		**250.3**	**–10.3**	**240.0**
Minority interests		–0.1	–	–0.1
Consolidated net profit for the period after minority interests		**250.2**	**–10.3**	**239.9**

Changes have been included in earnings per share, the statement of comprehensive income, the statement of changes in equity and segment reporting (note (28)).

Notes on the income statement

(1) Net interest income

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008*
Interest income from lending and money market transactions and from securities and derivatives	929.8	1 290.5
Amortisation of reversed hedges IFRS 1 IG 60B	–	37.4
Income from leases	93.1	83.7
Other interest income/income from shares and investments	3.1	8.2
Total interest income	**1 026.0**	**1 419.8**
Interest expense for securitised liabilities, subordinated capital and other liabilities and derivatives	873.5	1 153.8
Amortisation of reversed hedges IFRS 1 IG 60A	35.0	55.0
Expenses from leases	15.6	20.8
Total interest expenses	**924.1**	**1 229.6**
Net interest income	**101.9**	**190.2**

* Figures restated

No current interest income is recognised for impaired receivables or securities. Instead, the increase in the present value of future payments as a result of the passage of time is recognised as interest income (unwinding). The interest income resulting from the unwinding effect amounts to € 17.6 million (previous year: € 22.5 million).

(2) Provision for possible loan losses

	Amortised cost			Fair value in equity	Finance lease receivables	Provisions for off-balance sheet transactions	Total
1 April 2009 – 30 Sept 2009 in € million	Loans and advances to other banks	Loans and advances to customers	Investment securities	Investment securities	Loans and advances to customers		
Additions to specific valuation allowances/provisions	–	199.7	–	–	8.5	8.6	216.8
Direct write-downs	–	28.7	–	–	–	–	28.7
Recoveries on loans previously written off	–	3.5	–	–	–	–	3.5
Additions to/reversals of portfolio allowances	–	15.0	–	–	–1.0	–	14.0
Reversal of specific valuation allowances/provisions	–	38.0	–	–	4.0	4.0	46.0
Provision for possible loan losses	–	**201.9**	**–**	**–**	**3.5**	**4.6**	**210.0**
Additions to/reversal of impairment on investment securities (net income from investment securities)	–	–	–18.3	–0.1	–	–	–18.4
Total	–	**201.9**	**–18.3**	**–0.1**	**3.5**	**4.6**	**191.6**

1 April 2008 – 30 Sept 2008 in € million	Amortised cost Loans and advances to other banks	Amortised cost Loans and advances to customers	Amortised cost Investment securities	Fair value in equity Investment securities	Finance lease receivables Loans and advances to customers	Provisions for off-balance sheet transactions	Total
Additions to specific valuation allowances/provisions	–	105.7	–	–	0.7	5.8	112.2
Direct write-downs	–	5.4	–	–	–	–	5.4
Recoveries on loans previously written off	–	5.1	–	–	–	–	5.1
Additions to/reversals of portfolio allowances	–	29.4	–	–	–	–	29.4
Reversal of specific valuation allowances/provisions	–	27.5	–	–	1.1	6.6	35.2
Provision for possible loan losses	–	**107.9**	**–**	**–**	**–0.4**	**–0.8**	**106.7**
Additions to/reversal of impairment on investment securities (net income from investment securities)	–	–	212.1	88.8	–	–	300.9
Total	–	**107.9**	**212.1**	**88.8**	**–0.4**	**–0.8**	**407.6**

(3) Net fee and commission income

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008
Net fee and commission income from lending business	14.7	23.5
Net fee and commission income from securitisation	0.8	0.2
Commission for liquidity procurement	–27.4	–
Other	–1.1	0.6
Total	**–13.0**	**24.3**

(4) Net income from financial instruments at fair value

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008*
Net trading result	44.1	–65.7
Net result from fair value option	–374.3	216.6
Result from Rhinebridge	–	12.5
Hedging result	–4.2	–0.5
Total	**–334.4**	**162.9**

* Figures restated

The positive effects in net trading income primarily relate to the derivative result of € 25.6 million (previous year: € –66.8 million), the securities trading result of € 10.6 million (previous year: € –23.8 million) and the currency result of € 7.9 million (previous year: € 25.7 million).

Liabilities carried at fair value resulted in an expense due to credit ratings within the fair value result of € 629.4 million (previous year: € 271.4 million) in the financial year on account of the narrowing of the IKB credit spread. The fair value result will continue to be influenced by possible credit spread changes in future periods until the scheduled repayment of these financial instruments. Positive earnings contributions were recorded by portfolio investments and long-term investments and derivatives, though these only partially offset the negative effects of credit rating changes.

The result from fair value hedges is composed of the result from hedged items of € 32.8 million (previous year: € 14.9 million) and from hedging derivatives of € –37.0 million (previous year: € –15.4 million).

(5) Net income from investment securities

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008
Net income from securities	19.7	–233.5
Net loss from investments and shares in affiliated companies	–7.1	–0.2
Total	**12.6**	**–233.7**

The net income from securities includes net subsequent measurement gains of € 18.3 million (previous year: € –212.1 million) on securities in the IAS 39 “Loans and receivables” category and carrying amount gains of € 0.1 million (previous year: € –88.8 million) on securities in the IAS 39 “Available for sale” category. The disposal of securities resulted in net income of € 1.3 million (previous year: € 59.1 million).

(6) Net income from investments accounted for using the equity method

As of 30 September 2009, the net loss from the companies accounted for using the equity method, Movesta and Linde Leasing GmbH, Hamburg, (Linde Leasing), amounted to € –1.1 million (previous year: € –8.1 million).

€ –0.9 million of the negative result (previous year: € –10.1 million) relates to Movesta and € –0.2 million (previous year: € 2.0 million) to Linde Leasing.

(7) Administrative expenses

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008*
Staff costs	81.4	89.7
Other administrative expenses	56.7	79.9
Depreciation and write-downs on operating and office equipment and property, and amortisation and write-downs on intangible assets	7.6	10.4
Total	**145.7**	**180.0**

* Figures restated

Other administrative expenses include expenses for consulting and other services in connection with managing the crisis of € 4.4 million (previous year: € 15.1 million) and expenses for the Deposit Protection Fund of € 8.0 million (previous year: € 13.1 million).

(8) Other operating result

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008*
Other operating income	226.1	514.0
of which: Income from the remeasurement of agreements on compensation from future profits and hybrid financial instruments	132.4	420.8
Other operating expenses	85.8	91.1
Total	**140.3**	**422.9**

* Figures restated

The income from the subsequent measurement of agreements on compensation from future profits and hybrid financial instruments (IAS 39 AG8) is explained in note (21) “Amounts due to customers” and in note (27) “Subordinated capital”.

(9) Taxes on income

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008*
Current income taxes	42.9	10.6
Deferred taxes	–40.0	19.1
Total	**2.9**	**29.7**

* Figures restated

Notes on the consolidated balance sheet (assets)

(10) Loans and advances to other banks

in € million	30 Sept 2009	31 March 2009
Loans and advances to other banks payable on demand	2 501.8	2 186.5
Loans and advances to other banks (initial maturity < 4 years)	704.0	698.6
Loans and advances to other banks (initial maturity >= 4 years)	79.9	94.4
Total	**3 285.7**	**2 979.5**

(11) Loans and advances to customers

in € million	30 Sept 2009	31 March 2009
Loans and advances to customers (initial maturity < 4 years)	4 841.8	3 684.2
Loans and advances to customers (initial maturity >= 4 years)	19 893.1	22 292.5
Finance lease receivables	1 850.0	1 951.2
Total	**26 584.9**	**27 927.9**

The decline in loans and advances to banks is mainly the result of the reduction of specific customer loans on account of the EU requirements. The loans and advances to customers of IKB Capital Corporation are reported separately under “Non-current assets held for sale” on account of their forthcoming disposal (see note (19)).

Loans and advances to customers include changes in value of € 168.1 million (31 March 2009: € 187.6 million) on hedged items.

(12) Provision for possible loan losses

Special provisions for possible loan losses are recognised in order to hedge against identifiable risks in the Bank's lending business.

in € million	Impairment – Amortised cost – Loans and advances to other banks	Impairment – Amortised cost – Loans and advances to customers	Impairment – Finance lease receivables – Loans and advances to customers	Portfolio impairment	Provisions for off-balance-sheet transactions	Total
Opening balance (1 April 2009)	–	806.4	6.7	184.6	58.2	1 055.9
Utilisation	–	162.4	0.0	0.0	12.6	175.0
Reversal	–	38.0	4.0	21.5	4.0	67.5
Unwinding	–	12.5	0.0	0.0	0.2	12.7
Addition	–	199.7	8.5	35.5	8.6	252.3
Reclassification	–	–45.7	0.0	0.0	0.0	–45.7
Currency translation changes	–	–6.4	0.0	–0.9	0.0	–7.3
Closing balance (30 Sept 2009)	**–**	**741.1**	**11.2**	**197.7**	**50.0**	**1 000.0**
less provisions	–	–	–	–	50.0	50.0
Provision for possible loan losses reported in the balance sheet as of 30 September 2009	**–**	**741.1**	**11.2**	**197.7**	**–**	**950.0**

Provision for possible loan losses in the form of impairment losses and provisions amounted to € 802.3 million (31 March 2009: € 871.3 million).

The reclassification amount relates in full to the provision for possible loan losses of IKB Capital Corporation, which is reported under "Non-current assets held for sale" (see note (19)).

in € million	Impairment – Amortised cost – Loans and advances to other banks	Impairment – Amortised cost – Loans and advances to customers	Impairment – Finance lease receivables – Loans and advances to customers	Portfolio impairment	Provisions for off-balance-sheet transactions	Total
Opening balance (1 April 2008)	0.0	775.9	2.3	83.0	23.3	884.5
Utilisation	0.0	397.9	0.0	0.0	2.0	399.9
Reversal	0.0	49.8	2.7	0.4	10.7	63.6
Unwinding	0.0	21.0	0.0	0.0	0.1	21.1
Addition	0.0	493.3	8.0	100.2	47.7	649.2
Reclassification	0.0	0.0	–0.8	0.0	0.0	–0.8
Currency translation changes	0.0	5.9	–0.1	1.8	0.0	7.6
Closing balance (31 March 2009)	**0.0**	**806.4**	**6.7**	**184.6**	**58.2**	**1 055.9**
less provisions	–	–	–	–	58.8	58.2
Provision for possible loan losses reported in the balance sheet as of 31 March 2009	**0.0**	**806.4**	**6.7**	**184.6**	**–**	**997.7**

(13) Assets held for trading

in € million	30 Sept 2009	31 March 2009
Bonds and other fixed-income securities	23.1	5.6
Promissory notes carried as trading assets	37.4	54.1
Positive fair values of derivative financial instruments	3 035.1	3 646.1
Positive fair values of hedging derivatives	26.1	27.0
Total	**3 121.7**	**3 732.8**

The change of € 0.6 billion essentially results from the decline in positive fair values of derivative financial instruments – including the hedging credit derivatives of the Havenrock companies.

(14) Investment securities

Investment securities include the following items:

in € million	30 Sept 2009	31 March 2009
Bonds and other fixed-income securities	8 764.8	10 063.6
Equities and other non-fixed-income securities	0.1	0.3
Investments	181.7	172.2
Shares in affiliated companies	0.2	0.2
Total	**8 946.8**	**10 236.3**

The change in bonds and other fixed-income securities resulted primarily from maturities and disposals.

(15) Companies accounted for using the equity method

This item includes the shares in Linde Leasing with a total value of € 7.2 million (31 March 2009: € 7.5 million).

(16) Property, plant and equipment

in € million	30 Sept 2009	31 March 2009
Operating lease assets	153.4	149.6
Land and buildings including advance payments and assets under construction	89.0	86.3
Operating and office equipment	18.4	20.2
Total	**260.8**	**256.1**

(17) Tax assets

in € million	30 Sept 2009	31 March 2009
Current tax assets	49.5	57.7
Deferred tax assets	251.5	256.2
Total	**301.0**	**313.9**

Income tax is calculated in accordance with IAS 34.30 on the basis of the expected effective tax rate on the Bank's pre-tax profit/loss as of 30 September 2009.

A tax rate of 0% has been calculated for Luxembourg. Under the EU Commission's conditions for the aid received by IKB, the Luxembourg location must be closed down. As a result, no additional deferred tax assets will be recognised. There is also a tax expense of € 26.6 million on account of the fact that portfolios were sold in contrast to previous planning.

Deferred tax assets and deferred tax liabilities were offset in accordance with IAS 12.

(18) Other assets

The "Other assets" item is reported at € 255.2 million (31 March 2009: € 228.2 million) and essentially includes lease receivables, trade receivables and prepaid expenses and deferred income.

(19) Non-current assets held for sale

At € 106.8 million (31 March 2009: € 3.1 million), the item "Non-current assets held for sale" includes assets (loans and advances to customers and investment securities) of IKB Capital Corporation of € 103.6 million and shares in Movesta of € 3.2 million (31 March 2009: € 3.1 million).

IKB's 50% interest in Movesta was disposed of subject to conditions precedent on 28 August 2009. The conditions are expected to be satisfied at the end of December 2009. The assets of IKB Capital Corporation are expected to be disposed of by the end of March 2010.

in € million	30 Sept 2009	31 March 2009
Loans and advances to customers	141.1	–
Provision for possible loan losses	–45.7	–
Investment securities	8.2	–
Companies accounted for using the equity method	3.2	3.1
Non-current assets held for sale	**106.8**	**3.1**

The contribution to earnings is included in the income statement under the following items:

in € million	1 April 2009 – 30 Sept 2009	1 April 2008 – 30 Sept 2008
Net interest income	12.4	–
Provision for possible loan losses	23.0	–
Net fee and commission income	0.6	–
Result of investments accounted for at equity	–0.9	–10.1
Administrative expenses	1.8	–
Other operating income	–0.2	–
Operating result	**–12.9**	**–10.1**
Taxes	5.5	–
Loss	**–18.4**	**–10.1**

The operating result of IKB Capital Corporation is reported in the Structured Finance segment.

Notes on the consolidated balance sheet (equity and liabilities)

(20) Liabilities to banks

in € million	30 Sept 2009	31 March 2009
Liabilities to banks payable on demand	148.5	88.7
Liabilities to banks (initial maturity < 4 years)	3 817.4	5 626.7
Liabilities to banks (initial maturity >= 4 years)	9 314.3	9 603.3
Total	**13 280.2**	**15 318.7**

The decline was essentially due to lower borrowing at the European Central Bank.

(21) Liabilities to customers

in € million	30 Sept 2009	31 March 2009
Liabilities to customers payable on demand	66.1	605.4
Liabilities to customers (initial maturity < 4 years)	2 323.6	1 651.9
Liabilities to customers (initial maturity >= 4 years)	3 950.7	3 561.5
Total	**6 340.4**	**5 818.8**

In addition to the increase in customer deposits, the rise in amounts due to customers results from the rise in the carrying amounts of liabilities carried at fair value on account of the narrowing of IKB credit spreads.

The loans with debt waiver and compensation from future profits measured in line with IAS 39 AG8 included in this item are recognised at present value at each reporting date. This results from an estimate of the forecast interest and repayment cash flows discounted by the original instrument yield. The carrying amount is € 519.7 million (31 March 2009: € 548.8 million). The reduction in the carrying amount is due to an unwinding expense of € 25.3 million and subsequent measurement income of € 54.4 million.

(22) Securitised liabilities

in € million	30 Sept 2009	31 March 2009
Bonds issued (initial maturity < 4 years)	10 863.0	9 996.5
Bonds issued (initial maturity >= 4 years)	3 190.8	4 029.4
Total	**14 053.8**	**14 025.9**

Securitised liabilities include changes in value of € 13.9 million (31 March 2009: € 18.1 million) from hedged items.

(23) Trading liabilities

in € million	30 Sept 2009	31 March 2009
Derivatives with negative fair values	4 583.1	5 242.0
Negative fair values of hedging derivatives	194.9	238.0
Total	**4 778.0**	**5 480.0**

The change of € 0.7 billion primarily results from the decline in derivatives with negative fair values – this development is also reflected in the hedging positions at the Havenrock companies.

(24) Provisions

in € million	30 Sept 2009	31 March 2009
Provisions for pensions and similar obligations	3.6	16.7
Restructuring provisions	35.5	48.7
Other provisions	110.5	106.9
Total	**149.6**	**172.3**

(25) Tax liabilities

in € million	30 Sept 2009	31 March 2009
Current tax liabilities	142.8	94.8
Deferred tax liabilities	129.0	139.6
Total	**271.8**	**234.4**

Deferred tax assets and liabilities were offset in accordance with IAS 12 within tax groups and companies in line with maturities.

(26) Other liabilities

in € million	30 Sept 2009	31 March 2009
Trade payables	96.9	139.0
Deferred income	53.9	18.8
Restructuring liabilities	5.1	2.2
Other liabilities	326.6	354.1
Total	**482.5**	**514.1**

Other liabilities include ABS transactions in which lease receivables were sold to a special-purpose entity not included in consolidation. As a result of the disposal of lease receivables not shown on the balance sheet, IKB has a liability (reported under “Other liabilities”) to the acquirer of € 278.0 million (31 March 2009: € 255.1 million).

(27) Subordinated capital

in € million	30 Sept 2009	31 March 2009
Subordinated liabilities	921.5	1 171.8
Profit participation certificates	70.4	113.1
Silent partnership contributions/preferred shares	168.4	106.8
Total	**1 160.3**	**1 391.7**

Subordinated capital included subordinated liabilities, profit participation rights, silent partnerships and preferred shares in the “Other financial liabilities” category measured in line with IAS 39 AG8. These are recognised at present value as of each balance sheet date. This is calculated by re-estimating the underlying interest and repayment cash flow, discounted by the original instrument yield (effective interest on the date of issue). These effects are shown in the following table:

in € million	Unwinding (interest expense)	Net change in present value (other operating income)	Unwinding (interest expense)	Net change in present value (other operating income)
	1 April 2009 - 30 September 2009		1 April 2008 - 30 September 2008	
Subordinated liabilities	–2.6	75.6	–	–
Profit participation certificates	–1.4	2.4	–2.9	20.4
Silent partnership contributions/preferred shares	–2.0	0.0	–2.9	40.4
Total	**–6.0**	**78.0**	**–5.8**	**60.8**

Expenses are indicated by a minus sign.

In addition to the effect of the adoption of IAS 39 AG8, the changes in carrying amounts essentially result from changes in fair value owing to credit rating and interest rate changes in items held at fair value and the partial derecognition of the mandatory convertible bond on account of the conversion in equity.

Subordinated liabilities

As of 30 September 2009, the following significant subordinated liabilities had an amount of more than € 100.0 million:

Start of term	Original nominal amount in € million	Currency	Interest rate in %	Maturity
2003/2004	310.0	EUR	4.50	9 Jul 2013
2006/2007	128.6	EUR	2.56	23 Jan 2017
2008/2009	101.3	EUR	12.00	27 Nov 2018

Profit participation certificates

The profit participation certificates break down as follows:

Year of issue	Original nominal amount in € million	Currency	Interest rate in %	Maturity
1999/2000	20.0	EUR	7.23	31 March 2010
2001/2002	100.0	EUR	6.50	31 March 2012
2001/2002	74.5	EUR	6.55	31 March 2012
2004/2005	30.0	EUR	4.50	31 March 2015
2005/2006	150.0	EUR	3.86	31 March 2015
2006/2007	50.0	EUR	4.70	31 March 2017
2007/2008	70.0	EUR	5.63	31 March 2017

Silent partnership contributions/preferred shares

The carrying amount of silent partnership contributions/preferred shares as of 30 September 2009 was € 168.4 million (31 March 2009: € 106.8 million). This includes preferred shares with a carrying amount of € 91.1 million (31 March 2009: € 47.7 million) that were issued by two US subsidiaries exclusively formed for this purpose and silent partnership contributions with a carrying amount after loss participation of € 77.3 million (31 March 2009: € 59.1 million).

Notes on segment reporting

(28) Segment reporting

Segment reporting is based on the internal division accounting system geared towards financial control and forms part of IKB's management information system. Presentation is based on the internal organisational structure and management reporting used by the Board of Managing Directors as the Chief Operating Decision Maker (CODM) to assess the performance of the segments and to allocate resources. Segment reporting is carried out in accordance with IFRS 8. There were no significant changes at IKB compared to the procedure under IAS 14.

Segment reporting is geared towards the Bank's divisions. Segment information is presented to show the divisions as independent enterprises responsible for their own earnings and costs, and with their own capital resources.

The operating divisions are:

- Corporate Clients
- Real Estate Clients
- Structured Finance and
- Portfolio Investments.

In the Corporate Clients segment, IKB reports income and expenses resulting from activities with corporate customers. In addition to the traditional lending business with German corporate customers, this segment includes the activities in the areas of leasing moveable assets, private equity and capital market products for customers (ABS securitisation, promissory note loans and corporate bonds).

The Real Estate Clients segment comprises all components of the financing and service portfolio in the field of real estate, including all traditional real estate financing plus the activities of the IKB subsidiaries IKB Immobilien Management GmbH and IKB Projektentwicklung GmbH & Co. KG.

Activities in the area of acquisition and project financing for German and foreign customers are bundled in the Structured Finance segment, which also includes the subsidiary IKB Capital Corporation.

The Portfolio Investments segment focuses on investments in securitisation products (including consolidated special-purpose entities). This includes the income and volume components of the special-purpose entities Rio Debt Holdings (Ireland) Limited, Dublin, and Rhinebridge PLC, Dublin (previous year).

The Head Office/Consolidation column reports the portion of the results attributable to the Treasury's investment decisions within the scope of asset-liability management. This includes investments in bonds and promissory note loans that are not attributable to the responsibility of operating business units of IKB and ELAN transactions. In addition, this segment includes the results from credit exposures that are no longer part of the strategic portfolio, the results of the securitisation and placement of credit risks and the consolidation figures resulting from the reconciliation of the results of our operating divisions to the earnings measures used in external financial reporting.

Income and costs are allocated to the divisions in accordance with their respective profit responsibility. Net interest income from lending business is calculated using the market interest method and is allocated to the divisions on a calculatory basis. The divisions are regarded as independent entities with their own capital resources. Capital is allocated to the divisions based on risk-weighted assets (in accordance with the standard Basel II approach) with an equity ratio of currently 8%, taking into account the available hybrid funds. In addition to the investment income from this economic capital, net interest income also comprises expenditure for hybrid and subordinated capital. The interest rate for equity investments corresponds to a risk-free interest rate on the long-term capital market and was matched to the changing interest level on the money and capital markets. The figures for the previous year have been restated accordingly.

The reported carrying amount of the provision for possible loan losses in the segments and the head office corresponds to the difference between additions to and reversals of impairment for credit defaults and the recoveries on loans and advances previously written off.

To the extent that such costs can be properly allocated, head office staff and operating expenses are allocated to the divisions. Project costs are allocated to the divisions if the projects were directly attributable to them. Administrative expenses related to projects and corporate functions incurred for regulatory reasons are allocated to the Head Office/ Consolidation segment.

Each segment's earnings are represented by the operating result of the individual divisions. In addition, the results are recorded for the divisions using their return on equity and cost/income ratio. The return on equity is the ratio of the operating result to the average allocated equity. The cost-income ratio is the ratio of administrative expenses to income.

Segment reporting, six months

in € million	Corporate Clients		Real Estate Clients		Structured Finance		Portfolio Investments		Head Office/ Consolidation		Total	
	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*
Net interest income	105.9	110.3	26.1	31.9	53.0	63.7	6.5	29.6	–89.6	–45.3	101.9	190.2
Provision for possible loan losses	56.6	25.3	15.1	20.6	109.7	41.9	3.6	–	25.0	18.9	210.0	106.7
Net interest income (after provision for possible loan losses)	**49.3**	**85.0**	**11.0**	**11.3**	**–56.7**	**21.8**	**2.9**	**29.6**	**–114.6**	**–64.2**	**–108.1**	**83.5**
Net fee and commission income	8.5	2.1	2.7	4.1	10.2	19.0	–1.7	–	–32.7	–0.9	–13.0	24.3
Net income from financial instruments at fair value	–4.4	5.5	0.9	2.3	1.3	0.3	99.1	98.0	–431.3	56.8	–334.4	162.9
Net income from investment securities	–	–	–7.1	–	–25.7	–2.2	54.5	–191.7	–9.1	–39.8	12.6	–233.7
Result of investments accounted for at equity	–0.2	2.0	–	–	–	–	–	–	–0.9	–10.1	–1.1	–8.1
Administrative expenses	71.6	71.7	15.2	19.1	25.2	33.4	10.1	10.5	23.6	45.3	145.7	180.0
Other operating income	–5.7	7.2	–0.5	0.6	–0.4	–	–10.0	–8.0	156.9	423.1	140.3	422.9
Operating result	**–24.1**	**30.1**	**–8.2**	**–0.8**	**–96.5**	**5.5**	**134.7**	**–82.6**	**–455.3**	**319.6**	**–449.4**	**271.8**
Cost-income ratio in %	68.8	56.4	71.0	49.1	66.7	41.3	6.8	–14.6	–	–	<0	32.2
Return on equity in %	–5.8	6.2	–7.3	–0.6	–42.8	2.2	>100	–87.9	–	–	–51.3	45.9
Average allocated equity	835	973	237	290	453	498	23	188	207	–765	1 755	1 184
Credit volume	15 115	16 570	4 006	4 593	6 690	8 103	1 518	1 767	3 514	4 058	30 843	35 091
Volume of new business	1 028	1 953	88	363	239	1 136	–	–	–	–	1 355	3 452

* Figures restated

Details for Head Office/Consolidation

in € million	Head Office		Consolidation		Head Office/Consolidation	
	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008	1 April 2009– 30 Sept 2009	1 April 2008– 30 Sept 2008*
Net interest income	–93.4	–42.5	3.8	–2.8	–89.6	–45.3
Provision for possible loan losses	25.0	18.9	–	–	25.0	18.9
Net interest income (after provision for possible loan losses)	**–118.4**	**–61.4**	**3.8**	**–2.8**	**–114.6**	**–64.2**
Net fee and commission income	–33.3	–0.8	0.6	–0.1	–32.7	–0.9
Net income from financial instruments at fair value	–425.0	65.0	–6.3	–8.2	–431.3	56.8
Net income from investment securities	–9.1	–39.8	–	–	–9.1	–39.8
Result of investments accounted for at equity	–0.9	–10.1	–	–	–0.9	–10.1
Administrative expenses	23.6	45.3	–	–	23.6	45.3
Other operating income	156.9	422.4	0.0	0.7	156.9	423.1
Operating result	**–453.4**	**330.0**	**–1.9**	**–10.4**	**–455.3**	**319.6**
Credit volume	3 128	3 663	386	395	3 514	4 058

* Figures restated

Results by geographical markets

Income, costs and credit volumes are allocated in line with the respective location of the operating facilities or Group company.

	Germany		Rest of Europe		America		Total	
in € million	1 April 2009–30 Sept 2009	1 April 2008–30 Sept 2008	1 April 2009–30 Sept 2009	1 April 2008–30 Sept 2008	1 April 2009–30 Sept 2009	1 April 2008–30 Sept 2008	1 April 2009–30 Sept 2009	1 April 2008–30 Sept 2008*
Net interest income	36.1	91.1	63.3	91.4	2.5	7.7	101.9	190.2
Provision for possible loan losses	136.4	87.8	50.6	13.5	23.0	5.4	210.0	106.7
Net interest income (after provision for possible loan losses)	**–100.3**	**3.3**	**12.7**	**77.9**	**–20.5**	**2.3**	**–108.1**	**83.5**
Net fee and commission income	–3.1	23.2	–9.2	0.2	–0.7	0.9	–13.0	24.3
Net income from financial instruments at fair value	–375.2	51.6	83.3	21.5	–42.5	89.8	–334.4	162.9
Net income from investment securities	–9.7	–17.7	22.3	–204.5	–	–11.5	12.6	–233.7
Result of investments accounted for at equity	–1.1	–8.1	–	–	–	–	–1.1	–8.1
Administrative expenses	122.3	152.3	21.6	24.8	1.8	2.9	145.7	180.0
Other operating income	139.0	400.0	1.1	–5.4	0.2	28.3	140.3	422.9
Operating result	**–472.7**	**300.0**	**88.6**	**–135.1**	**–65.3**	**106.9**	**–449.4**	**271.8**
Credit volume	22 578	26 222	8 116	7 949	149	920	30 843	35 091

* Figures restated

Notes on financial instruments

(29) Classification of financial instruments in accordance with IFRS 7

The following table shows the carrying amounts of the Bank's financial instruments (before the deduction of provisions for possible loan losses) in accordance with IFRS 7 reporting classes:

IFRS 7 reporting classes for financial instruments in € million	30 Sept 2009	31 March 2009
Assets		
Fair value through profit or loss		
Held for trading	**3 095.6**	**3 705.8**
Trading assets	3 095.6	3 705.8
Fair value option	**3 248.2**	**3 137.8**
Investment securities	3 245.2	3 137.8
Non-current assets held for sale	3.0	–
Hedging derivatives		
Trading assets	26.1	27.0
Fair value in equity		
Available for sale	**1 384.5**	**1 901.1**
Investment securities	1 384.3	1 901.1
Non-current assets held for sale	0.2	–
Amortised cost		
Loans and receivables	**32 438.3**	**34 153.6**
Loans and advances to other banks	3 285.7	2 979.5
Loans and advances to customers (including hedge fair value adjustments)	24 734.9	25 976.7
Investment securities	4 317.3	5 197.4
Non-current assets held for sale	100.4	–
Finance lease receivables		
Loans and advances to customers	1 850.0	1 951.2
Other financial instruments not within the scope of IFRS 7		
Investments accounted for using the equity method	**10.4**	**10.6**
Investments accounted for using the equity method	7.2	7.5
Non-current assets held for sale	3.2	3.1
Total	**42 053.1**	**44 887.1**

IFRS 7 reporting classes for financial instruments in € million	30 Sept 2009	31 March 2009
Equity and liabilities		
Fair value through profit or loss		
Held for trading	**4 583.1**	**5 242.0**
Trading liabilities	4 583.1	5 242.0
Fair value option	**11 299.9**	**7 773.3**
Liabilities to banks	1 144.1	1 120.9
Liabilities to customers	1 833.1	1 303.0
Securitised liabilities	8 048.0	5 162.3
Subordinated capital	274.7	187.1
Hedging derivatives		
Trading liabilities	194.9	238.0
Amortised cost		
Other financial liabilities	**23 534.8**	**28 781.8**
Liabilities to banks	12 136.1	14 197.8
Liabilities to customers	4 507.3	4 515.8
Securitised liabilities (including hedge fair value adjustments)	6 005.8	8 863.6
Subordinated capital	885.6	1 204.6
Total	**39 612.7**	**42 035.1**
Off-balance sheet transactions		
Contingent liabilities	660.8	876.1
Other obligations	2 493.2	2 932.3
Total	**3 154.0**	**3 808.4**

(30) Fair value of financial assets and liabilities

The following table compares the fair values with their carrying amounts.

in € million	Fair value		Carrying amount		Difference	
	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
Assets						
Loans and receivables	**30 832.4**	**31 842.6**	**31 697.2**	**33 347.2**	**–864.8**	**–1 504.6**
Loans and advances to other banks	3 283.8	2 978.2	3 285.7	2 979.5	–1.9	–1.3
Loans and advances to customers (including hedge fair value adjustments)*	23 226.0	23 886.3	23 993.8	25 170.3	–767.8	–1 284.0
Investment securities	4 219.4	4 978.1	4 317.3	5 197.4	–97.9	–219.3
Non-current assets held for sale	103.2	–	100.4	–	2.8	–
Finance lease receivables	**1 838.8**	**1 944.3**	**1 838.8**	**1 944.5**	**0.0**	**–0.2**
Loans and advances to customers*	1 838.8	1 944.3	1 838.8	1 944.5	0.0	–0.2
Assets after provision for possible loan losses	**32 671.2**	**33 786.9**	**33 536.0**	**35 291.7**	**–864.8**	**–1 504.8**
Equity and liabilities						
Other financial liabilities	**23 152.1**	**27 444.5**	**23 534.8**	**28 781.8**	**–382.7**	**–1 337.3**
Liabilties to banks	12 262.2	14 291.1	12 136.1	14 197.8	126.1	93.3
Liabilities to customers	4 511.0	4 334.1	4 507.3	4 515.8	3.7	–181.7
Securitised liabilities (including hedge fair value adjustments)	5 737.4	8 149.2	6 005.8	8 863.6	–268.4	–714.4
Subordinated capital	641.5	670.1	885.6	1 204.6	–244.1	–534.5
Equity and liabilities	**23 152.1**	**27 444.5**	**23 534.8**	**28 781.8**	**–382.7**	**–1 337.3**

* The carrying amount of the item „Loans and advances to customers“ is shown net of impairment of € 752.3 million (31 March 2009: € 813.1 million).

(31) Derivatives

The following table shows the breakdown of derivatives:

in € million	Nominal amount		Fair value					
			Positive		Negative		Total	
	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
Interest rate derivatives	46 855.9	53 151.9	974.8	1 225.1	2 187.4	2 450.2	–1 212.6	–1 225.1
Credit derivatives	6 000.3	6 711.6	1 928.6	2 314.4	2 535.8	2 952.1	–607.2	–637.7
Currency derivatives	4 352.9	3 503.0	157.8	133.5	54.8	77.7	103.0	55.8
Total	**57 209.1**	**63 366.5**	**3 061.2**	**3 673.0**	**4 778.0**	**5 480.0**	**–1 716.8**	**–1 807.0**

Other disclosures

(32) Changes in equity

in € million	Balance as of 1 April 2009	Changes in equity	Changes in profit or loss	Balance before income tax effects as of 30 Sept 2009	Income tax effects on changes in equity	Income tax effects on changes in profit or loss	Balance after income tax effects as of 30 Sept 2009
Financial assets available for sale	–27.6	47.7	4.0	24.1	–14.5	–1.2	8.4
Derivatives hedging fluctuations in future cash flows	–8.3	1.8		–6.5	–0.6	–	–7.1
Currency translation reserve	–20.5	2.5		–18.0		–	–18.0
Actuarial gains/losses (IAS 19)	–27.1	28.2		1.1	–8.9	–	–7.8
Total comprehensive income	**–83.5**	**80.2**	**4.0**	**0.7**	**–24.0**	**–1.2**	**–24.5**

in € million	Balance as of 1 April 2008	Changes in equity	Changes in profit or loss	Balance before income tax effects as of 30 Sept 2008	Income tax effects on changes in equity	Income tax effects on changes in profit or loss	Balance after income tax effects as of 30 Sept 2008
Financial assets available for sale	–22.8	–50.0	43.2	–29.6	16.7	–12.9	–25.8
Hedges (IFRS 1 IG60 B)	25.6		–37.4	–11.8		11.8	–
Derivatives hedging fluctuations in future cash flows	–	–	–	–	–	–	–
Currency translation reserve	7.0	–20.1		–13.1		–	–13.1
Actuarial gains/losses (IAS 19)	–8.9	4.3		–4.6	–1.3	–	–5.9
Total comprehensive income	**0.9**	**–65.8**	**5.8**	**–59.1**	**15.4**	**–1.1**	**–44.8**

(33) Contingent assets/liabilities and other commitments

IKB's contingent liabilities and other commitments break down as follows:

in € million	30 Sept 2009	31 March 2009
Contingent liabilities	**660.8**	**876.1**
Guarantees, warranties, other	380.1	554.7
Assumptions of liability	280.7	321.4
Other obligations	**2 493.2**	**2 932.3**
Commitments up to one year	1 176.7	1 372.4
Commitments of more than one year	1 316.5	1 559.9
Total	**3 154.0**	**3 808.4**

Contingent liabilities are offset by contingent assets in the same amount.

The figures presented reflect the amounts that would have to be paid if the respective customers were to use the relevant credit facilities in full, adjusted for provisions.

(34) Other financial obligations

As of the balance sheet date, the Group's payment obligations from equities not fully paid in, shares in GmbHs, shares in affiliated companies, the interests held by IKB Private Equity GmbH and subordinated loans amount to € 22.5 million (31 March 2009: € 22.9 million).

There is a proportionate obligation to make additional contributions with respect to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, in accordance with section 26 of the German Limited Liability Companies Act. IKB also has a proportionate contingent liability for the fulfilment of the obligation to make contributions of other members of the Association of German Banks. In accordance with section 5 (10) of the statutes of the Deposit Protection Fund, IKB AG is required to indemnify the Association of German Banks from any losses incurred by banks in which it holds a majority. For further information, please see the annual financial statements and management report of IKB AG as of 31 March 2009.

(35) Disclosures on collateral

Disclosures on collateral provided for own liabilities and contingent liabilities

IKB provides collateral primarily for open market operations with the European Central Bank. Financial assets of € 5.8 billion (31 March 2009: € 7.1 billion) have been pledged as collateral for the European Central Bank's tender and loan application process (collateral pool). Credit facilities of € 1.5 billion (31 March 2009: € 2.9 billion) had been utilised as of 30 September 2009.

Cash collateral in the amount of € 1,444.2 million (31 March 2009: € 1,627.0 million) was assigned for interest derivatives as part of collateral management.

With the exception of cash collateral, assets pledged as collateral do not grant any rights of resale.

(36) Securities repurchase agreements

As of 30 September 2009, IKB as a borrower had investment securities with a carrying amount of € 85.5 million (repo transactions) (31 March 2009: € 631.4 million). These assets include collateral that can be re-sold or re-pledged. The repurchase agreements result in deposits from other banks of € 85.5 million (31 March 2009: € 585.8 million).

As of 30 September 2009, IKB as a borrower had received and reassigned collateral of € 916.9 million (31 March 2009: zero) reverse repo transactions. This resulted in loans and advances to other banks with a carrying amount of € 899.9 million (31 March 2009: zero). In line with the usual conditions for repo agreements, there was a return obligation in the same amount for the collateral received.

(37) Maturity structure

The remaining terms of assets and liabilities break down as follows:

30 Sept 2009 in € million	up to three months	between three months and one year	between one and five years	more than five years	Total
Loans and advances to other banks	2 623.7	569.8	64.7	27.5	3 285.7
Loans and advances to customers	3 626.5	2 771.4	12 746.2	7 440.8	26 584.9
Trading assets	325.4	75.2	336.4	2 384.7	3 121.7
Investment securities	1 313.8	777.0	2 793.9	4 062.1	8 946.8
Companies accounted for using the equity method	–	–	–	7.2	7.2
Non-current assets held for sale	3.2	103.6	–	–	106.8
Total	**7 892.6**	**4 297.0**	**15 941.2**	**13 922.3**	**42 053.1**
Liabilities to banks	2 770.1	2 362.6	5 106.3	3 041.2	13 280.2
Liabilities to customers	1 845.1	645.6	1 207.4	2 642.3	6 340.4
Securitised liabilities	1 198.0	3 885.7	8 879.6	90.5	14 053.8
Trading liabilities	298.4	41.0	412.6	4 026.0	4 778.0
Subordinated capital	22.6	20.6	520.9	596.2	1 160.3
Total	**6 134.2**	**6 955.5**	**16 126.8**	**10 396.2**	**39 612.7**

31 March 2009 in € million	up to three months	between three months and one year	between one and five years	more than five years	Total
Loans and advances to other banks	2 243.6	631.4	71.0	33.5	2 979.5
Loans and advances to customers	2 251.5	3 226.0	13 365.5	9 084.9	27 927.9
Trading assets	195.8	112.6	508.4	2 916.0	3 732.8
Investment securities	696.8	613.8	3 558.6	5 367.1	10 236.3
Companies accounted for using the equity method	–	–	–	7.5	7.5
Non-current assets held for sale	3.1	–	–	–	3.1
Total	**5 390.8**	**4 583.8**	**17 503.5**	**17 409.0**	**44 887.1**
Liabilities to banks	4 863.7	1 191.4	5 937.8	3 325.8	15 318.7
Liabilities to customers	1 485.2	824.9	1 154.4	2 354.3	5 818.8
Securitised liabilities	1 608.7	4 842.5	7 497.9	76.8	14 025.9
Trading liabilities	284.9	106.3	508.1	4 580.7	5 480.0
Subordinated capital	21.3	76.4	582.4	711.6	1 391.7
Total	**8 263.8**	**7 041.5**	**15 680.6**	**11 049.2**	**42 035.1**

(38) Average number of employees

	30 Sept 2009	31 March 2009
Men	1 012	1 058
Women	658	691
Total	**1 670**	**1 749**

(39) Related party disclosures

Transactions with related parties primarily relate to refinancing transactions and the capital boost by the parent company of IKB's main shareholder LSF6 Europe Financial Holdings, L.P. or companies assigned to it. The capital boost has been described under item 2. in the interim Group management report. Loans and advances to customers mainly relate to lending to associates and related companies. The following table shows an overview of transactions with related parties:

	Parent company		Companies assigned to the parent company		Subsidiaries		Associated companies and other investees and investors		Total	
in € million	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
Receivables										
Loans and advances to other banks	–	–	–	–	–	–	–	–	–	–
Loans and advances to customers	–	–	–	–	31.7	10.9	235.4	160.9	267.1	171.8
Trading assets	–	–	–	41.2	–	–	3.2	3.7	3.2	44.9
Bonds and other fixed-income securities	–	–	–	–	–	–	–	–	–	–
Equities and other non-fixed-income securities	–	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–		–	–	–	–
Total	**–**	**–**	**–**	**41.2**	**31.7**	**10.9**	**238.6**	**164.6**	**270.3**	**216.7**
Liabilities										
Liabilities to banks	–	–	–	–	–	–	–	–	–	–
Liabilities to customers	–	–	672.1	634.5	0.7	0.6	0.3	0.4	673.1	635.5
Securitised liabilities	–	–	–	–	–	–	–	–	–	–
Trading liabilities	–	–	–	–	–	–	–	–	–	–
Subordinated liabilities	26.7	105.6	13.4	147.3	–	–		–	40.1	252.9
Other liabilities	–	–	–	–	–	–		–	–	–
Total	**26.7**	**105.6**	**685.5**	**781.8**	**0.7**	**0.6**	**0.3**	**0.4**	**713.2**	**888.4**

The net presentation of the figure for the previous year under “Subordinated liabilities” was changed such that it can now be broken down into a host instrument and a separable derivative.

There have been no significant changes in the assets, liabilities or and profit or loss due to related party transactions as against 31 March 2009.

Letter of comfort

IKB ensures, excluding political risk, that its subsidiaries included in the scope of consolidation (note (42)) and marked as being covered by the letter of comfort, will be able to meet their contractual obligations.

IKB Leasing GmbH, Hamburg, has issued letters of comfort to Commerzbank Rt., Budapest, for its subsidiaries IKB Leasing Hungaria Kft., Budapest, and IKB Penzüdyi Lizing Hungaria Rt, Budapest.

(40) Events after 30 September 2009

Please see the supplementary report in the Group interim management report for information on events after 30 September 2009.

(41) Executive bodies

Board of Managing Directors

Hans Jörg Schüttler (Chairman of the Board of Managing Directors)
Dr Dieter Glüder
Dr Reinhard Grzesik (until 3 July 2009)
Claus Momburg
Dr Michael H. Wiedmann

Supervisory Board

Bruno Scherrer (Chairman)
Dr Karsten von Köller (Deputy Chairman)
Stefan A. Baustert
Wolfgang Bouché*
Olivier Brahin
Dr Lutz-Christian Funke
Ulrich Grillo
Arndt G. Kirchhoff
Jürgen Metzger*
Dr Claus Nolting
Dr Thomas Rabe (from 23 June 2009)
Dr-Ing. E.h. Eberhard Reuther, Hamburg (until 27 April 2009)
Dr Carola Steingräber* (until 27 August 2009)
Carmen Teufel* (from 27 August 2009)
Dr Andreas Tuczka
Ulrich Wernecke*
Andreas Wittmann*

* Employee representatives

(42) List of consolidated entities as of 30 September 2009

	Letter of comfort	Share of capital in %
A. Consolidated subsidiaries		
1. Foreign banks		
IKB International S.A., Luxembourg	x	100[1]
2. Other German companies		
ICCO Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf	x	100[1]
ICCO Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf	x	100[1]
IKB Autoleasing GmbH, Hamburg	x	100[1]
IKB Beteiligungen GmbH, Düsseldorf	x	100
IKB Data GmbH, Düsseldorf	x	100
IKB Dritte Equity Suporta GmbH, Düsseldorf		100[1]
IKB Equity Capital Fund I GmbH & Co. KG, Düsseldorf	x	100[1]
IKB Equity Finance GmbH, Düsseldorf		100[1]
IKB Erste Equity Suporta GmbH, Düsseldorf		100[1]
IKB Grundstücks GmbH & Co. Objekt Degerloch KG, Düsseldorf	x	100
IKB Grundstücks GmbH & Co. Objekt Hamburg KG, Düsseldorf	x	100
IKB Grundstücks GmbH & Co. Objekt Holzhausen KG, Düsseldorf	x	100
IKB Grundstücks GmbH & Co. Objekt Uerdinger Straße KG, Düsseldorf	x	100
IKB Grundstücks GmbH, Düsseldorf	x	100
IKB Immobilien Management GmbH, Düsseldorf	x	75
IKB Leasing Berlin GmbH, Erkner	x	100[1]
IKB Leasing GmbH, Hamburg	x	100[1]
IKB Private Equity GmbH, Düsseldorf	x	100[1]
IKB Projektentwicklung GmbH & Co. KG, Düsseldorf	x	100
IKB Projektentwicklungsverwaltungsges. mbH, Düsseldorf	x	100
IMAS Grundstücks-Vermietungsges. mbH, Düsseldorf	x	100
ISOS Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf	x	100[1]
ISOS Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf	x	100[1]
ISTOS Beteiligungsverwaltungs- und Grundstücksvermietungsges. mbH, Düsseldorf	x	100
ISTOS Erste Beteiligungsverwaltungs- und Grundstücksvermietungsges. mbH & Co. KG, Düsseldorf	x	100
ISTOS Zweite Beteiligungsverwaltungs- und Grundstücksvermietungsgesellschaft mbH & Co. KG, Düsseldorf		100
ISTOS Dritte Beteiligungsverwaltungs- und Grundstücksvermietungsgesellschaft mbH & Co. KG, Düsseldorf		100
3. Other foreign companies		
IKB Capital Corporation, New York		100
IKB Finance B.V., Amsterdam	x	100
IKB Funding LLC I, Wilmington, Delaware	x[2]	100
IKB Funding LLC II, Wilmington, Delaware	x[2]	100
IKB Leasing Austria GmbH, Salzburg	x	100[1]
IKB Leasing ČR s.r.o., Prague	x	100[1]
IKB Leasing Finance IFN SA, Bucharest	x	100[1]
IKB Leasing France S.A.R.L., Marne	x	100[1]
IKB Leasing Hungária Kft., Budapest	x	100[1]
IKB Leasing Polska Sp.z o.o., Posen	x	100[1]
IKB Leasing SR, s.r.o., Bratislava	x	100[1]
IKB Leasing srl, Bucharest	x	100[1]
IKB Lux Beteiligungen S.à.r.l., Luxembourg	x	100
IKB Penzüdyi Lizing Hungaria Rt., Budapest	x	100[1]
Still Location S.A.R.L., Marne	x	100[1]
ZAO IKB Leasing, Moscow	x	100[1]

[1] Indirect interest
[2] Subordinated letter of comfort

	Letter of comfort	Share of capital in %
B. Joint ventures/associates		
Linde Leasing GmbH, Wiesbaden		30[1)]
Movesta Lease and Finance GmbH, Düsseldorf		50[1)]
C. Special purpose entities in accordance with SIC-12		
Bacchus 2008-1 Plc, Dublin		
Bacchus 2008-2 Plc, Dublin		
ELAN Ltd., Jersey (one unit)		
Havenrock Ltd., Jersey		
Havenrock II Ltd., Jersey		
Rio Debt Holdings Ltd., Dublin		

[1)] Indirect interest

Düsseldorf, 19 November 2009/2 February 2010

IKB Deutsche Industriebank AG

The Board of Managing Directors

Hans Jörg Schüttler

Dr Dieter Glüder

Claus Momburg

Dr Michael H. Wiedmann

Review Report

To IKB Deutsche Industriebank AG, Düsseldorf

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of financial position, condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf, for the period from 1 April to 30 September 2009, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

According to our duties, we refer to the fact that the Company's ability to continue as a going concern is threatened by risks, which are described in the section 'Overall view of the risk situation' of the interim group management report. It is stated there that IKB Deutsche Industriebank Aktiengesellschaft's ability to continue as a going concern depends on the compliance with the conditions stipulated by SoFFin for the provision of guarantees, by the European Commission for the approval of the state aid and by the Deposit Protection Fund of the private banks and on the approval of the extended SoFFin guarantees by the European Commission in connection with the examination of the modified restructuring plans. For this purpose, it is particularly necessary that

- the Tier I capital ratio (Kernkapitalquote) of at least 8% is adhered to at individual Bank level and Group level,

- total Group assets are reduced to € 33.5 billion by 30 September 2011,

- the Real Estate Finance segment and activities at the sites in Luxembourg and New York are ceased on schedule and

- the risk-bearing capacity is also present in the future in due consideration of the above points and the new business model.

If IKB is unable to sufficiently reduce risk items in the coming business years for the purpose of maintaining a Tier 1 capital ratio (Kernkapitalquote) of at least 8% and guaranteeing its risk-bearing capacity, further additional equity will be required.

We are issuing this report on the basis of our review completed as at 19 November 2009 and our supplementary review which covered the changes of the loans and advances to other banks and of the net income from financial instruments at fair value as well as corresponding consequential changes of the condensed statement of financial position, condensed statement of comprehensive income, condensed statement of changes in equity and selected explanatory notes as well as the interim group management report. We draw attention to the Company's description of the changes presented in section "Restatement of the 6-Month Report" of the changed notes.

Düsseldorf, 19 November 2009 and 3 February 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Maifarth	ppa. Marc Lilienthal
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Responsibility statement in accordance with section 37y of the German Securities Trading Act in conjunction with section 37w no. 2 (3) of the German Securities Trading Act

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the restated interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the restated interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Düsseldorf, 19 November 2009/2 February 2010
IKB Deutsche Industriebank AG
The Board of Managing Directors

Hans Jörg Schüttler

Dr Dieter Glüder

Claus Momburg

Dr Michael H. Wiedmann

Note on forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that do not describe past events; they also include statements on our assumptions and expectations and the assumptions on which these expectations are based. These statements are based on the planning, estimates and forecasts currently available to the management of IKB. Forward-looking statements therefore only relate to the day on which they are made. We accept no obligation to update such statements in light of new information or future events.

Forward-looking statements naturally include risks and uncertainty factors. A large number of important factors can contribute towards actual results deviating considerably from forward-looking statements. Such factors include the condition and development of the finance markets in Germany, Europe, the US and other places where we generate a substantial portion of our income from securities trading, the possible default of borrowers or counterparties in trades, the implementation of our management agenda, the reliability of our risk management policies, procedures and methods and the liquidity situation (non-exhaustive list).