Interim announcement as of 31 December 2009

The interim report covers the period from the start of the financial year on 1 April 2009 to 31 December 2009.

Earnings performance (consolidated income statement as of 31 December 2009)

Condensed consolidated income statement of IKB Deutsche Industriebank (IKB) for the first three quarters of the 2009/10 financial year:

<table>
<thead>
<tr>
<th>€ million</th>
<th>1 Apr. to 31 Dec. 2009</th>
<th>1 Apr. to 31 Dec. 2008*</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>149.9</td>
<td>308.2</td>
<td>-158.3</td>
</tr>
<tr>
<td>Provision for possible loan losses</td>
<td>297.1</td>
<td>230.6</td>
<td>66.5</td>
</tr>
<tr>
<td>Net interest income (after provision for possible loan losses)</td>
<td>-147.2</td>
<td>77.6</td>
<td>-224.8</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>-31.6</td>
<td>25.1</td>
<td>-56.7</td>
</tr>
<tr>
<td>Net income from financial instruments at fair value</td>
<td>-380.2</td>
<td>-67.8</td>
<td>-312.4</td>
</tr>
<tr>
<td>Net income from investment securities</td>
<td>27.7</td>
<td>-239.8</td>
<td>267.5</td>
</tr>
<tr>
<td>Net income from investment accounted for using the equity method</td>
<td>-0.5</td>
<td>-6.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>216.3</td>
<td>269.4</td>
<td>-53.1</td>
</tr>
<tr>
<td>Staff costs</td>
<td>119.5</td>
<td>133.9</td>
<td>-14.4</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>96.8</td>
<td>135.5</td>
<td>-38.7</td>
</tr>
<tr>
<td>Other operating result</td>
<td>154.6</td>
<td>242.0</td>
<td>-87.4</td>
</tr>
<tr>
<td>Operating result</td>
<td>-593.5</td>
<td>-238.4</td>
<td>-355.1</td>
</tr>
<tr>
<td>Tax expenses/income</td>
<td>0.5</td>
<td>-227.2</td>
<td>227.7</td>
</tr>
<tr>
<td>Consolidated net loss</td>
<td>-594.0</td>
<td>-11.2</td>
<td>-582.8</td>
</tr>
<tr>
<td>Minority interests</td>
<td>0.2</td>
<td>-0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Consolidated cumulative loss</td>
<td>-593.8</td>
<td>-11.4</td>
<td>-582.4</td>
</tr>
</tbody>
</table>

* Figures for the previous year adjusted in line with IAS 8 (see 6-month report 2009/10)

A consolidated net loss of € 594 million has been reported for the first nine months of the 2009/10 financial year (1 April to 31 December 2009) (9M 2008/09: consolidated net loss of € 11 million).

Net interest income halved from € 308 million in the same period of the previous year to € 150 million in the reporting period. This was mainly as a result of the following effects:

- Net interest income in the operating segments fell by € 11 million owing to the reduction in the portfolios of the Portfolio Investments segment and by € 25 million in the Corporate Clients, Real Estate Clients and Structured Finance segments where portfolios were reduced while margins remained largely stable (before SoFFin costs).

- Income from equity investments fell by € 131 million as a result of lower own funds and a significantly lower interest rate. This was also due to shifts as part of a more conservative investment strategy.

Provision for possible loan losses increased by € 67 million to € 297 million in the reporting period as a result of the significant deterioration in the economic situation as against the
previous year. This included portfolio allowances to which a net amount of € 17 million was allocated in the reporting period. Compared to the pro rata figure for the previous year, however, risk provisioning expenses were down by € 145 million. Overall, risk provisions were therefore in line with the expectations of IKB's management for the 2009/10 financial year.

Net fee and commission income amounted to € -32 million (€ 25 million). The € 57 million decline is primarily the result of increased costs for procuring liquidity in connection with the SoFFin (Sonderfonds Finanzmarktstabilisierung – Special Fund for the Stabilisation of the Financial Market) guarantees. The previous year’s figure had not included any commission payments for these guarantees. There was also a decline in commission income, mainly in the Structured Finance segment.

As in the first half of the 2009/10 financial year, the fair value result of € -380 million (€ -68 million) includes conflicting earnings components. Earnings contributions from portfolio investments of € 137 million (€ -28 million) and fair value gains from long-term investments and derivatives of € 219 million (€ -774 million) had a positive effect. The latter arose mainly as a result of the decline in interest rate volatilities, which had risen to a historic level in the previous year. There was also further narrowing in credit rating-driven spreads for public sector and other issuers, which led to gains in fair value.

The further narrowing of credit rating-driven spreads affects not only investments on the assets side, but also spreads for IKB’s own issues. This led to measurement losses for Bank issues carried at fair value in the first three quarters of the 2009/10 financial year, resulting in a partial reversal of measurement gains generated in earlier periods as a result of the crisis. The credit rating-driven measurement losses amounted to a total of € 727 million in the reporting period after gains of € 759 million in the same period of the previous year.

As a result of considerably higher gains on portfolio investments in particular, net income from investment securities was € 28 million (previous year: net loss of € 240 million).

Administrative expenses were reduced by € 53 million to € 216 million as a result of cost-cutting measures. € 39 million of this decline related to other administrative expenses, where consultancy costs in particular were reduced. It should be noted that the previous year’s figure for other administrative expenses included additional payments for the Deposit Protection Fund of € 9 million. Staff costs were down by € 14 million to € 120 million.

The other operating income of € 155 million (€ 242 million) is essentially due to the income from the remeasurement of liabilities from compensation agreements relating to debt waivers (Besserungsscheine). This resulted in total income of € 133 million. Under IAS 39 AG 8, this corresponds to the adjustment of the present value of the expected cash flows for compensation agreements, profit participation certificates and silent partnership contributions, while the unwinding of these liabilities reduced net interest income by € 45 million.

Overall, a negative operating result of € 594 million was therefore generated (€ -238 million). After taking into account the tax expense of € 0.5 million (tax income of € 227 million), the consolidated net loss amounted to € 594 million (€ -11 million).

Net assets (balance sheet as of 31 December 2009)

At € 36.6 billion, total assets as of 31 December 2009 were € 8.1 billion lower than the level as of 31 March 2009. This decline was essentially due to the reduction of loans and advances to customers (€ -3.4 billion) and investment securities (€ -1.7 billion). At the same time, risks were reduced and the Tier 1 capital ratio improved. Secondly, assets held for trading were down significantly mainly as a result of the settlement of transactions at Havenrock Ltd. (€ -2.1 billion). The main reduction on the equity and liabilities side of the balance sheet was in liabilities to banks (€ -3.7 billion) and securitised liabilities as a result of repayments and measurement effects (€ -1.0 billion). The drop in liabilities held for trading (€ -3.3 billion) should be seen in the context of the development of assets held for trading.
The Tier 1 ratio of the IKB Group was 10.4% on 31 December 2009.

Financial position

The liquidity situation of IKB has stabilised. Factors contributing to this included the utilisation of the SoFFin guarantees, the substantial reduction in assets and the increase in customer deposits. IKB has returned SoFFin guarantees of €2 billion (see below). It should still be noted that the money and capital markets are only functioning to a limited extent. Thus, only limited collateralised borrowing in particular is possible as a financing option. Looking ahead to a more positive market performance in future, IKB updated its debt issuance programme in February 2010 so as to also be able to float issues on the capital market on an unsecured basis.

Key events and transactions

Please see the 2009/10 6-month report for details of the significant events and transactions in the reporting period.

The following significant events and transactions have taken place since 19 November 2009:

Special audit

On 9 December 2009, the Düsseldorf Higher District Court rejected the immediate objection filed by IKB Deutsche Industriebank AG against the ruling by the Düsseldorf District Court. At the request of shareholders, the District Court had ruled to appoint a special auditor to investigate whether (essentially former) members of the Board of Managing Directors and the Supervisory Board at IKB had been involved in violations of duty in connection with the causes of the crisis at IKB. The court awarded the mandate to conduct the special audit to Dr Harald Ring, a member of the Management Board of Treuhand- und Revisions-Aktiengesellschaft Niederrhein, Wirtschaftsprüfungsgesellschaft/ Steuerberatungsgesellschaft, Krefeld. IKB has filed an appeal against the ruling of the Düsseldorf Higher District Court. The Higher District Court rejected IKB's complaint ("right to be heard") and at the same time rejected the suspension of the proceedings with regard to the Federal High Court. IKB has also filed an appeal with the Federal High Court which is still pending.

Return of SoFFin guarantees

At the request of IKB on 4 February 2010, SoFFin ruled with effect on 17 February 2010 to reduce IKB's guarantee from a total of €12 billion to €10 billion. IKB had filed for the reduction as the Bank's liquidity situation has now stabilised. In particular, it has been positively affected by the reduction of assets and the development in customer deposits. The guarantees being returned relate to the extension of the guarantee frame from originally €5 billion to a total of €12 billion, which had been granted to IKB by SoFFin on 18 August 2009. Under this guarantee, the state-guaranteed bonds were permitted to have a maturity of up to 36 months for a maximum of €4 billion and a maturity of up to 60 months for a maximum of €3 billion. Of these amounts, IKB used guarantees of €2 billion with a maturity of three years in September 2009. State-guaranteed securities of €2 billion with a maturity of five years and €1 billion with a maturity of three years were issued in February 2010.

EU requirements on account of modified restructuring plan

In connection with the extended SoFFin guarantee approved by the EU Commission in August 2009, the Federal Republic of Germany undertook to submit a modified restructuring plan for IKB to the EU Commission within three months. This plan has since been submitted.

The original restructuring plan was drawn up before the Lehman insolvency in September 2008 and provided for IKB to achieve an operating turnaround in the 2010/11 financial year. The
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updated plan essentially involves adjustments in line with the significant deterioration in general conditions since the Lehman insolvency and the resulting delay in returning to profitability.

The portfolio of IKB Capital Corporation (IKB CC), New York, was reduced significantly with the result that IKB intends to close IKB CC before the end of the 2009/10 financial year. The EU requirements provided for the closure of IKB CC by no later than September 2011. Beyond this, IKB is on schedule with regard to all other requirements of the EU Commission.

Risks jeopardising the company as a going concern

The risks to the company as a going concern listed in the 6-month report 2009/10 on the risk situation at IKB still apply. For further details please see the 6-month report 2009/10.

Outlook

For a detailed analysis of expected developments please see the outlook in the 6-month report 2009/10.

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.

IKB’s continued development also depends on its ability to obtain adequate refinancing. At present, the liquidity generated with guaranteed securities is a core component of liquidity planning. This is dependent on the continued existence of the guarantee frame agreement. Over time, a normalisation of the capital markets will become an increasingly important factor in supplementing or replacing the current SoFFin-guaranteed borrowing.

Once its restructuring is complete, IKB is expected to have a changed earnings structure and a lower income level than in the financial years prior to 2007/08 as its total assets will be less. Income from lending business will be supplemented by commissions from consulting business.

The results for the 2009/10 and 2010/11 financial years are expected to be greatly reduced by the knock-on effects of the financial crisis, defaults in the corporate sector and the costs of compliance with the EU’s requirements. Earnings will also be squeezed by the costs of reducing total assets, greater risk provisions and the sharp rise in refinancing costs. The cut in operating expenses and the downsizing of provisionally 370 jobs will only partially offset these negative effects.

The medium-term goal of achieving an appropriate return on operating business will depend on fee and commission income being generated by consulting business and on lending business gradually achieving reasonable margins on a significantly reduced administrative and risk cost basis.

Düsseldorf, 26 February 2010

The Board of Managing Directors