

Third Supplement dated 24 June 2014

to the Base Prospectus dated 20 February 2014

*This document constitutes a supplement (the "**Third Supplement**") which has been drawn up in accordance with Art. 16 subparagraph 1 and 2 of the German Securities Prospectus Act (Wertpapierprospektgesetz – WpPG) which implements Directive 2003/71/EC of the European Parliament as amended by Directive 2010/73/EU and of the Council of 4 November 2003 (the "**Prospectus Directive**") into German law.*

*This Supplement is supplemental to and must be read in conjunction with the base prospectus of IKB Deutsche Industriebank Aktiengesellschaft ("**IKB AG**" or the "**Issuer**" or together with its consolidated subsidiaries and special-purpose entities, "**IKB**") dated 20 February 2014 (the "**Base Prospectus** ") as supplemented by the first supplement to the Base Prospectus dated 7 March 2014 (the "**First Supplement**") and the second supplement to the Base Prospectus dated 26 March 2014 (the "**Second Supplement**").*



IKB Deutsche Industriebank Aktiengesellschaft

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

The Issuer has requested the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") to provide the competent authorities in the Grand Duchy of Luxembourg, the Republic of Austria and the United Kingdom of Great Britain and Northern Ireland within one day after approval regarding this Third Supplement has been granted with a certificate of approval attesting that the Third Supplement has been drawn up in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz – WpPG*). The Issuer may request the BaFin to provide the competent authorities in additional host Member States within the European Economic Area with a Notification.

This Third Supplement will be published in electronic form on the website of the Issuer (www.ikb.de).

Right to withdraw

On 18 June 2014, IKB published its Combined Annual Financial Statements of the Group and IKB Deutsche Industriebank AG for the 2013/2014 Financial Year (German language and English language translation thereof). This significant new fact within the meaning of Sec. 16 paragraph 1 German Securities Prospectus Act (WpPG) shall be supplemented by this Third Supplement.

Furthermore, certain information (as further described in this Third Supplement) shall be supplemented on occasion of this Third Supplement.

In accordance with Article 16 paragraph 3 of the German Securities Prospectus Act, where the Base Prospectus relates to an offer of notes to the public, investors who have already agreed to purchase or subscribe for notes before this Third Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Third Supplement, to withdraw their acceptances *provided that* the new factor, mistake or inaccuracy referred to in Article 16 paragraph 1 of the German Securities Prospectus Act arose before the final closing of the offer to the public and the delivery of the notes.

Revocations should be sent to IKB Deutsche Industriebank AG, CTO-11, Wilhelm-Bötzkes-Straße 1, 40474 Düsseldorf, Germany.

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 5 SUBSECTION 4 GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ – "WpPG")

IKB AG with its registered office in Düsseldorf is solely responsible for the information given in this Third Supplement. The Issuer hereby declares that, the information contained in this Third Supplement is, to the best of its knowledge, in accordance with the facts and no material circumstances have been omitted.

IMPORTANT NOTICE

Terms defined or otherwise attributed meanings in the Base Prospectus have the same meaning when used in this Third Supplement.

This Third Supplement shall only be distributed in connection with the Base Prospectus.

The Issuer hereby confirms that the Base Prospectus contains all information which is material in the context of the Programme and the issue and offering of notes thereunder, that the information contained therein is accurate in all material respects and is not misleading; that there are no other facts, the omission of which would make the Base Prospectus as a whole or any such information misleading in any material respect and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained therein.

No person has been authorised to give any information which is not contained in or not consistent with the Base Prospectus or this Third Supplement or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by the Issuer.

This Third Supplement and the Base Prospectus should each be read in conjunction only and together constitute one prospectus for the purpose of the Prospectus Directive, and for a particular issue of or tranche of notes under the relevant Base Prospectus and should be read in conjunction with any applicable final terms.

Save as disclosed herein and in the Base Prospectus, there has been no other significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus since the date of this Third Supplement.

Supplemental and replacement information pertaining to the Base Prospectus

I. Supplemental and replacement information pertaining to the Section "A.1. ENGLISH VERSION OF SUMMARY":

1. In Element B. 12 "Selected Historical Key Financial Information" the text from and including the sub heading "Summary of Selected Financial Information" to but excluding the sub heading "Summary of Regulatory Indicators" is deleted and replaced by the following text:

"Summary of Selected Financial Information

Unless specified otherwise below, the following table sets out the key financial information of IKB in accordance with German Commercial Code (HGB) extracted from the consolidated financial statements as of and for the financial year ended 31 March 2014 and for the financial year ended 31 March 2013 and from the consolidated interim financial statements as of 30 September 2013. Due to the change from IFRS accounting standards to HGB accounting standards as of 31 March 2013, the financial information for the financial year ended 31 March

2012 (see right column below) represent comparative figures in accordance with HGB. The consolidated financial statements of IKB as of and for the financial years ended 31 March 2014, 31 March 2013 and 31 March 2012 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) and PwC has issued an unqualified auditors' report in each case.

Consolidated Balance Sheet

in € million	31 Mar. 2014	30 Sept. 2013 (unaudited)	31 Mar. 2013	31 Mar. 2012
Assets				
Cash reserve	22.2	23.6	86.9	19.0
Debt instruments of public sector entities and bills of exchange eligible for refinancing of central banks	-	-	-	-
Receivables from banks	2,235.4	2,031.3	2,219.2	2,579.6
Receivables from customers	12,263.2	13,366.5	14,707.1	16,044.6
Bonds and other fixed-income securities	7,506.6	7,623.5	7,855.1	10,578.0
Equities and other non-fixed-income securities	567.8	494.8	496.7	1,125.0
Assets held for trading	318.1	254.1	265.9	222.4
Equity investments	25.4	24.8	26.8	37.7
Investments in associates	45.0	11.3	15.0	18.8
Investments in affiliated companies	2.3	12.6	2.1	2.3
Assets held in trust	-	-	0.3	0.9
Equalisation claims on the public sector including debt securities arising from their exchange	-	-	-	-
Leasing assets	1,170.1	1,280.6	1,365.3	1,411.0
Intangible assets	15.2	16.3	19.0	17.5
Tangible assets	26.0	11.1	12.8	15.4
Called unpaid capital	-	-	-	-
Other assets	130.5	234.9	285.2	266.9
Prepaid expenses	121.7	105.9	71.9	48.6
Deferred tax assets	248.8	230.8	148.2	152.0
Excess of plan assets over post-employment benefit liability	33.2	32.9	39.9	30.6
Total assets	24,731.5	25,755.0	27,617.4	32,570.3

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

in € million	31 Mar. 2014	30 Sept. 2013 (unaudited)	31 Mar. 2013	31 Mar. 2012
Equity and liabilities				
Liabilities to banks	10,169.1	11,427.7	11,863.1	13,209.2
Liabilities to customers	9,629.5	9,893.2	10,881.5	10,020.9
Securitised liabilities	1,071.9	800.7	987.1	5,352.2
Liabilities held for trading	333.9	269.9	242.1	138.9
Liabilities held in trust	-	-	0.3	0.9
Other liabilities	552.2	545.8	511.3	488.7
Deferred income	154.2	177.0	145.8	150.2
Deferred tax liabilities	-	-	-	-
Provisions	260.5	372.8	457.5	421.9
Subordinated liabilities	971.3	978.7	1,373.6	1,471.9
Profit participation capital	32.2	32.2	32.2	35.8
Fund for general banking risks	574.0	298.6	170.8	189.7
Equity	982.7	958.4	952.1	1,090.0
Total equity and liabilities	24,731.5	25,755.0	27,617.4	32,570.3
Contingent liabilities	1,602.0	1,740.8	1,486.1	986.3
Other obligations	822.0	993.7	1,211.0	1,609.8

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

Consolidated Income Statement

in € million	2013/14	1 Apr. – 30 Sept. 2013 (un- audited)	1 Apr. – 30 Sept. 2012 (un- audited)	2012/13	2011/12
Expenses					
Lease expenses	-205	-94.0	-85.9	-179.0	-160.0
Interest expenses	-1,073.9	-555.5	-938.9	-1,669.5	-2,134.9
Commission expenses	-13	-6.6	-34.6	-42.8	-112.8
Net trading results	-	-	-0.1	-	-
General administrative expenses	-274.7	-134.1	-140.2	-293.9	-292.1
Depreciation and write-downs of intangible and tangible assets	-402.5	-205.6	-211.6	-423.1	-418.8
Other operating expenses	-302.1	-262.3	-45.6	-564.5	-104.2
Expenses for the addition to the fund for general banking risks	-402.5	-127.8	-	-	-
Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	-87.5	-59.0	-5.5	-70.6	-16.0
Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investments	-40.3	-7.8	-26.3	-47.7	-316.5
Expenses from assumption of losses	-	-	-	-	-0.1
Extraordinary expenses	-4.8	-2.3	-2.3	-11.6	-17.6
Income taxes	134.7	111.2	-2.8	-4.1	-5.2
Other taxes not reported under "Other operating expenses"	-2.1	-0.9	-1.0	-1.9	-2.7
Profit transfer on the basis of profit-pooling, profit transfer and partial profit transfer agreements	-	-	-	-	-
Net income for the year	-32.2	-7.5	-	-	-
Total expenses	-2,705.9	-1,352.2	-1,494.8	-3,308.7	-3,580.9

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

in € million	2013/14	1 Apr. – 30 Sept. 2013 (un- audited)	1 Apr. – 30 Sept. 2012 (un- audited)	2012/13	2011/12
Income					
Lease income	679.9	336.9	341.4	686.6	661.5
Interest income	1,279.5	650.3	968.0	1,725.1	2,247.6
Current income	21.5	2.2	12.6	60.3	6.1
Income from profit-pooling, profit transfer and partial profit transfer agreements	-	-	-	-	-
Commission income	42	21.0	23.8	47.8	54.3
Net trading results	5.9	4.8	-	1.2	0.7
Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	-	-	-	-	-
Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	187.6	69.1	43.4	156.8	54.5
Other operating income	487.7	267.9	50.9	465.5	130.8
Income from the reversal of the fund for general banking risks	-	-	-	19.0	-

Extraordinary income	1.8	-	3.3	3.3	1.3
Income from assumption of losses	-	-	-	0.1	-
Net loss for the year	-	-	51.4	143.0	424.1
Total income	2,705.9	1,352.2	1,494.8	3,308.7	3,580.9
Net income/ loss for the financial year	32.2	7.5	-51.4	-143.0	-424.1
Loss carry-forward from the previous year	-2,408.4	-2,408.4	-2,290.8	-2,290.8	-1,880.4
Withdrawals from capital reserves	-	-	-	-	-
Withdrawals from revenue reserves	-	-	-	21.9	-
Withdrawals from profit participation capital	-	-	-	3.6	13.1
Withdrawals from silent partnership contributions	-	-	-	-	0.6
Allocations to revenue reserves	-	-	-	-	-
Replenishment of profit participation capital	-	-	-	-	-
Net accumulated losses	-2,376.2	-2,400.9	-2,342.3	-2,408.4	-2,290.8

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

Consolidated Cash Flow Statement

in € million	2013/14	2012/13	2011/12
Cash flow from operating activities	34.5	-562.2	601.6
Cash flow from investing activities	303.1	727.9	-661.3
Cash flow from financing activities	-402.3	-98.1	-6.1
Cash funds at beginning of period	86.9	19.0	84.8
Cash funds at end of period	22.2	86.9	19.0

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

"

2. In Element B. 12 "Selected Historical Key Financial Information" after the sub heading "Summary of Regulatory Indicators" in the first sentence the words "and combined management report (Lagebericht) in the annual report (Geschäftsbericht) 2013/2014" are inserted after the words "(Geschäftsbericht) 2012/2013" and the words "reflects the status until 31 December 2013 pursuant to the requirements of Basel II" are inserted after the words "30 September 2013" and the table following the first paragraph is deleted and replaced by the following table and text:

"

in € million	31 Dec. 2013*	30 Sept. 2013 (unaudited)	31 Mar. 2013	31 Mar. 2012
Risk position	13,906	14,584	15,763	17,301
Own funds	2,336	2,161	2,170	2,256
Tier 1 ratio in %	13.1	11.2	9.6	9.4
Overall capital ratio in %	16.8	14.8	13.8	13.0

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

*The relevant numbers are extracted from the combined management report (Lagebericht) in the annual report (Geschäftsbericht) 2013/2014.

Pursuant to the requirements of Basel III, the regulatory indicators of IKB are as follows:

in € million	31 Mar. 2014 ¹⁾	1 Jan. 2014 ²⁾
Total risk-weighted assets (RWA)	14,069	14,327
Own funds	2,271	2,181
CET 1 ratio in %	10.4	9.4
T 1 Ratio in %	12.9	11.9
Own funds ratio in %	16.1	15.2

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

1) All figures after approval of the accounts and taking into consideration the phase-in and phase-out provisions of the CRR for 2014

2) The figures as at 1 January 2014 are based on a statement of reconciliation from the old legal situation in accordance with the old version of the German Solvency Regulation (SolvV) to the new regulations in accordance with CRR.

*The relevant numbers are extracted from the combined management report (Lagebericht) in the annual report (Geschäftsbericht) 2013/2014.

"

3. In Element B.13 "Recent developments which are to a material extent relevant to the evaluation of the Issuer's solvency", after the last paragraph, the following paragraph shall be supplemented:

"Compilation of recovery plan according to Sections 47 et seq. of the German Banking Act (Kreditwesengesetz, "KWG") and the German Circular on Minimum Requirements for the Contents of Recovery Plans for Credit Institutions (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen, "MaSan")

BaFin requested IKB AG to compile a recovery plan according to Sections 47 et seq. KWG and MaSan (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen). The recovery plan is a regulatory requirement which includes, according to the MaSan, a strategic analysis of the corporate structure and business activities, early warning indicators, six stress scenarios, measures to improve capital ratios, risk bearing capacity or liquidity, escalation and information processes regarding the board of managing directors, supervisory board, regulator and has to be actualized every year on a regular basis. IKB AG is currently implementing this request."

4. In Element D. 2 "Key information on the key risks that are specific to the Issuer or its industry" under the heading "Risks relating to the Economic and Financial Market Situation" the second bullet point is replaced by the following text:

"IKB has been and may continue to be affected by low growth rates in all major industrialised countries as well as volatile financial markets due to high debt levels among European sovereigns and an on-going crisis management by major central banks."

5. In Element D. 2 "Key information on the key risks that are specific to the Issuer or its industry" under the heading "Risks relating to IKB and its Business" in the fifteenth bullet point the words "currently being conducted" after the words "special audit" and the words "may require significant financial and personnel resources and" after the words "IKB AG" are deleted.

II. Supplemental and replacement information pertaining to the Section "A.2. GERMAN TRANSLATION OF THE SUMMARY":

1. In Element B. 12 "Ausgewählte wesentliche historische Finanzinformationen" the text from and including the sub heading "Zusammenfassung ausgewählter Finanzinformationen" to but excluding the sub heading "Regulatorische Kapitalausstattung" is deleted and replaced by the following text:

" Zusammenfassung ausgewählter Finanzinformationen

Sofern nachstehend nicht anders angegeben, enthält die nachstehende Tabelle die wesentlichen Finanzdaten der IKB nach Handelsgesetzbuch (HGB), die dem Konzernabschluss für das am 31. März 2014 und für das am 31. März 2013 abgeschlossene Geschäftsjahr sowie dem Zwischenkonzernabschluss zum 30. September 2013 entnommen wurden. Aufgrund der Umstellung der Konzernrechnungslegung von IFRS auf HGB zum 31. März 2013 stellen die Finanzdaten für das am 31. März 2012 endende Geschäftsjahr (vgl. nachfolgend rechte Spalte) Vorjahresvergleichszahlen nach HGB dar. Die Konzernabschlüsse der IKB für die am 31. März 2014, 31. März 2013 und 31. März 2012 abgeschlossenen Geschäftsjahre wurden von der PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC) geprüft, und PwC hat jeweils einen uneingeschränkten Bestätigungsvermerk erteilt.

Konzernbilanz

in Mio. €	31.03.2014	30.09.2013 (ungeprüft)	31.03.2013	31.03.2012
Aktivseite				

Barreserve	22,2	23,6	86,9	19,0
Schuldtitel öffentlicher Stellen und Wechsel, die zur Refinanzierung bei Zentralnotenbanken zugelassen sind	-	-	-	-
Forderungen an Kreditinstitute	2.235,4	2.031,3	2.219,2	2.579,6
Forderungen an Kunden	12.263,2	13.366,5	14.707,1	16.044,6
Schuldverschreibungen und andere festverzinsliche Wertpapiere	7.506,6	7.623,5	7.855,1	10.578,0
Aktien und andere nicht festverzinsliche Wertpapiere	567,8	494,8	496,7	1.125,0
Handelsbestand	318,1	254,1	265,9	222,4
Beteiligungen	25,4	24,8	26,8	37,7
Anteile an assoziierten Unternehmen	45,0	11,3	15,0	18,8
Anteile an verbundenen Unternehmen	2,3	12,6	2,1	2,3
Treuhandvermögen	-	-	0,3	0,9
Ausgleichsforderungen gegen die öffentliche Hand einschließlich Schuldverschreibungen aus deren Umtausch	-	-	-	-
Leasingvermögen	1.170,1	1.280,6	1.365,3	1.411,0
Immaterielle Anlagewerte	15,2	16,3	19,0	17,5
Sachanlagen	26,0	11,1	12,8	15,4
Eingefordertes, noch nicht eingezahltes Kapital	-	-	-	-
Sonstige Vermögensgegenstände	130,5	234,9	285,2	266,9
Rechnungsabgrenzungsposten	121,7	105,9	71,9	48,6
Aktive latente Steuern	248,8	230,8	148,2	152,0
Aktiver Unterschiedsbetrag aus der Vermögensverrechnung	33,2	32,9	39,9	30,6
Summe der Aktiva	24.731,5	25.755,0	27.617,4	32.570,3

Summendifferenzen sind Rundungsdifferenzen.

in Mio. €	31.03.2014	30.09.2013 (ungeprüft)	31.03.2013	31.03.2012
Passivseite				
Verbindlichkeiten gegenüber Kreditinstituten	10.169,1	11.427,7	11.863,1	13.209,2
Verbindlichkeiten gegenüber Kunden	9.629,5	9.893,2	10.881,5	10.020,9
Verbriefte Verbindlichkeiten	1.071,9	800,7	987,1	5.352,2
Handelsbestand	333,9	269,9	242,1	138,9
Treuhandverbindlichkeiten	-	-	0,3	0,9
Sonstige Verbindlichkeiten	552,2	545,8	511,3	488,7
Rechnungsabgrenzungsposten	154,2	177,0	145,8	150,2
Passive latente Steuern	-	-	-	-
Rückstellungen	260,5	372,8	457,5	421,9
Nachrangige Verbindlichkeiten	971,3	978,7	1.373,6	1.471,9
Genussrechtskapital	32,2	32,2	32,2	35,8
Fonds für allgemeine Bankrisiken	574,0	298,6	170,8	189,7
Eigenkapital	982,7	958,4	952,1	1.090,0
Summe der Passiva	24.731,5	25.755,0	27.617,4	32.570,3
Eventualverbindlichkeiten	1.602,0	1.740,8	1.486,1	986,3
Andere Verpflichtungen	822,0	993,7	1.211,0	1.609,8

Summendifferenzen sind Rundungsdifferenzen.

Konzern-Gewinn- und Verlustrechnung

in Mio. €	2013/14	1.4.2013- 30.9.2013 (un- geprüft)	1.4.2012- 30.9.2012 (un- geprüft)	2012/13	2011/12
Aufwendungen					
Leasingaufwendungen	-205	-94,0	-85,9	-179,0	-160,0
Zinsaufwendungen	-1.073,9	-555,5	-938,9	-1.669,5	-2.134,9
Provisionsaufwendungen	-13	-6,6	-34,6	-42,8	-112,8
Nettoaufwand des Handelsbestands	-	-	-0,1	-	-
Allgemeine Verwaltungsaufwendungen	-274,7	-134,1	-140,2	-293,9	-292,1
Abschreibungen und Wertberichtigungen auf immaterielle Anlagewerte und Sachanlagen	-402,5	-205,6	-211,6	-423,1	-418,8
Sonstige betriebliche Aufwendungen	-302,1	-262,3	-45,6	-564,5	-104,2
Aufwendungen aus der Zuführung zum Fonds für allgemeine Bankrisiken	-402,5	-127,8	-	-	-
Abschreibungen und Wertberichtigungen auf Forderungen und bestimmte Wertpapiere sowie Zuführungen zu Rückstellungen im Kreditgeschäft	-87,5	-59,0	-5,5	-70,6	-16,0
Abschreibungen und Wertberichtigungen auf Beteiligungen, Anteile an verbundenen Unternehmen und wie Anlagevermögen behandelte Wertpapiere	-40,3	-7,8	-26,3	-47,7	-316,5
Aufwendungen aus Verlustübernahme	-	-	-	-	-0,1
Außerordentliche Aufwendungen	-4,8	-2,3	-2,3	-11,6	-17,6
Steuern vom Einkommen und vom Ertrag	134,7	111,2	-2,8	-4,1	-5,2
Sonstige Steuern, soweit nicht unter dem Posten "Sonstige betriebliche Aufwendungen" ausgewiesen	-2,1	-0,9	-1,0	-1,9	-2,7
Auf Grund einer Gewinngemeinschaft, eines Gewinnabführungs- oder eines Teilgewinnabführungsvertrags abgeführte Gewinne	-	-	-	-	-
Jahresüberschuss	-32,2	-7,5	-	-	-
Summe der Aufwendungen	-2.705,9	-1.352,2	-1.494,8	-3.308,7	-3.580,9

Summendifferenzen sind Rundungsdifferenzen.

in Mio. €	2013/14	1.4.2013- 30.9.2013 (un- geprüft)	1.4.2012- 30.9.2012 (un- geprüft)	2012/13	2011/12
Erträge					
Leasingerträge	679,9	336,9	341,4	686,6	661,5
Zinserträge	1.279,5	650,3	968,0	1.725,1	2.247,6
Laufende Erträge	21,5	2,2	12,6	60,3	6,1
Erträge aus Gewinngemein- schaften, Gewinnabführungs- oder Teilgewinnabführungs- verträgen	-	-	-	-	-
Provisionserträge	42	21,0	23,8	47,8	54,3
Nettoertrag des Handelsbestands	5,9	4,8	-	1,2	0,7
Erträge aus Zuschreibungen zu Forderungen und bestimmten Wertpapieren sowie aus der Auflösung von Rückstellungen im Kreditgeschäft	-	-	-	-	-
Erträge aus Zuschreibungen zu Beteiligungen, Anteilen an verbundenen Unternehmen und wie Anlagevermögen behandelten Wertpapieren	187,6	69,1	43,4	156,8	54,5
Sonstige betriebliche Erträge	487,7	267,9	50,9	465,5	130,8
Erträge aus der Auflösung des Fonds für allgemeine Bankrisiken	-	-	-	19,0	-
Außerordentliche Erträge	1,8	-	3,3	3,3	1,3
Erträge aus Verlustübernahme	-	-	-	0,1	-
Jahresfehlbetrag	-	-	51,4	143,0	424,1
Summe der Erträge	2.705,9	1.352,2	1.494,8	3.308,7	3.580,9
Jahresüberschuss/Jahresfehl- betrag	32,2	7,5	-51,4	-143,0	-424,1
Verlustvortrag aus dem Vorjahr	-2.408,4	-2.408,4	-2.290,8	-2.290,8	-1.880,4
Entnahmen aus der Kapitalrücklage	-	-	-	-	-
Entnahmen aus Gewinnrücklagen	-	-	-	21,9	-
Entnahmen aus Genussrechtskapital	-	-	-	3,6	13,1
Entnahmen Stille Einlage	-	-	-	-	0,6
Einstellungen in Gewinnrücklagen	-	-	-	-	-
Wiederauffüllung des Genussrechtskapitals	-	-	-	-	-
Bilanzverlust	-2.376,2	-2.400,9	-2.342,3	-2.408,4	-2.290,8

Summendifferenzen sind Rundungsdifferenzen.

Konzern-Kapitalflussrechnung

in Mio. €	2013/14	2012/13	2011/12
Cashflow aus laufender Geschäftstätigkeit	34,5	-562,2	601,6
Cashflow aus Investitionstätigkeit	303,1	727,9	-661,3
Cashflow aus der Finanzierungstätigkeit	-402,3	-98,1	-6,1
Finanzmittelfonds am Anfang der Periode	86,9	19,0	84,8
Finanzmittelfonds am Ende der Periode	22,2	86,9	19,0

Summendifferenzen sind Rundungsdifferenzen.

"

2. In Element B. 12 "Ausgewählte wesentliche historische Finanzinformationen" after the sub-heading "Regulatorische Kapitalausstattung" in the first sentence the words "und aus dem zusammengefassten Lagebericht im Geschäftsbericht 2013/2014" are inserted after the words "Geschäftsbericht 2012/2013" and the words "und zeigen den Status bis zum 31. Dezember 2013 gemäß den Vorgaben von Basel II" are inserted after the words "entnommen wurden" and the table following the first paragraph is deleted and replaced by the following table and text:

"

in Mio. €	31.12. 2013*	30.09. 2013 (ungeprüft)	31.03. 2013	31.03. 2012
Risikoposition	13.906	14.584	15.763	17.301
Eigenmittel	2.336	2.161	2.170	2.256
Kernkapitalquote in %	13,1	11,2	9,6	9,4
Gesamtkennziffer in %	16,8	14,8	13,8	13,0

Summendifferenzen sind Rundungsdifferenz.

* Die relevanten Zahlen sind entnommen aus dem zusammengefassten Lagebericht im Geschäftsbericht 2013/2014.

Gemäß den Vorgaben von Basel III ist die regulatorische Kapitalausstattung der IKB wie folgt:

in Mio. €	31.03.2014 ¹⁾	1.1.2014 ²⁾
Total risk-weighted assets (RWA)	14.069	14.327
Own funds	2.271	2.181
CET 1 ratio in %	10,4	9,4
T 1 ratio in %	12,9	11,9
Own funds ratio in %	16,1	15,2

Summendifferenzen sind Rundungsdifferenzen.

1) Alle Angaben nach Bilanzfeststellung und unter Berücksichtigung der Ein- und Ausphasungsregelungen der CRR des Jahres 2014.

2) Die Werte zum 1. Januar 2014 basieren auf einer Überleitungsrechnung von der alten Rechtslage gemäß SolvV (a.F.) auf die neuen Regularien gemäß CRR.

* Die relevanten Zahlen sind entnommen aus dem zusammengefassten Lagebericht im Geschäftsbericht 2013/2014.

"

3. In Element B.13 "Letzte Entwicklungen, die für die Bewertung der Zahlungsfähigkeit der Emittentin in hohem Maße relevant sind", after the last paragraph, the following paragraph shall be supplemented:

"Erstellung eines Sanierungsplans gemäß §§ 47 ff. Kreditwesengesetz ("KWG") und den Mindestanforderungen an die Ausgestaltung von Sanierungsplänen ("MaSan")

Die BaFin hat die IKB AG aufgefordert, einen Sanierungsplan gemäß §§ 47 ff. KWG und MaSan (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen) zu erstellen. Der Sanierungsplan ist eine regulatorische Anforderung, die gemäß MaSan eine strategische Analyse der Gesellschaftsstruktur und der Geschäftstätigkeit, Frühwarnindikatoren, sechs Stressszenarien, Maßnahmen zur Verbesserung der Kapitalquoten, Risikotragfähigkeit oder Liquidität, Eskalations- und Informationsprozesse betreffend den Vorstand, Aufsichtsrat und die Aufsichtsbehörde beinhaltet und jedes Jahr regelmäßig überarbeitet werden muss. Die IKB AG kommt dieser Aufforderung derzeit nach."

4. In Element D. 2 "Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind" under the heading "Risiken im Zusammenhang mit der wirtschaftlichen Situation und der Situation an den Finanzmärkten:" the second bulletpoint is replaced by the following text:

"Die IKB war von niedrigen Wachstumsraten in allen wichtigen Industrieländern betroffen sowie von

volatilen Märkten auf Grund von hohen Staatsverschuldungen von europäischen Staaten sowie dem laufenden Krisenmanagement von wesentlichen Zentralbanken und könnte auch künftig davon betroffen sein."

5. In Element D. 2 " Zentrale Angaben zu den zentralen Risiken, die der Emittentin eigen sind " under the heading "Risikofaktoren bezüglich der IKB und ihrer Geschäftstätigkeit" in the fifteenth bulletpoint the words "zur Zeit" after the word "Die" and the words "könnte erhebliche finanzielle und personelle Ressourcen erfordern und" after the words "durchgeführte Sonderprüfung" are deleted.

III. Supplemental and replacement information pertaining to the Section "B. RISK FACTORS":

1. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to the Economic and Financial Market Situation" the sub heading "IKB has been and may continue to be affected by the ongoing European sovereign debt crisis, high debt levels as well as low growth rates in all major industrialised countries." and the subsequent three paragraphs are deleted and replaced by the following sub heading and three paragraphs:

"IKB has been and may continue to be affected by low growth rates in all major industrialised countries as well as volatile financial markets due to high debt levels among European sovereigns and an on-going crisis management by major central banks.

In most industrialized countries and especially European countries since 2008, national debt levels have increased substantially over the years. Although fiscal consolidation has reduced the budget deficits in recent times, weak or even negative economic growth has caused debt ratios to continue to increase. In most member countries of the European Economic and Monetary Union, the level of sovereign debt exceeds 60% of gross domestic product, which is the limit set by the Treaty of Maastricht. In some countries (e.g., Greece and Italy), sovereign debt exceeds 100% of gross domestic product while others such as Spain are likely to hit that level over the next few years. Weak economic growth remains a major constraint for a speedy stabilization and an ultimate reduction in these debt levels. For many countries of the Eurozone, weak credit extension is a primary impediment to growth, a situation unlikely to be reversed in the short-term. The Eurozone is showing overall signs of an economic stabilization, a development that is also evident for countries such as Portugal and Spain. However, major countries, including Italy and France, continue to struggle in their endeavour to secure a sustainable recovery. Nevertheless, risk premiums for bonds issued by these countries have continued to tighten, driven by the European Central Bank's ("ECB") programme called "Outright Monetary Transaction". Nevertheless, fundamental concerns over the medium-term debt sustainability of many Euro member countries remain, especially if the evolving economic recovery in the Eurozone turns out to be a lot weaker than generally expected. A renewed escalation of the Eurozone sovereign debt crisis undermines the re-capitalisation of banks and other financial services providers.

Further risk emanates from an abrupt change in monetary policy. The US Fed is generally expected to eliminate its asset purchasing program by late 2014, followed by a first increase in its key lending rate during 2015. US Long-bond yields have reacted quite sharply to a possible change in the Fed's extraordinary accommodative stance in 2013, causing exchange rate volatility especially among emerging markets. An ultimate change in the Fed's policy will likely enhance such volatility which could negatively affect the growth outlook of emerging markets and via trade flows also German growth prospects and therefore IKB's clients. Noteworthy changes in Eurozone interest rates could also lead to changes in the portfolio composition of major financial institutions, thereby altering and possibly adversely affecting prices of certain financial assets.

In the absence of a sustained recovery, regulatory and political actions by European governments and the European Central Bank in response to escalating debt levels may significantly influence money and capital markets, thereby increasing the spectrum of uncertainty regarding the level of future interest rates, risk premia and the regulatory framework for financial institutions. Furthermore, a possible departure of any one or more countries from the euro could have unpredictable consequences on the financial system and the greater economy, potentially leading to declines in business levels, write-downs of assets and losses across IKB's businesses. IKB's ability to protect itself against these risks is limited."

2. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" and under the sub heading "IKB faces liquidity risks, which it may fail to mitigate if it is unable to raise sufficient funding" the figure "8" in the first sentence of the third paragraph is replaced by the figure "9".

3. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" under the sub heading "IKB's business performance could be adversely affected if its capital is not managed effectively" the fourth, fifth and sixth sentence in the subsequent first paragraph are replaced by the following three sentences, where a paragraph is inserted between the fourth and the fifth sentence:

"As at 31 December 2013, IKB's Common Equity Tier 1 capital ratio was 9.1% as reported on a consolidated basis using the principles and methodology of the CRR and the CRD IV banking reform package and its known interpretations by the regulator.

Since ratification of the new CRR methodology, IKB is required to comply with any Tier 1 capital ratio requirements thereunder and IKB is participant in the comprehensive assessment of the ECB. Any change that may result, inter alia, from the aforesaid methodologies, regulator's interpretations or from the outcome of the Comprehensive Assessment may limit IKB's ability to effectively manage its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions or otherwise) or its ability to access funding sources, and, hence, could have a material adverse impact on its financial condition and regulatory capital position."

4. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" and under the sub heading "Market risks associated with fluctuations in interest rates, bond and equity prices and other market factors are inherent in IKB's business." the subsequent first paragraph is deleted and replaced by the following paragraph:

"Market price risk is defined as the risk of economic and accounting losses as a result of changes in market prices. Market price risk is broken down into the risk factors of interest rates, credit spreads, FX (foreign exchange) rates, stock market and inflation indexes and their volatilities."

5. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" and under the sub heading "Risk related to structured credit products" the subsequent paragraph is deleted and replaced by the following paragraph:

"The risks from IKB's remaining structured credit products in terms of the book value amount to EUR 379 million. This amount can be divided into items solely referencing corporate and state risks amounting to EUR 200 million, EUR 114 million assigned to the strategic core businesses of IKB primarily derived from the securitisation of own loans and finally EUR 65 million remaining risk from mortgage investments (including subprime) which were transferred to the special purpose vehicle Rio Debt Holdings."

6. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" the sub heading "The special audit currently being conducted in respect of IKB AG may require significant financial and personnel resources and could have an adverse effect on its reputation and prospects." and the subsequent paragraph are entirely deleted and replaced by the following sub heading and paragraph:

"The special audit in respect of IKB AG could have an adverse effect on its reputation and prospects.

Upon request of IKB AG's shareholders a special auditor has been appointed to examine whether members of IKB AG's board of managing directors or the supervisory board breached their duties in connection with the causes of the crisis at IKB. The special auditor submitted his final report to IKB AG in late February 2014. The possibility that the facts and assessments included in the report upon becoming known to the public and/or shareholders will lead to the initiation of legal proceedings against IKB by third parties cannot be ruled out. IKB expects any such legal proceedings to be unsuccessful. The special audit could also have an adverse effect on IKB's reputation and prospects."

7. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" under the sub heading "Increased regulation of the financial services industry could have an adverse effect on IKB's operations." the sixth sentence of the second paragraph is deleted and replaced by the following sentence:

"The regulatory proposals further contain, but are not limited to provisions with respect to liquidity management as well as provisions relating to required liquidity buffers, asset encumbrance and business model related inventions by regulators."

8. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" and under the sub heading "Reputational risk could cause harm to IKB and its business prospects." the subsequent paragraph is deleted and replaced by the following two paragraphs:

"Reputation risks are the risk of losses, falling income, increasing costs and reduced enterprise value as a result of deterioration in IKB's reputation in the eyes of the public, primarily in the case of customers, rating agencies, employees and shareholders. Reputation risks frequently result from other types of risk and compound these as a result of their public impact. The probability of reputation risks occurring or the consequences should it happen cannot be quantified.

Reputation risks at IKB are managed by the Board of Managing Directors. Responsible communications with all interest groups is a high priority in the management of reputation risks."

9. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" and under the sub heading "If IKB AG does substantially not comply to FATCA reporting requirements, a tax withholding on any payments deriving from US sources could be levied." the subsequent first paragraph is deleted and replaced by the following paragraph:

"The Foreign Account Tax Compliance Act (FATCA) regime will become applicable from 1 July 2014. A tax model agreement (the Intergovernmental Agreement "IGA") has been concluded and signed between Germany and the US dated 31 May 2013. Therefore, IKB AG as well as other German financial institutions will be assumed to be treated for FATCA purposes as an institution resident in a partner country. Thus, US Fiscal authorities will treat IKB AG as a fully compliant foreign financial institution within the meaning of FATCA requirements."

10. In Section B.2 "Risk Factors relating to the Issuer" under the heading "Risk Factors relating to IKB and its Business" and under the sub heading "If IKB AG does substantially not comply to FATCA reporting requirements, a tax withholding on any payments deriving from US sources could be levied." the third paragraph is deleted and replaced by the following paragraph:

"However, according to the IGA and German national laws, IKB AG will have to report data of US-persons, certain US-entities or US-controlled entities (shareholding exceeding 25%) on an annual basis to the German federal tax office (Bundeszentralamt für Steuern (BZSt)) starting in summer 2015 for the year 2014. If IKB AG complies with those national requirements, the compliant status will be kept on an unlimited basis. If IKB AG does substantially not comply with FATCA reporting requirements, a tax withholding on any payments (interest, dividend or in a subsequent step also gross proceeds as the case may be) deriving from US sources at the level of IKB AG or – from years starting 2017 onwards – also on foreign pass thru payments to IKB AG could be levied. From this it follows, that pursuant to the FATCA rules, an investor in the Notes may be subject to withholding of U.S. tax at a rate of 30% on a portion of payments made after 31 December 2016 on certain types of securities issued after 30 June 2014, if the investor does not provide information sufficient for the financial institution through which it holds the Notes to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account", or if the investor is a non-U.S. financial institution that is not in compliance with FATCA, as well as under certain other circumstances. If an amount of, or in respect of, withholding tax imposed pursuant to FATCA or implementing legislation adopted by the Federal Republic of Germany were to be deducted or withheld from payments on the Notes as a result of an investor's failure to comply with these rules or to permit information it has provided to be reported to the German federal tax office, neither the Issuer

nor any paying agent nor any other person would, pursuant to the terms of the Notes, be required to pay additional amounts with respect to any Notes as a result of the deduction or withholding of the tax."

IV. Supplemental and replacement information pertaining to the Section "D. DESCRIPTION OF THE ISSUER":

1. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.1 General Information / History and Development" and under the sub heading "2.1.1 Auditors" the fourth and fifth sentence "As of 20 February 2014, the special auditor has, to the best of IKB's knowledge, not finalised and/or presented his audit report. Based on the special auditor's letter from December 2013 directed to the Düsseldorf Regional Court IKB expects the auditor to have completed the special audit soon." of the second paragraph are deleted and replaced by the following text:

"The special auditor submitted his final report to IKB in late February 2014. Since April 2014 a petition for the non-inclusion of certain facts in the report is pending with the Düsseldorf Regional Court."

2. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.1 General Overview/Corporate Objects" the word "enterprises" in the first sentence of the subsequent first paragraph is replaced by the words "corporate clients".

3. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.1 General Overview/Corporate Objects" the item ", Public Funds Advisory" is inserted after the item "Asset Management" in the last sentence of the subsequent first paragraph.

4. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.2 Principal Activities" and under the sub item "Credit Products" the following fourth sentence is inserted as last sentence of the subsequent first paragraph:

"Furthermore, IKB is currently reviewing the structure of a potential Commodity Trade Finance (CTF) business approach within this business segment."

5. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.2 Principal Activities" and under the sub item "Advisory and Financial Markets" the subsequent two paragraphs are deleted and replaced by the following two paragraphs:

"The Advisory and Financial Markets sub-segment bundles IKB AG's range of services for Mergers & Acquisitions, structure and income optimisation, structuring, private equity consultancy and asset management.

The segment also is responsible for the provision of services related to the capital markets. This includes consultancy for obtaining resources on the capital or credit market, risk management solutions for customers (also including use of derivatives, syndication, trading and associated investor support in cooperation with other teams of IKB AG)."

6. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.2 Principal Activities" and under the sub item "Significant New Activities" the following text is inserted after the fourth sentence of the subsequent first paragraph:

"In 2013, the product range was further extended when IKB AG started to offer accounts for underage persons. The product range for retail customers will constantly be expanded on an ongoing basis. In addition to that, IKB AG has recently repealed its brand "IKB direkt" in order to offer retail and corporate solutions under the same brand."

7. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.2 Principal Activities" and under the sub item "Significant New Activities" the following text is inserted after the third paragraph as a new fourth paragraph:

"As mentioned before, IKB AG is currently reviewing the structure of the Commodity Trade Finance (CTF) business approach. In this context, the initial focus is on IKB's role as a participating provider of financing on the side of arranger banks that have been active in this area for a long time. The CTF business is to be established alongside the existing SME credit business."

8. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.3 Principal Markets / Competitive Position" and under the sub item "Geographical Markets" the following sentence is inserted after the second sentence of the subsequent first paragraph:

"Potential further extension of geographic focus might arise when IKB starts to engage in Commodity Trade Finance business."

9. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.3 Principal Markets / Competitive Position" and under the sub item "Competitors" the word "institutes" in the first subsequent paragraph is replaced by the word "institutions".

10. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.3 Principal Markets / Competitive Position" and under the sub item "Competitors" the item within the brackets "(CRD IV)" in paragraph four is replaced by the item "(CRD IV/CRR)".

11. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.3 Principal Markets / Competitive Position" and under the sub item "Competitors" the fifth paragraph is replaced by the following text:

"IKB belongs to those credit institutions who have to undergo an extensive audit executed by the coherent supervision of the EZB. Those credit institutions are encouraged to fulfil the strict minimum Common Equity Tier 1 capital ratio of 8 % already in 2013 instead of 2019. The implementation of the regulatory measures resulted and will continue to result in a large financial effort."

12. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.3 Principal Markets / Competitive Position" and under the sub item "Competitors" the following new paragraph is inserted between the fifth and sixth paragraph:

"IKB applied to BaFin for the recognition of the addition to the fund for general banking risks and the interim group profits in its calculation of the Common Equity Tier 1 capital ratio in the third quarter of the financial year. With BaFin granting its approval, IKB Group reported a Common Equity Tier 1 capital ratio of 9.1% as at 31 December 2013. This ratio has been calculated in line with the Capital Requirement Regulation (CRR, Basel III) that took effect as at 1 January 2014. An EBA interpretation of the CRR led to a subsequent adjustment of the reported Common Equity Tier 1 capital ratio to 9.4%."

13. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.3 Principal Markets / Competitive Position" and under the sub item "Competitors" the word "an" after the word "fields" in the first sentence of the sixth (new seventh) paragraph is replaced by the word "and" and a "," is inserted after the word "markets" in the second sentence of the sixth (new seventh) paragraph.

14. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.3 Business Overview" and under the sub heading "2.3.4 Summary of Regulatory Indicators" the entire text is deleted and replaced by the following text:

"Since 1 January 2014, IKB has calculated its regulatory capital resources in accordance with the provisions of the CRR. It applies the standardised approach for credit risk for counterparty default risk, the base indicator approach for operational risk, and the standard regulatory methods for market price risk (interest risk: duration method; option risk: delta plus method or scenario matrix method). IKB continues to use the regulatory netting approach to determine the net basis of measurement for derivatives, taking account of existing netting agreements. The following tables provide an overview of the regulatory risk items, equity base and ratios as applicable on approval of the accounts. The prior-year comparative figures are presented in accordance with the provisions of the German Solvency Regulation (Solvabilitätsverordnung, "SolvV") in the version applicable until 31 December 2013. The figures as of 31 March 2014 are based on the principles and methodology of the CRR:

Table: Regulatory capital situation at the IKB in accordance with CRR / CRD IV

Figures in € million	31.3.2014¹⁾	1.1.2014²⁾
Counterparty default risk	13,528	13,784
Market risk equivalent	252	254
Operational risk	289	289
Total risk-weighted assets (RWA)	14,069	14,327
Common equity tier 1 (CET 1)	1,464	1,340
Additional tier 1 (AT 1)	346	367
Total tier 1	1,810	1,707
Tier 2	461	474
Own funds	2,271	2,181
CET 1 ratio	10.4%	9.4%
Tier 1 ratio	12.9%	11.9%
Own funds ratio	16.1%	15.2%

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

Source: Combined management report (Lagebericht) in the annual report (Geschäftsbericht) 2013/2014.

1) All figures after approval of the accounts and taking into consideration the phase-in and phase-out provisions of the CRR for 2014.

2) The figures as at 1 January 2014 are based on a statement of reconciliation from the old legal situation in accordance with the old version of the German Solvency Regulation (SolvV) to the new regulations in accordance with CRR.

All figures as applicable on approval of the accounts and taking into consideration the phase-in and phase-out provisions of the CRR for 2014.

Table: Comparative figures at Bank Group level (section 10a of the German Banking Act, old version)

in € million	31.12.2013	31.3.2013
Risk-weighted assets	13,363	15,016
Market risk equivalent	254	460
Operational risk	289	287
Risk position	13,906	15,763
Tier 1 capital	1,826	1,542
Tier 2 capital	524	672
Tier 3 capital	-	-
Deductions ¹⁾	-14	-44
Own funds	2,336	2,170
Tier 1 ratio in %	13.1	9.6
Overall capital ratio in %	16.8	13.8

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

Source: Combined management report (Lagebericht) in the annual report (Geschäftsbericht) 2013/2014.

¹⁾ Deductions relate solely to securitisation positions.

The consolidated prudential financial statements method has been applied in calculating own funds and risk positions since 30 September 2013. There is no material difference between the results determined using this method and the aggregation method that was used previously.

The decrease in risk-weighted assets as of 31 March 2014 is primarily attributable to scheduled repayments, unscheduled repayments and sales of non-strategic assets accompanied by limited new business. Although the introduction of the new CRR provisions with effect from 1 January 2014 had a pronounced impact on risk-weighted assets (RWA), the reduction in RWA continued on the whole.

At 10.4% at Group level and 14.3% at IKB AG level, IKB's CET 1 ratios are in excess of the minimum level of 8% required by the ECB as part of its comprehensive assessment (asset quality review (AQR) and stress test baseline scenario). This means that IKB comfortably exceeds the statutory minimum requirements in terms of CET 1 set by the CRR.

The CET 1 ratios were calculated in accordance with the current legal status of the CRR as of 31 March 2014 including transitional provisions and the interpretations published by the supervisory authorities. The possibility that future European Banking Authority (EBA)/ECB standards and interpretations or the terms of the comprehensive assessment (asset quality review, risk assessment or stress test) or other supervisory actions will lead to a retrospective change in the CET 1 ratio as of 31 March 2014 or as of 1 January 2014 cannot be ruled out."

15. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.4 Organisational Structure / Description of the Group" and under the sub item "Consolidated Entities" the following changes are implemented in the table:

- The first item "Foreign Banks" and the line item "IKB International S.A. in Liquidation, Luxembourg, Luxembourg" are deleted.
- The consecutive numbering "2" of "Other German Companies" is replaced by the numbering "1".
- The item "(former: IKB Autoleasing GmbH, Hamburg)" of the company "IKB Leasing GmbH, Hamburg" is deleted.

- The item "(former: IKB Private Equity GmbH, Düsseldorf)" of the company "IKB Invest GmbH, Düsseldorf" is deleted.

- The consecutive numbering "3" of "Other Foreign Companies" is replaced by the numbering "2".

- Between the company "IKB Funding LLC I, Wilmington, United States of America" and "IKB Leasing Austria GmbH, Vienna, Austria" a new foreign company "IKB International S.A. in Liquidation, Munsbach, Luxembourg" with footer "2)" and "3)" and a share of capital in % of "100" is inserted.

- The consecutive numbering "4" of "Special Purpose Vehicles in accordance with § 290 Abs. 2 Nr. 4 German Commercial Code " is replaced by the numbering "3".

- The vehicle "Rio Debt Holdings (IRELAND) Limited, Dublin, Ireland" is replaced by the vehicle "RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin, Ireland".

- The associated company "Argantis Private Equity GmbH & Co. KG, Köln" with footer "1)" and its share of capital in % of "28.97" in item B is deleted and replaced by "European Liquid Bond SA SICAV-FIS, Luxemburg, Luxemburg" with footer "1)" and share of capital in % of "27.3".

- The note "(4) as of December 2013" is deleted.

16. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.1 Statement on Material Adverse Change" the words "31 March 2013" are replaced by the words "31 March 2014".

17. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.2 Trend Information / Uncertainties" the specification of the financial year "2013/2014" in the second sentence of the subsequent first paragraph is replaced by the financial year specification "2014/2015".

18. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.2 Trend Information / Uncertainties" after the third sentence "These include, in particular, the continuing uncertainty concerning developments in the international financial markets, the sovereign debt crisis and the global economy." the following text is inserted:

"Additional uncertainty arises from the smouldering political crisis in Ukraine."

19. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.2 Trend Information / Uncertainties" in the second sentence of the third paragraph the words "from IKB's point of view" are deleted.

20. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.3 Recent Developments" the only sentence following this sub heading is deleted.

21. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" the sub heading "Since 30 September 2013, the following recent developments have arisen" is deleted.

22. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.3 Recent Developments" the sub heading "Participation by the Bank in the comprehensive assessment of the European Central Bank" and the entire following three paragraphs are deleted and replaced by the following sub-heading and the subsequent ten paragraphs:

"Participation by IKB in the comprehensive assessment of the European Central Bank

On 15 October 2013, the Council of the European Union adopted the Council Regulation to give specific tasks related to financial stability and banking supervision to the ECB (Single Supervisory Mechanism Regulation). The Regulation entered into force at the beginning of November 2013.

The ECB published details of the comprehensive assessment on 23 October 2013. This is a comprehensive review of the 124 banking groups in total (128 banks, 24 of which German) in the euro zone that are considered significant. The ECB stipulated that IKB AG will also be included in this comprehensive assessment. This will result in considerable costs and significant human resources, organizational and technical burden for IKB.

The comprehensive assessment is intended as a preliminary measure by the ECB for its adoption of single supervision of the banks in the EU that are considered significant. One of its core components is the risk assessment that, in the opinion of Deutsche Bundesbank and BaFin, should be similar to the bank supervisory review process in Germany and covers all banking risks. The second step, the asset quality review (also known as the balance sheet assessment), focuses first and foremost on the quality of the main assets and their valuation. The risk assessment and the asset quality review relate to several reference dates, ending with 31 December 2013. The risk assessment and the asset quality review began in the form of comprehensive data inquiries in October and November 2013 and, according to ECB planning, will be completed in July 2014. The third element starting from April 2014 will be a forward-looking stress test that examines banks' resilience under a common baseline and adverse economic scenario. The overall result of all comprehensive assessment elements is scheduled for publication in October 2014. Based on the overall result, the ECB is planning to implement a series of follow-up measures on a bank-by-bank basis, the content of which has not yet been conclusively decided (e.g. premiums on or increases in risk-weighted assets, additional regulatory capital requirements, etc.).

The ECB's benchmark for CET 1 is 8%, significantly higher than the statutory minimum requirement. IKB exceeded this figure with CET 1 of 9.4% at Group level as of 31 December 2013. The CET 1 ratio of 9.1% that was published on 6 March 2014 was retrospectively increased to 9.4% following the announcement by the EBA on the treatment of certain items of collateral when calculating risk-weighted assets. This means that IKB has a buffer for any adjustments to the CET 1 ratio arising from the comprehensive assessment. The CET 1 ratio for the IKB Group amounted to 10.4% as of 31 March 2014 (IKB AG: 14.3%). The CET 1 ratios were calculated in accordance with the current legal status of the CRR as of 30 April 2014 including transitional provisions and the interpretations published by the supervisory authorities. The possibility that future EBA/ECB standards and interpretations or the terms of the comprehensive assessment (risk assessment, AQR or stress test) or other supervisory actions will lead to a retrospective change in the CET 1 ratio as of 31 December 2013 or 31 March 2014 cannot be ruled out.

IKB expects the CET 1 ratio to improve slightly during the financial year 2014/15 and at the end of the financial year. This will allow it to compensate for any adjustments to the CET 1 ratio that may result from the comprehensive assessment.

The asset quality review and the stress tests have separate benchmarks for the CET 1 ratio. The benchmark for the AQR is 8% as of 31 December 2013, while the minimum CET 1 ratio for each of the year-end closing dates in 2014, 2015 and 2016 in the stress test baseline scenario is 8%. In the adverse stress test scenario, the CET 1 ratio may not fall below 5.5% as of the year-end closing date in 2016. Any shortfalls in terms of capital or capital ratios are expected to be resolved within six months (in case of the AQR and stress test baseline scenario) or nine months (in case of stress test adverse scenario) of the announcement of the results of the comprehensive assessment. Based on the information currently available, any such shortfalls may be resolved by increasing common equity tier 1 capital until the announcement of the test results, through internal or external capital injections after this date, and by reducing risk-weighted assets as a result of asset sales.

The AQR is expected to be concluded in summer 2014. Comprehensive data has been provided to the ECB for the AQR. As part of the AQR, a large number of loans have been reviewed by the banking authorities and an auditor in the form of an audit in accordance with section 44 KWG.

The ECB/EBA stress tests are being conducted initially at the same time. This also involves extensive data requirements within an extremely narrow timeframe. The stress test is expected to last the entire

summer. During this time, the potential results will be solidified and the ECB will then summarise the results from the AQR. This means that the banks will have to go without an overview of the results of the comprehensive assessment and the resulting consequences for some time to come.

The process as a whole is being supported by the German banking authorities. Independently from this, the German authorities have also imposed specific requirements and deadlines that have to be observed.

The ECB has reported that the final group of banks to be supervised by it directly will not be decided until the third quarter of 2014. As such, the possibility that IKB will take part in the ECB's comprehensive assessment but will ultimately – particularly with regard to its size – remain under the direct supervision of the national authorities, i.e. BaFin and Deutsche Bundesbank, cannot be ruled out. Based on an assessment of the relevant criteria, IKB's total assets of significantly below € 30 billion mean that it is not currently considered to be a major institution for the purposes of the SSM Regulation."

23. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.3 Recent Developments" and under the sub item "IKB Funding Trust I" the subsequent two paragraphs are deleted and replaced by the following paragraph:

"On 18 September 2013, Matriona GmbH (a company of the IKB Group) invited the holders of the trust preferred securities issued (ISIN DE0008592759) by IKB Funding Trust I to submit offers to Matriona GmbH to sell these securities. The acceptance of the offers to sell the Trust Preferred Securities was subject to various conditions, including the approval of proposed contractual amendments to the conditions of the trust preferred securities by at least 66 2/3% of investors. The required approval percentage of the investors was not reached before the purchase programme expired on 22 November 2013. In accordance with the purchase programme, Matriona GmbH did not purchase any Trust Preferred Securities."

24. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.5 Information on Business Trends" and under the sub heading "2.5.3 Recent Developments" and under the sub item "IKB Funding Trust I" the following two sub items and paragraphs are inserted:

"Compilation of recovery plan according to Sections 47 et seq. of the German Banking Act (Kreditwesengesetz, "KWG") and the German Circular on Minimum Requirements for the Contents of Recovery Plans for Credit Institutions (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen, "MaSan")

BaFin requested IKB AG to compile a recovery plan according to Sections 47 et seq. KWG and MaSan (Mindestanforderungen an die Ausgestaltung von Sanierungsplänen). The recovery plan is a regulatory requirement which includes, according to the MaSan, a strategic analysis of the corporate structure and business activities, early warning indicators, six stress scenarios, measures to improve capital ratios, risk bearing capacity or liquidity, escalation and information processes regarding the board of managing directors, supervisory board, regulator and has to be actualized every year on a regular basis. IKB is currently implementing this request.

Potential sale of IKB

Lone Star is currently in negotiations regarding a potential sale of IKB. The Board of Managing Directors remains open to supporting these plans."

25. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.6 Administrative, Management and Supervisory Bodies" and under the sub heading "2.6.1 Board of Managing Directors" the appointment date in the second paragraph "28 June 2013" is replaced by the appointment date "2 June 2014".

26. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.6 Administrative, Management and Supervisory Bodies" and under the sub heading

"2.6.1 Board of Managing Directors" the following changes are implemented in the table after the second paragraph:

- The responsibility item "Data Protection" of Dr. Dieter Glüder is deleted.
- The responsibilities list of Claus Momburg is extended after the item "Project Management" with the items "Data Protection" and "Data Security".

27. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.6 Administrative, Management and Supervisory Bodies" and under the sub heading "2.6.2 Supervisory Board" the word "Dritteteiligungsgesetz" in the subsequent first paragraph is replaced by the word "Drittelbeteiligungsgesetz".

28. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.6 Administrative, Management and Supervisory Bodies" and under the sub heading "2.6.2 Supervisory Board" the following changes are implemented in the table after the second paragraph:

- The principal activities outside IKB AG of Bernd Klein "Specialist Contracts and Collateral, Member of the Works Council of IKB Deutsche Industriebank AG (Employee Representative)" are deleted and replaced by the item "Member of the Works Council Düsseldorf, Specialist Contracts and Collateral".
- The principal activities outside IKB AG of Dr. Claus Nolting "Chairman of the Board of Managing Directors of COREALCREDIT BANK AG" are deleted and replaced by the item "Attorney".
- The principal activities outside IKB AG of Nicole Riggers "Chairperson of the Works Council Düsseldorf, Chairperson of the General Works Council of IKB Deutsche Industriebank AG (Employee Representative)" are deleted and replaced by the item "Exempt Chairperson of the Works Council Düsseldorf, Chairperson of the General Works Council".
- The principal activities outside IKB AG of Rainer Lenz "Senior Investment Manager, Member of the Works Council, Deputy Chairperson of the General Works Council of IKB Deutsche Industriebank AG" are deleted and replaced by the item "Member of the Works Council Düsseldorf, Team leader Pricing, Portfolio Management and Fundamental Issues of Public Funding".
- The principal activities outside IKB AG of Carmen Teufel "Corporate Customer Analyst, Chairperson of the Works Council Baden Württemberg, Member of the General Works Council of IKB Deutsche Industriebank AG (Employee Representative)" are deleted and replaced by the item "Deputy Chairperson of the Works Council Stuttgart, Corporate Customer Analyst branch Baden-Württemberg".
- The principal activities outside IKB AG of Dr. Andreas Tuczka "Head of European Financial Institutions Managing Director of Lone Star Europe Acquisitions Ltd." are deleted and replaced by the item "Managing Director of Aldridge Capital Partners GmbH".

29. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.6 Administrative, Management and Supervisory Bodies" and under the sub heading "2.6.3 Advisory Board" the following changes are implemented in the table after the second paragraph:

- The company name of Dr. Matthias Becker in the function list "hülsta werke Hüls GmbH & Co. KG" is deleted and replaced by the company name "Hüls Ag & Co. KG".
- The function of Dr. h.c. Josef Beutelmann "Chairman of the Board of Managing Directors of Barmenia Versicherungs-Gesellschaften, Wuppertal" is deleted and replaced by the item "Chairman of the Supervisory Board of Barmenia Versicherungs-Gesellschaften, Wuppertal".
- The abbreviation "e.V." in the function list of Klaus Bräunig is replaced by the item stated in brackets "(Verband der Automobilindustrie – VDA)".

- The abbreviation "Prof." in the name of Dr. phil. Hans-Heinrich Driftmann is replaced by the word "Professor".
- The abbreviation "KgaA" in the function list of Professor Dr. phil. Hans-Heinrich Driftmann is replaced by the abbreviation "KGaA".
- The abbreviation "e.V." in the function list of Dr. Hannes Hesse is replaced by the item stated in brackets "(Verband Deutscher Maschinen- und Anlagenbauer – VDMA),".
- The abbreviation "AG" in the function list of Heinz-Peter Schlüter is replaced by the abbreviation "SE".
- The function of Dr. Eric Schweitzer "Member of the Board of Managing Directors of ALBA AG, Berlin" is deleted and replaced by the item "Chairman of the Board of Managing Directors of ALBA Group plc & Co. KG, Berlin".
- The name "Willi Wimmer" and the function "Retired State Secretary, Jüchen" are deleted.

30. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.6 Administrative, Management and Supervisory Bodies" and under the sub heading "2.6.4 Conflicts of Interest" the subsequent paragraph is deleted and replaced by the following paragraph:

"There are currently no conflicts of interest between the duties of the members of the Board of Managing Directors and the Supervisory Board and their private interests or other obligations. A potential conflict of interest exists in connection with the special auditor's final report (for further detail, see " - General Information / History and Development - Auditors") and one member of the Board of Managing Directors who was already in office before IKB's crisis started in July 2007 if board discussions and/or decisions deal with questions of liability and this respective board member's relief. In these circumstances this board member will refrain from participating in the discussion and/or decision. Potential conflicts of interest between the duties of the members of the Supervisory Board and their private interests or other obligations may also result as follows: A proportion of the members of the Supervisory Board in office have a close relation to other companies with whom IKB maintains business relations. Transactions between IKB and the said companies are conducted in all cases on market terms as between unaffiliated third parties."

31. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.7 Major Shareholders" the indicated year "2013" in the subsequent two paragraphs are deleted and replaced by the indicated year "2014".

32. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.2 Audit of Financial Information" the only sentence in the subsequent paragraph is deleted and replaced by the following paragraph:

"The consolidated financial statements of IKB AG as of and for the financial years ended 31 March 2013 and 31 March 2014 and the annual financial statements of IKB AG as of and for the financial year ended 31 March 2013 and 31 March 2014 were audited by PwC and the auditors have issued in each case an unqualified auditors' report."

33. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.3 Legal Proceedings" and under the sub item "Legal proceedings due to alleged incorrect capital market information" the first sentence of the third paragraph "More than 130 of these claims brought by investors have now been finally terminated with legally binding rules in favour of IKB AG or the withdrawal of the respective claims; IKB AG has only been ordered to pay part of the damages claimed in two cases." is deleted and replaced by the following text:

"More than 130 of these actions brought by investors have now e.g. been finally adjudicated or ended as a result of withdrawals."

34. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.3 Legal Proceedings" and under the sub item "Actions to Rescind Resolutions from General Meetings" the following changes are implemented in the bullet points after the subsequent first paragraph:

- The item "including, inter alia," in the first bullet point is deleted.
- The word "Extraordinary" in the second bullet point is deleted and replaced by the word "Annual".
- The words "inter alia," in the second bullet point are deleted.
- The semi colon ";" after the item "Supervisory Board" in the second bullet point is deleted and replaced by the punctuation mark ".".
- The third bullet point is deleted.

35. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.3 Legal Proceedings" and under the sub item "Actions to Rescind Resolutions from General Meetings" the second paragraph is deleted and replaced by the following text:

"With regard to the Annual General Meetings on 27 March 2008, 28 August 2008 and 25 March 2009, compulsory information proceedings have also been filed with the court in accordance with section 132 AktG."

36. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.3 Legal Proceedings" and under the sub item "Actions to Rescind Resolutions from General Meetings" and under the subtitle "Court Appointment of a Special Auditor" the two last sentences of the first paragraph are deleted entirely.

37. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.3 Legal Proceedings" and under the sub item "Actions to Rescind Resolutions from General Meetings" and under the subtitle "Court Appointment of a Special Auditor" the following six paragraphs are inserted after the first paragraph:

"Dr. Harald Ring submitted his 1,836-page final report to IKB AG in late February 2014. In accordance with the German Stock Corporation Act (AktG), the Board of Managing Directors of a stock corporation is initially given the opportunity to examine whether a petition should be submitted for the non-inclusion of certain facts in the report. In accordance with the criteria of section 145 (4) AktG, this may be necessary due to the overriding concerns of the company being audited. The court-appointed special auditor granted IKB a deadline of 17 April 2014 for this examination.

On 17 April 2014, IKB AG petitioned the Düsseldorf Regional Court for corresponding protective proceedings. In exercising its duty of care for its employees, IKB AG petitioned to have the personal data of its employees blurred in the report due to data protection considerations. Later this petition was extended with regard to personal data of representatives of the German financial supervisory authorities and external advisers. The inclusion of the full names of the aforementioned members of the Board of Managing Directors and the Supervisory Board is not affected by the petition for protective proceedings.

IKB AG expects the special audit report to be submitted to the commercial register in the applicable version once these legal proceedings are concluded. Shareholders will be entitled to request a copy of the report from this date. Once the legal proceedings are concluded, the Board of Managing Directors will be required to include the special audit report as an agenda item when convening the next Annual General Meeting.

The report comes to the conclusion that the then members of the Supervisory Board were not responsible for breaches of duty in connection with the events that triggered the crisis. Although the

special audit report identifies individual breaches of duty for the then members of the Board of Managing Directors, these breaches of duty did not lead to the subsequent crisis at IKB or there is insufficient certainty that this was the case.

All in all, the possibility that the facts and assessments included in the report by the special auditor will lead to the initiation of legal proceedings against IKB by third parties cannot be ruled out. IKB expects any such legal proceedings to be unsuccessful.

Based on the overall body of available information, IKB is now performing a final examination of the existence and enforceability of claims for damages against the members of the executive bodies during the relevant period. The results of the special audit will be included in this examination."

38. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.3 Legal Proceedings" and under the sub item "Actions to Rescind Resolutions from General Meetings" and under the subtitle "Derivatives business" the subsequent first paragraph is deleted and replaced by the following text:

"In the financial year 2012/13, several customers criticised the consulting services provided by IKB AG in connection with certain swap products. Corresponding suits are pending in four cases. The provisional total value in dispute is approximately EUR 11.49 million. IKB AG defends itself against the accusations. Of the originally six cases in which legal proceedings were initiated, proceedings have since been settled in two cases. Four cases have been appealed."

39. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.9 Financial Information" and under the sub heading "2.9.4 Significant Changes in the Financial Position" the only paragraph is deleted and replaced by the following three paragraphs:

"On 23 October 2013, IKB AG was included to the list of banks which will participate in the comprehensive assessment of the ECB. As a benchmark for the asset quality review, which is one part of the comprehensive assessment, the ECB determined the minimum ratio for the Common Equity Tier 1 capital to be 8%. The measures taken by IKB since then have led to a significant increase in the general banking reserves according to Section 340(g) of the German Commercial Code (HGB) and therefore to a significant increase in the Common Equity Tier 1 capital. IKB applied to BaFin for the recognition of the addition to the fund for general banking risks and the interim group profits in its calculation of the Common Equity Tier 1 capital ratio in the third quarter of the financial year. With BaFin granting its approval, IKB Group reported a Common Equity Tier 1 capital ratio of 9.1% as at 31 December 2013. This ratio has been calculated in line with the Capital Requirement Regulation (CRR, Basel III) that took effect as at 1 January 2014.

The Common Equity Tier 1 capital ratio of IKB Group has later been retrospectively adjusted to 9.4% due to an interpretation of the CRR by EBA in April 2014.

The CET 1 ratio for the IKB Group amounted to 10.4% as of 31 March 2014 (IKB AG: 14.3%). The CET 1 ratios were calculated in accordance with the current legal status of the CRR as of 30 April 2014 including transitional provisions and the interpretations published by the supervisory authorities. The possibility that future EBA/ECB standards and interpretations or the terms of the comprehensive assessment (risk assessment, AQR or stress test) or other supervisory actions will lead to a retrospective change in the CET 1 ratio as of 31 December 2013 (as measured with the CRR rules for 2014) or 31 March 2014 cannot be ruled out."

40. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.10 Material Contracts" and under the sub heading "2.10.1 Financing Agreements" and under the sub item "Funding Trust Agreement" the fourth and fifth paragraph are deleted and replaced by the following paragraph:

"On 18 September 2013, Matriona GmbH (a company of the IKB Group) invited the holders of the trust preferred securities issued by IKB Funding Trust I (ISIN DE0008592759) to submit offers to Matriona GmbH to sell these securities. The acceptance of the offers to sell the Trust Preferred Securities was

subject to various conditions, including the approval of proposed contractual amendments to the conditions of the trust preferred securities by at least 66 2/3% of investors. The required approval percentage of the investors was not reached before the purchase programme finally expired on 22 November 2013. In accordance with the purchase programme, Matrona GmbH did not purchase any Trust Preferred Securities."

41. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.10 Material Contracts" the word "Sale" in the sub heading "2.10.2" is replaced by the word "sale".

42. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.10 Material Contracts" and under the sub heading "2.10.3 Other Agreements" and under the sub item "Axa Lease" the specification of the financial year "2012/2013" in the second sentence is replaced by the financial year specification "2013/2014" and the amount of "EUR 14.5 million" is replaced by "EUR 14.7 million".

43. In Section D.2 "IKB DEUTSCHE INDUSTRIEBANK AKTIENGESELLSCHAFT" under the heading "2.10 Material Contracts" and under the sub heading "2.10.3 Other Agreements" and under the sub item "XCOM AG" the quoted item "IKBdirekt" is deleted.

V. Supplemental and replacement information pertaining to the Section "I. FINANCIAL INFORMATION"

1. The following Section is inserted after the section "Consolidated Interim Financial Statements (HGB) of IKB AG as of September 2013" after F-196:

**Combined Annual Financial Statements
of the Group and
IKB Deutsche Industriebank AG for the 2013/14 Financial Year**

Consolidated balance sheet of IKB Deutsche Industriebank AG as at 31 March 2014

in € million	31 Mar. 2014	31 Mar. 2013
Assets*		
Cash reserve	22.2	86.9
a) Cash on hand	-	-
b) Balances with central banks	22.2	86.9
thereof: with Deutsche Bundesbank	22.2	86.9
c) Balances in postal giro accounts	-	-
Debt instruments of public sector entities and bills of exchange eligible for refinancing of central banks	-	-
Receivables from banks	2,235.4	2,219.2
a) Repayable on demand	2,128.9	2,099.2
b) Other receivables	106.5	120.0
Receivables from customers	12,263.2	14,707.1
thereof: mortgage loans	1,465.2	1,805.8
thereof: public sector loans	1,010.9	1,381.0
Bonds and other fixed-income securities	7,506.6	7,855.1
a) Money market securities	-	-
b) Bonds and notes	6,820.3	7,161.0
ba) Public sector issuers	3,609.8	2,761.8
thereof: eligible as collateral for Deutsche Bundesbank	3,479.7	2,587.2
bb) Other issuers	3,210.5	4,399.2
thereof: eligible as collateral for Deutsche Bundesbank	2,783.1	3,539.7
c) Own bonds	686.3	694.1
Nominal amount	695.3	697.2
Equities and other non-fixed-income securities	567.8	496.7
Assets held for trading	318.1	265.9
Equity investments	25.4	26.8
thereof: banks	0.2	0.2
Investments in associates	45.0	15.0
thereof: financial services institutions	12.2	11.1
Investments in affiliated companies	2.3	2.1
Assets held in trust	-	0.3
thereof: Trustee loans	-	0.3
Equalisation claims on the public sector including debt securities arising from their exchange	-	-
Lease assets	1,170.1	1,365.3
Intangible assets	15.2	19.0
a) Internally generated industrial and similar rights and assets	-	-
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	15.0	18.7
c) Goodwill	-	-
d) Advance payments made	0.2	0.3
Tangible assets	26.0	12.8
Called unpaid capital	-	-
Other assets	130.5	285.2
Prepaid expenses	121.7	71.9
Deferred tax assets	248.8	148.2
Excess of plan assets over post-employment benefit liability	33.2	39.9
Total assets	24,731.5	27,617.4

*31 March 2013 figures restated

in € million	31 Mar. 2014	31 Mar. 2013
Equity and liabilities		
Liabilities to banks	10,169.1	11,863.1
a) Repayable on demand	1,247.8	804.8
b) With agreed lifetime or notice period	8,921.3	11,058.3
Liabilities to customers	9,629.5	10,881.5
a) Savings deposits	-	-
b) Other liabilities	9,629.5	10,881.5
ba) Repayable on demand	891.1	588.4
bb) With agreed lifetime or notice period	8,738.4	10,293.1
Securitised liabilities	1,071.9	987.1
a) Bonds issued	1,071.9	987.1
b) Other securitised liabilities	-	-
Liabilities held for trading	333.9	242.1
Liabilities held in trust	-	0.3
thereof: Trustee loans	-	0.3
Other liabilities	552.2	511.3
Deferred income	154.2	145.8
Deferred tax liabilities	-	-
Provisions	260.5	457.5
a) Provisions for pensions and similar obligations	3.2	6.1
b) Tax provisions	69.3	105.8
c) Other provisions	188.0	345.6
Subordinated liabilities	971.3	1,373.6
Profit participation capital	32.2	32.2
Fund for general banking risks	574.0	170.8
thereof: trading-related special reserve according to section 340e (4) HGB	0.9	0.2
Equity	982.7	952.1
a) Called-up capital	1,621.5	1,621.5
Subscribed capital	1,621.5	1,621.5
Less uncalled unpaid contributions	-	-
Contingent capital	191.7	191.7
b) Capital reserves	1,750.7	1,750.7
c) Revenue reserves	4.9	5.0
ca) Legal reserve	2.4	2.4
cb) Reserve for shares in a parent or majority investor	-	-
cc) Statutory reserves	-	-
cd) Other revenue reserves	2.5	2.6
d) Difference in equity from currency translation	-18.2	-16.7
e) Net accumulated losses	-2,376.2	-2,408.4
Total equity and liabilities	24,731.5	27,617.4
Contingent liabilities	1,602.0	1,486.1
a) Contingent liabilities from rediscounted and settled bills of exchange	-	-
b) Liabilities from guarantees and indemnity agreements	1,602.0	1,486.1
c) Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations	822.0	1,211.0
a) Repurchase obligations from non-genuine repurchase agreements	-	-
b) Placement and underwriting obligations	-	-
c) Irrevocable loan commitments	822.0	1,211.0

Balance sheet of IKB Deutsche Industriebank AG as at 31 March Fehler! Keine Dokumentvariable verfügbar.

in € million	31 Mar. 2014	31 Mar. 2013
Assets*		
Cash reserve	22.2	86.9
a) Cash on hand	-	-
b) Balances with central banks	22.2	86.9
thereof: with Deutsche Bundesbank	22.2	86.9
c) Balances in postal giro accounts	-	-
Debt instruments of public sector entities and bills of exchange eligible for refinancing of central banks	-	-
Receivables from banks	2,108.6	2,091.0
a) Repayable on demand	2,017.6	1,981.7
b) Other receivables	91.0	109.3
Receivables from customers	14,232.2	16,752.3
thereof: mortgage loans	1,465.2	1,805.8
thereof: public sector loans	1,010.9	1,381.0
Bonds and other fixed-income securities	6,526.9	6,991.9
a) Money market securities	-	-
b) Bonds and notes	6,524.3	6,990.7
ba) Public sector issuers	3,609.8	2,761.8
thereof: eligible as collateral for Deutsche Bundesbank	3,479.7	2,587.2
bb) Other issuers	2,914.5	4,228.9
thereof: eligible as collateral for Deutsche Bundesbank	2,304.8	3,061.2
c) Own bonds	2.6	1.2
Nominal amount	3.2	1.8
Equities and other non-fixed-income securities	-	28.3
Assets held for trading	318.1	265.9
Equity investments	11.3	11.1
thereof: banks	0.2	0.2
Investments in affiliated companies	137.0	124.7
thereof: banks	-	22.7
Assets held in trust	-	0.3
thereof: Trustee loans	-	0.3
Equalisation claims on the public sector including debt securities arising from their exchange	-	-
Intangible assets	39.6	48.2
a) Internally generated industrial and similar rights and assets	-	-
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	12.6	16.9
c) Goodwill	27.0	31.3
d) Advance payments made	-	-
Tangible assets	6.2	5.5
Called unpaid capital	-	-
Other assets	112.1	153.9
Prepaid expenses	202.7	198.6
Deferred tax assets	251.7	150.7
Excess of plan assets over post-employment benefit liability	33.1	38.0
Total assets	24,001.7	26,947.3

*31 March 2013 figures restated

in € million	31 Mar. 2014	31 Mar. 2013
Equity and liabilities		
Liabilities to banks	10,161.2	11,888.4
a) Repayable on demand	1,247.4	821.5
b) With agreed lifetime or notice period	8,913.8	11,066.9
Liabilities to customers	9,628.7	10,895.1
a) Savings deposits	-	-
b) Other liabilities	9,628.7	10,895.1
ba) Repayable on demand	878.3	584.0
bb) With agreed lifetime or notice period	8,750.4	10,311.1
Securitised liabilities	699.5	415.1
a) Bonds issued	699.5	415.1
b) Other securitised liabilities	-	-
Liabilities held for trading	333.9	242.1
Liabilities held in trust	-	0.3
thereof: Trustee loans	-	0.3
Other liabilities	445.5	556.8
Deferred income	201.2	228.0
Deferred tax liabilities	-	-
Provisions	221.9	412.6
a) Provisions for pensions and similar obligations	-	3.2
b) Tax provisions	65.4	102.3
c) Other provisions	156.5	307.1
Subordinated liabilities	496.3	898.6
Profit participation capital	32.2	32.2
Fund for general banking risks	574.0	170.8
thereof: trading-related special reserve according to section 340e (4) HGB	0.9	0.2
Equity	1,207.3	1,207.3
a) Called-up capital	1,621.5	1,621.5
Subscribed capital	1,621.5	1,621.5
Less uncalled unpaid contributions	-	-
Contingent capital	191.7	191.7
b) Capital reserves	1,750.7	1,750.7
c) Revenue reserves	2.4	2.4
ca) Legal reserve	2.4	2.4
cb) Reserve for shares of a parent or majority investor	-	-
cc) Statutory reserves	-	-
cd) Other revenue reserves	-	-
e) Net accumulated losses	-2,167.3	-2,167.3
Total equity and liabilities	24,001.7	26,947.3
Contingent liabilities	2,527.1	2,437.2
a) Contingent liabilities from rediscounted and settled bills of exchange	-	-
b) Liabilities from guarantees and indemnity agreements	2,527.1	2,437.2
c) Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations	766.8	1,066.3
a) Repurchase obligations from non-genuine repurchase agreements	-	-
b) Placement and underwriting obligations	-	-
c) Irrevocable loan commitments	766.8	1,066.3

Consolidated income statement of IKB Deutsche Industriebank AG for the period from 1 April 2013 to 31 March 2014

in € million	2013/14	2012/13
Expenses		
Lease expenses	-205.0	-179.0
Interest expenses	-1,073.9	-1,669.5
Commission expenses	-13.0	-42.8
Net trading results	-	-
General administrative expenses	-274.7	-293.9
a) Personnel expenses	-161.3	-159.0
aa) Wages and salaries	-138.5	-135.3
ab) Social security, post-employment and other employee benefit costs	-22.8	-23.7
thereof: for pensions	-5.5	-6.1
b) Other administrative expenses	-113.4	-134.9
Depreciation and write-downs of intangible tangible assets	-402.5	-423.1
a) On leasing assets	-392.2	-413.0
b) On intangible and tangible assets	-10.3	-10.1
Other operating expenses	-302.1	-564.5
Expenses for the addition to the fund for general banking risks	-402.5	-
Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	-87.5	-70.6
Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investments	-40.3	-47.7
Expenses of assumption of losses	-	-
Extraordinary expenses	-4.8	-11.6
Income taxes	134.7	-4.1
Other taxes not reported under "Other operating expenses"	-2.1	-1.9
Profit transfer on the basis of profit-pooling, profit transfer and partial profit transfer agreements	-	-
Net income for the year	-32.2	-
Total expenses	-2,705.9	-3,308.7

in € million	2013/14	2012/13
Income		
Lease income	679.9	686.6
Interest income from	1,279.5	1,725.1
a) Lending and money market transactions	1,104.4	1,524.0
b) Fixed-income securities and government-inscribed debts	175.1	201.1
Current income from	21.5	60.3
a) Equities and other non-fixed-income securities	17.8	45.4
b) Equity investments	1.9	12.6
c) Associates	1.8	2.3
d) Investments in affiliated companies	-	-
Income from profit-pooling, profit transfer and partial profit transfer agreements	-	-
Commission income	42.0	47.8
Net trading results	5.9	1.2
thereof: addition to trading-related special reserve according to section 340e (4) HGB	0.7	0.1
Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	-	-
Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	187.6	156.8
Other operating income	487.7	465.5
Income from the reversal of the fund for general banking risks	-	19.0
Extraordinary income	1.8	3.3
Income from assumption of losses	-	0.1
Net loss for the year	-	143.0
Total income	2,705.9	3,308.7
Net income/loss for the financial year	32.2	-143.0
Loss carry-forward from the previous year	-2,408.4	-2,290.8
Withdrawals from capital reserves	-	-
Withdrawals from revenue reserves	-	21.9
a) from legal reserve	-	-
b) from reserve for shares in a parent or a majority investor	-	-
c) from statutory reserves	-	-
d) from other revenue reserves	-	21.9
Withdrawals from profit participation capital	-	3.6
Withdrawals from silent partnership contributions	-	-
Allocations to revenue reserves	-	-
Replenishment of profit participation capital	-	-
Net accumulated losses	-2,376.2	-2,408.4

Income statement of IKB Deutsche Industriebank AG for the period from 1 April 2013 to 31 March 2014

in € million	2013/14	2012/13
Expenses		
Interest expenses	-1,106.5	-1,703.9
Commission expenses	-5.4	-36.7
Net trading results	-	-
General administrative expenses	-231.8	-248.3
a) Personnel expenses	-126.6	-123.7
aa) Wages and salaries	-109.0	-105.2
ab) Social security, post-employment and other employee benefit costs	-17.6	-18.5
thereof: for pensions	-5.0	-5.8
b) Other administrative expenses	-105.2	-124.6
Depreciation and write-downs of intangible and tangible assets	-9.9	-9.2
Other operating expenses	-259.7	-510.8
Expenses for the addition to the fund for general banking risks	-402.5	-
Depreciation and write-downs of receivables, specific securities and additions to loan loss provisions	-82.7	-72.1
Depreciation and write-downs of equity investments, investments in affiliated companies and long-term investments	-23.8	-40.7
Expenses from assumption of losses	-	-
Extraordinary expenses	-4.2	-7.3
Income taxes	136.2	-0.2
Other taxes not reported under "Other operating expenses"	-0.2	-0.3
Profit transfer on the basis of profit-pooling, profit transfer and partial profit transfer agreements	-	-
Net income for the year	-	-
Total expenses	-1,990.5	-2,629.5

in € million	2013/14	2012/13
Income		
Interest income from	1,320.7	1,770.6
a) Lending and money market transactions	1,166.5	1,594.1
b) Fixed-income securities and government-inscribed debts	154.2	176.5
Current income from	0.4	11.2
a) Equities and other non-fixed-income securities	-	-
b) Equity investments	0.4	11.2
c) Investments in affiliated companies	-	-
Income from profit-pooling, profit transfer and partial profit transfer agreements	18.4	71.7
Commission income	43.5	46.1
Net trading results	5.9	1.2
thereof: addition to trading-related special reserve according to section 340e (4) HGB	0.7	0.1
Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions	-	-
Income from reversals of write-downs of equity investments, investments in affiliated companies and long-term investment securities	176.8	124.6
Other operating income	421.7	418.2
Income from the reversal of the fund for general banking risks	-	19.0
Extraordinary income	3.1	4.7
Income from assumption of losses	-	-
Net loss for the year	-	162.2
Total income	1,990.5	2,629.5
Net income/loss for the financial year	-	-162.2
Loss carry-forward from the previous year	-2,167.3	-2,030.5
Withdrawals from capital reserves	-	-
Withdrawals from revenue reserves	-	21.9
a) from legal reserve	-	-
b) from reserve for shares in a parent or a majority investor	-	-
c) from statutory reserves	-	-
d) from other revenue reserves	-	21.9
Withdrawals from profit participation capital	-	3.5
Withdrawals from silent partnership contributions	-	-
Allocations to revenue reserves	-	-
Replenishment of profit participation capital	-	-
Net accumulated losses	-2,167.3	-2,167.3

Consolidated cash flow statement

in € million	2013/14	2012/13
Net income for the period (including minority interest in net income)	32.2	-117.5
Non-cash items included in net income for the year and reconciliation to cash flow from operating activities		
+/- Depreciation and amortisation, impairment and reversals of write-downs on receivables, tangible and financial assets	500.7	557.7
+/- Increase/decrease in provisions	-152.6	31.8
+/- Other non-cash expenses/income	405.9	-9.0
- Gain/loss on the disposal of financial and tangible assets	-146.2	-122.0
+/- Other adjustments (net)	-832.7	-615.0
Subtotal	-192.7	-274.0
Changes in assets and liabilities from operating activities		
Receivables		
+/- from banks	-15.9	359.2
+/- from customers	2,309.0	1,252.3
+/- Securities (unless financial assets)	19.8	2,695.3
Leasing assets		
+ Receipts from disposal	240.5	211.2
- Payments for acquisition	-279.8	-435.3
+/- Other assets from operating activities	86.2	-61.5
Liabilities		
+/- to banks	-1,689.9	-1,343.2
+/- to customers	-1,219.3	870.3
+/- Securitised liabilities	83.3	-4,332.2
+/- Other liabilities from operating activities	174.7	80.4
+ Interest and dividends received	1,841.6	2,284.9
- Interest paid	-1,318.3	-1,869.4
+ Extraordinary receipts	-	3.2
- Extraordinary payments	-0.1	-
+/- Income tax	-4.6	-3.4
Cash flow from operating activities	34.5	-562.2
Proceeds from the disposal of		
+ financial assets	3,661.3	3,568.9
+ tangible assets	0.8	0.4
Payments for the acquisition of		
- financial assets	-3,350.2	-2,832.2
- tangible assets	-6.8	-2.6
+/- Change in cash funds from other investing activities (net)	-2.0	-6.6
Cash flow from investing activities	303.1	727.9
+ Cash receipts from issue of capital	-	0.1
+/- Change in cash funds from other capital (net)	-402.3	-98.2
Cash flow from financing activities	-402.3	-98.1
Net change in cash funds	-64.7	67.6
+/- Effect on cash funds of exchange rate movements, changes in reporting entity structure and remeasurement	-	-
+ Cash funds at beginning of period	86.9	19.0
Cash funds at end of period	22.2	86.9

Notes on the consolidated cash flow statement

The cash funds of the IKB Group match the reported balance sheet item “Cash reserve” and “Debt instruments of public sector entities and bills of exchange eligible for refinancing of central banks”. In the cash flow statement, this item changes from the figure at the start of the year by showing the cash flows from

- operating activities,
- investing activities and
- financing activities

to cash funds at the end of the financial year.

The cash flow from operating activities is defined by a bank's operating activities. It is determined using the indirect method by adjusting net income for all non-cash income and expenses. In accordance with German Accounting Standard (DRS) 2-10, interest, dividend and tax payments are listed separately so that the net income is adjusted for the net interest result and taxes recognised in income in the item “Other adjustments”.

The cash flow from investing activities shows incoming and outgoing payments from positions whose general purpose is a long-term investment or use. For banks, this includes receipts and payments from loans and securities in addition to refinancing activities in particular.

The cash flow from financing activities shows cash flows from transactions with equity providers and minority interests of consolidated subsidiaries in addition to other capital.

Notes to the annual and consolidated financial statements

Applied accounting principles

In accordance with section 340i(1) HGB in conjunction with section 290 et seq. of the *Handelsgesetzbuch* (HGB – German Commercial Code), IKB AG must prepare consolidated financial statements and a Group management report.

The consolidated financial statements (Group) and the annual financial statements (IKB AG) of IKB Deutsche Industriebank AG for the 2013/14 financial year are prepared in line with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) in conjunction with the *Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* (RechKredV – German Bank Accounting Directive) and in line with the relevant regulations of the *Aktiengesetz* (AktG – German Stock Corporation Act). The consolidated financial statements also take into account the standards promulgated by the German Standardisation Council (DSR) and endorsed by the Federal Ministry of Justice in accordance with section 342(2) HGB.

The comparative figures for the previous year were calculated in line with German commercial code and disclosed in accordance with section 298(1) in conjunction with section 265(2) HGB.

The balance sheet and the income statement are structured in line with the formats for banks in accordance with section 2 RechKredV. The consolidated balance sheet and the consolidated income statement have been supplemented by leasing items specific to the industry. The income statement is structured in account format (format 2 RechKredV).

Disclosures that can be either provided in the balance sheet/income statement or the notes have mostly been shown in the notes. Amounts are disclosed in millions of euro. Minor deviations can occur in the figures in the notes due to the rounding of totals. Amounts under € 50 thousand and zero values are shown in the consolidated and annual financial statements of IKB AG as “-“.

The notes to the consolidated financial statements and the notes to the annual financial statements of IKB AG have been compiled in accordance with section 298(3) HGB. Unless noted otherwise, comments apply to both the consolidated financial statements and the annual financial statements of IKB AG.

The financial year of IKB begins on 1 April and ends on 31 March.

Changes in measurement

The method for calculating the fundamental value of the Bacchus 2008-1 and Bacchus 2008-2 securities was adjusted as at 30 September 2013. This resulted in a € 8.6 million reduction in the carrying amount of the Bacchus 2008-1 security as at 31 March 2014, € 4.4 million of which is attributable to the current financial year. The carrying amount of the Bacchus 2008-2 security was reduced by € 0.2 million, which related entirely to the current financial year. A corresponding write-down was recognised by IKB AG. As both subsidiaries Bacchus 2008-1 and Bacchus 2008-2 are included in consolidation, this had no effect on the IKB Group's income statement.

As part of this change, the calculation of accrued interest for Bacchus 2008-1 and Bacchus 2008-2 was also adjusted. Instead of referencing 6M Euribor for accrual, the calculation now uses a model-based forecast of the anticipated excess interest on the CLO. This had no notable effect on the income statement.

As part of the standardizing the measurement methods for its own investments, IKB changed the methodology for calculating the fair value of the hold-to-maturity securities Bacchus 2008-1 and 2008-2 securities held as fixed assets to a cash flow-based approach at the end of July 2013. This change

in the model increased the fair value of Bacchus 2008-1 by € 12.6 million and Bacchus 2008-2 by € 18.2 million as at 31 March 2014. The effect would have led to a reduction in the unrealised losses from long-term investments disclosed in the notes to the financial statements of € 76.2 million as at 31 March 2013.

As at 31 March 2014, IKB extended the calculation of credit valuation adjustments (CVA) to include derivatives with collateral agreements. The aim of this is to show the residual risk of default on secured derivatives appropriately. To calculate this risk, a CVA value is calculated for counterparty risk on the basis of the residual amount not covered by collateral from future, potential fluctuations in the value of derivatives, credit quality and the individual loss given default (LGD). As at 31 March 2014, this change in measurement gave rise to an additional expense in net trading results of € 0.5 million and a reduction in unrealised gains of € 8.0 million for derivatives not held in the trading portfolio.

By way of letter dated 20 March 2014, the Italian government exercised its right to convert the interest on Italian government bonds from zero interest to a fixed rate. The interest deferral method for this security was changed in light of this. The change resulted in income of € 4.5 million which is reported in interest income.

Changes in reporting

The earnings effects from the expiry, exercise or close-out of FX options and other FX forwards are now reported in other operating income or other operating expenses rather than in net interest income as was previously the case. As at 31 March 2014, this resulted in a reduction in net interest expense and an increase in other operating expenses of € 9.3 million (previous year: € 4.6 million) and a reduction in net interest income and an increase in other operating income of € 7.3 million (previous year: € 7.6 million).

Under bonds and notes, the breakdown in prior-year figures into sub-items in the balance sheet was adjusted on account of an incorrect allocation. As a result, the level of bonds and notes of public sector entities was increased and the level from other issuers was reduced by € 611.3 million. The “thereof” figures for eligibility as collateral for Deutsche Bundesbank increased by € 436.9 million for public sector entities in the balance sheet of IKB AG and in the consolidated balance sheet, and declined for other issuers by € 874.5 million in the balance sheet of IKB AG and by € 905.2 million in the consolidated balance sheet.

(1) Consolidated group

In addition to IKB AG, 43 (previous year: 42) subsidiaries have been included in consolidation in the consolidated financial statements as at 31 March 2014. The subsidiary Istop 6 GmbH was included in the consolidated financial statements for the first time as at 31 December 2013. The purpose of the company Istop 6 GmbH is to acquire, hold and dispose of equity investments in companies and to manage its own assets.

Two associated companies are included in the consolidated financial statements using the equity method (previous year: two). The associated company Argantis Private Equity GmbH & Co. KG was removed from the consolidated group as at 30 September 2013 following the transfer of the limited partner interests to third parties. The sale of the limited partner interests had no significant effect on earnings. The associated company European Liquid Bond S.A. SiCAV-FIS was included in the consolidated financial statements at equity for the first time as at 31 December 2013.

Owing to immateriality to the net assets, financial position and results of operations of the Group, 56 (previous year: 48) subsidiaries were not included in the consolidated financial statements by way of consolidation and 19 (previous year: 22) associates were not included using the equity method, instead these were measured as other equity investments at cost less any impairment losses (see note 52).

The capital shares in the associates are the same as the voting shares. IKB has one deviating share of voting rights in HABITO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt EINS KG, Pullach im Isartal (capital share: 6.00%; share of voting rights: 16.00%).

The Luxembourg fund company Valin Funds S.C.A., SICAV-SIF, for which the IKB subsidiary Valin Asset Management S.à.r.l. originally acted as the general partner, was transformed into an S.A. on 13 March 2014. From the time of the transformation of this fund company, Valin Asset Management S.à.r.l. has no longer been its general partner. The fund company Valin Funds S.C.A, SICAV-SIF had its first capital call in April 2013. The share of IKB AG in the fund company along with the sub-fund Valin Funds Mittelstand Mezzanine 1 was reduced from 100% to 5.04% as at the reporting date as a result. Inclusion in the scope of consolidation, which was waived in accordance with section 296(1) no. 1 HGB in the previous year, is therefore no longer required.

(2) Consolidation methods

The consolidated financial statements were prepared in accordance with the uniform accounting policies of IKB AG. The annual financial statements of the subsidiaries included that are neither credit nor financial services institutions have been reconciled to the structure of the RechKredV formats. If a Group company has a reporting date other than 31 March, the material transactions that occur between the balance sheet date and 31 March are taken into account. Selected companies are included using financial statements updated to the reporting date of the Group.

Since the entry into effect of the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Act to Modernise Accounting Law), capital consolidation for companies included in consolidation for the first time has been in line with the revaluation method in accordance with section 301 HGB.

Before the BilMoG came into effect, the book value method was used for companies included in consolidation for the first time. The book value method is still used in accordance with the retention option of section 66(3) of the *Einführungsgesetz zum Handelsgesetzbuch* (EGHGB – Introductory Act to the German Commercial Code). In the last HGB consolidated financial statements before the transition to IFRS Group accounting (31 March 2005), the carrying amounts of the subsidiary as at the date of acquisition or first-time inclusion in consolidation were used. Companies acquired after 31 March 2005 have been included at carrying amount as at the date of acquisition in accordance with section 301(2) HGB. Prior to 31 March 2005, positive and negative consolidation differences were offset. The resulting difference is reported in revenue reserves. This netting has been retained in accordance with section 66 EGHGB.

Any positive difference remaining after the realisation of unrealised gains and losses not offset against revenue reserves is reported in the consolidated balance sheet as goodwill under “Intangible assets”. Any corresponding negative difference remaining is reported separately after equity under “Difference from capital consolidation”. There is currently no goodwill or negative difference from capital consolidation in the Group.

Assets, liabilities, deferred income and expenses as well as revenue and expenses between the Group companies included are consolidated, provided that there are no industry-specific accounting regulations preventing this. Intercompany profits from internal transactions are eliminated if not immaterial.

Investments in associated companies are measured using the equity method in accordance with section 312 HGB (book value method). Uniform accounting policies are disregarded when using the equity method in the Group.

Accounting policies

(3) Receivables

Receivables from customers and banks are recognised at nominal value less specific and general allowances. Differences between the nominal and payment amount are taken to deferred income and prepaid expenses and allocated. Purchased receivables are recognised at acquisition cost less specific and global valuation allowances.

The hire-purchase agreements of the leasing companies in the Group are reported in the consolidated balance sheet item "Receivables from customers" at the present value of future hire-purchase instalments. Interest income is recognised on an annuity basis and reported in the item "Interest income".

(4) Securities

Purchased securities are carried at acquisition cost in accordance with section 253(1) sentence 1 HGB. The differences between the cost and repayment amount (premiums/discounts) are recognised in interest income/expenses pro rata temporis over the remaining term.

Subsequent measurement of long-term investments is in line with the moderate principle of lower of cost or market value under section 340e(1) sentence 1 HGB in conjunction with section 253(3) sentence 3 HGB. If impairment is expected to be permanent, assets are written down to the lower fair value as at the reporting date.

Securities classified as current assets are measured at the lower of quoted or market price in line with the strict principle of lower of cost or market value in accordance with section 340e(1) sentence 2 HGB in conjunction with 253(4) HGB. If there are no closing rates, the fair value is calculated on the basis of price information from market data providers and tested for plausibility using suitable methods. If there are no quoted prices or price information from contractual providers for securities, their value is determined on the basis of measurement models by discounting forecast cash flows. The discounting rate is calculated using the risk profile of similar securities. Parameters not exclusively observed on the market are used for this.

Impairment requirements for securities from securitisation transactions are calculated on the basis of a fundamental value method. This method allows detailed loss allocation of the underlying credit portfolio. The default pattern for the reference portfolio is estimated in a standard Monte Carlo simulation including rating-based probabilities of default and correlation parameters specific to the asset class. On the basis of the default scenarios, the cash flows of the invested tranche are calculated taking into account the transaction structure ("cash flow waterfall"). The fundamental value is calculated by discounting these cash flows with the effective interest rate of the respective tranche.

Write-downs are reversed in accordance with section 253(5) sentence 1 HGB if the reasons for the lower carrying amount no longer apply.

Structured financial instruments are recognised in accordance with the principles of IDW RS HFA 22. The principle of uniform accounting is only deviated from if the structured financial instrument has significantly elevated or additional risks or opportunities compared to the underlying on account of embedded derivatives.

Structured financial instruments are accounted for separately for securities from synthetic securitisation transactions in which the credit risk of the reference portfolio was transferred by the owner of the assets of the reference portfolio to the issuer of the securities with a credit default swap (CDS). The embedded derivatives in synthetic securitised instruments are reported at nominal amount as contingent liabilities under the below-the-line items. In the event of pending utilisation of the

embedded credit derivative, provisions for expected losses from executory contracts are recognised and the contingent liabilities reduced by the same amount.

(5) Risk provisioning

Provisions for possible loan losses comprise valuation allowances and provisions for all discernible credit and sovereign risks and for latent default risks.

Global valuation allowances and generally calculated loan loss provisions are calculated in accordance with the letter from the Federal Ministry of Finance dated 10 January 1994. In so doing, historical credit losses from customer receivables and contingent liabilities from guarantees are taken as a basis and multiplied by a cyclical factor in order to accommodate the general economic situation.

In the reporting year, the economic factor used to calculate global valuation allowances was reduced on account of the current economic assessment. As a result of the decline in receivables from customers and the lowering of the economic factor, the global valuation allowance decreased to around € 10 million as at the reporting date. The additional global valuation allowances as at 31 March 2013 of € 20 million recognised to cover latent risks from acquisition, project and property financing in Italy, France, Spain and the UK deferred risks, which were increased by a further € 15 million as at 30 September 2013, were reversed as at 31 December 2013 on account of the occurrence of the anticipated risks and the specific loan loss provisions recognised in the reporting period.

To reflect latent risks of default on long-term investments, receivables from banks, irrevocable loan commitments and contingent liabilities from protection seller credit default swaps, the Bank also calculated global valuation allowances and generally calculated loan loss provisions for these risks on the basis of the expected loss.

Total global valuation allowances for customer receivables and receivables from banks in the Group amounted to € 105.3 million (previous year € 135.2 million) while global valuation allowances at IKB AG amounted to € 105.0 million (previous year € 134.6 million). There were global valuation allowances for securities of € 5.8 million (previous year: € 5.7 million) in the Group and € 5.4 million (previous year: € 4.9 million) at IKB AG. Generally calculated loan loss provisions in the Group and at IKB AG declined from € 5.6 million to € 4.6 million.

To cover sovereign risk, a global valuation allowance was recognised for the credit volume in high-risk countries with internal ratings from class 13 for which the risk has not been placed with third parties. The resulting global valuation allowances amounted to € 0.2 million.

(6) Trading liabilities

The Bank has assigned all financial instruments with which it intends to generate a short-term trading gain to this portfolio in accordance with IDW RS BFA 2. The criteria for this intention are taken from the banking authorities regulatory requirements for allocation to the trading book. These criteria have not been changed. Assets and liabilities held for trading are reported separately.

In accordance with section 340e(3) sentence 1 HGB, trading portfolio financial instruments are measured at fair value less a risk deduction. Their fair value is calculated in line with the measurement hierarchy of section 255(4) HGB. The fair values of financial instruments not traded on exchanges are determined on the basis of financial and mathematical measurement models and market measurement parameters (including interest rates, interest rate volatilities, exchange rates). The amount, timing and certainty of cash flows are dependent on the development of interest and exchange rates, contractual regulations on payment dates for the respective financial instrument and the credit standing of the respective counterparty.

The Bank charges the risk deduction in the amount of the value-at-risk calculated for regulatory purposes. The calculation of value-at-risk is based on a holding period of ten days and a confidence level of 99%. The value-at-risk expresses the loss in value for the portfolio of the Bank over a period of ten days which has a 99% probability of not being exceeded. The observation period is 250 bank working days. The risk deduction calculated for the entire trading portfolio is deducted from the asset trading portfolio.

In line with section 340e(4) HGB, an amount of at least 10% of the net income of the trading portfolio must be added to the special reserve "Funds for general banking risk" in line with section 340g HGB and reported there separately each financial year. This reserve is only used to offset the net expenses of the trading portfolio or may be partly dissolved if this item exceeds 50% of the average of the net income of the trading portfolio for each of the last five years.

(7) Equity investments and investments in affiliated companies/tangible assets/intangible assets

Investments in affiliated companies and investees and investors are carried at the lower of acquisition cost or fair value. They are measured in line with the less strict principle of lower of cost or market value under section 340e(1) sentence 1 HGB in conjunction with section 253(3) sentence 3 HGB.

Finite-lived tangible and intangible assets are measured at acquisition/production cost less depreciation and amortisation respectively and impairment. Tangible assets are written down on a straight-line basis over their useful life. If the market values of individual fixed assets fall below their carrying amount, they are reduced to the market value if the impairment is expected to be permanent.

The option to capitalise self-developed intangible fixed assets in accordance with section 248(2) sentence 1 HGB has not been exercised. Intangible fixed assets purchased from third parties are capitalised at cost and written down pro rata temporis on a straight-line basis over their standard useful life.

IKB AG has reported purchased goodwill from the acquisition of new customer derivative business from a Luxembourg subsidiary. This will be amortised over a normal useful life of ten years. The standard operating useful life is based on an estimate of the return over time on the basis of the identified components of this goodwill. In particular, these components represent customer bases assumed in the acquisition. Impairment losses are recognised if expected to be permanent. If the reasons for impairment no longer apply, the lower carrying amount of the purchased goodwill is retained.

(8) Lease assets

Assets of lease companies of the Group intended for leasing are reported in the consolidated balance sheet as lease assets if the IKB Group is the beneficial owner. The associated income is reported in the consolidated income statement under "Lease income". The cost of disposals of lease assets and other associated expenses in the Group are contained in the item "Lease expenses".

Depreciation on lease assets in the Group is reported in "Depreciation on lease assets".

(9) Securities repurchase and lending transactions

Securities repurchase transactions are accounted for in accordance with section 340b HGB.

In securities repurchase transactions in which it is the repo seller, IKB still reports the transferred assets in its balance sheet and recognises a corresponding liability to the repo purchaser. If IKB is the repo purchaser, a receivable from the repo seller is recognised

Securities lending transactions are accounted for in the same way as securities repurchase transactions.

(10) Excess of plan assets over post-employment benefit liability

In accordance with section 246(2) sentence 2 HGB, assets that are inaccessible to all other creditors and that are used solely to satisfy pension or similar long-term liabilities are offset against these liabilities. The procedure is the same for the associated expenses and income from discounting obligations and from the assets offset.

Assets transferred in contractual trust arrangements (CTAs) are measured at fair value. If the fair value of the assets exceeds the amount of the liabilities, this amount is reported under "Excess of plan assets over pension liability". The corresponding net expenses and income are reported in other operating income or other operating expenses as appropriate.

Accounting for pension liabilities is shown in the accounting policies for provisions (note 12).

(11) Liabilities

With the exception of trading liabilities, liabilities are measured at settlement amount. The difference between this and the amount paid in is deferred and allocated in profit or loss as planned.

For assets that are transferred but not derecognised, an obligation is reported under other liabilities at the amount received for the asset.

(12) Provisions

Provisions for pensions and similar obligations

Pension liabilities are measured at the necessary settlement amount. The 2005 G Heubeck mortality tables are used to calculate the necessary settlement amount. The calculation is performed using the projected unit credit method with the following measurement assumptions:

Measurement factor	31 Mar. 2014 Assumption	31 Mar. 2013 Assumption
Interest rate	4.83%	5.03%
Wage and salary increase	2.0% / 3.0%	3.0%
Pension trend	2.0%	2.0%
Fluctuation rate in line with grading by age and sex		
Age up to 35 m/f	6.5% / 4.5%	6.5% / 4.5%
Age from 36 to 45 m/f	4.5% / 5.5%	4.5% / 5.5%
Age over 45 m/f	1.5% / 1.0%	1.5% / 1.0%

Pension provisions are usually discounted at flat rate using the average market interest rate for an assumed remaining term of 15 years. The interest rate was announced by the Bundesbank in line with

the *Rückstellungsabzinsungsverordnung* (RückAbzinsV – German Ordinance on the Discounting of Provisions). For securities-linked commitments, provisions are carried in the amount of the fair value of the plan assets if a guaranteed minimum amount is exceeded.

In accordance with section 67(1) sentence 1 EGHGB, the option is exercised to allocate annually a minimum amount of one fifteenth of the additional provision required on account of the change in the measurement of pension obligations due to BilMoG each financial year (see note 35).

To hedge the obligations from pension fund plans and similar regulations, in contractual trust arrangements, the assets necessary to meet pension claims were separated from other company assets and transferred to a trustee. If the fair value of the assets transferred is less than the associated obligations, a provision for pensions and similar obligations is reported in the corresponding amount.

Please see note 10 for information on the offsetting requirement for transferred assets against pension obligations and the recognition of assets.

Tax provisions and other provisions

Provisions for taxes and other provisions are recognised in the settlement amount necessary in line with prudent business judgement. The necessary settlement amount includes future increases in prices and costs. Provisions for expected losses from executory contracts are recognised in the amount of the obligation surplus. Provisions with a remaining term of more than twelve months are discounted in line with section 253(2) HGB using the matched term interest rates of the RückAbzinsV. The effect of interest on non-banking items in subsequent periods is reported under other operating expenses. The interest effect on provisions in connection with banking items is reported in interest expenses.

The provisions for interest on additional tax receivables from the financial authorities and the effects of interest on tax provisions are reported under other provisions.

(13) Contingent liabilities

Contingent liabilities are shown at the foot of the balance sheet at nominal amount less any recognised provisions.

(14) Derivatives

Non-trading derivatives are accounted for in line with the provisions for executory contracts. Premium payments made and received from contingent forwards are reported in other assets/liabilities respectively. For non-contingent forwards, upfront fees paid or received are reported in prepaid expenses and deferred income respectively and amortised on a straight-line basis over their remaining term in net interest income. On the balance sheet date it is checked whether provisions for expected losses from executory contracts need to be recognised.

For derivative financial instruments included in a valuation unit in accordance with section 254 HGB, a provision for expected losses resulting from the hedged risk is not recognised if these losses are offset by an unrealised gain in the same amount (see note 20).

Banking book interest derivatives are loss-free measured at present value together with all other non-trading interest-bearing financial instruments in accordance with the principles of IDW RS BFA 3. Thereby the difference between the present value of the interest-bearing positions and the corresponding carrying amounts is calculated, taking into account administrative costs, risk costs and anticipated refinancing costs. IKB takes the refinancing effect of equity into account. The specific situation at IKB means that distributions to shareholders are not possible for a long time. As a result, zero interest is assumed for the portion of the anticipated refinancing costs of net assets through

equity. Loss-free measurement in accordance with IDW RS BFA 3 did not give rise to any provision requirements.

Please see note 6 for information on the measurement of derivative financial instruments held for trading.

(15) Currency translation

The modified closing rate method in accordance with section 308a HGB is used to translate foreign-currency financial statements in the Group. The asset and liability items, not including equity, of a balance sheet in foreign currency are translated to euro at the middle spot exchange rate on the balance sheet date. Equity is translated into euro at the historic rate. Income statement items are translated into euro at the average rate. Any translation difference is reported in consolidated equity as the "Difference in equity from currency translation".

At IKB AG and other banks in the Group, assets and liabilities from foreign-currency transactions outside the trading portfolio are translated in line with the principles of section 340h in conjunction with section 256a HGB if there is special cover. Thus, foreign currency assets and liabilities are translated at the middle spot exchange rate (ECB reference rate) as at the balance sheet date. If the requirements of special cover are not satisfied, currency translation is performed using the regulations that apply to all brokers (section 256a HGB). For a remaining term of one year or less, the unrealised gains on currency translation are recognised in income. If the remaining term exceeds one year, the general measurement provisions apply.

This special cover in accordance with section 340h HGB is considered provided in line with IDW RS BFA 4 if the currency risk is controlled by a currency position and the individual items are aggregated in a currency position. IKB AG allocates non-trading foreign currency transactions to the currency position of the respective currency and manages them using approved limits.

In the income statement, income and expenses from currency translation (translation differences) are reported under "Other operating income" and "Other operating expenses".

If IKB AG uses currency forwards to hedge interest-bearing assets and liabilities, the forward rate is divided and its two elements (spot rate and swap rate) are taken into account separately in the earnings calculation. The mark-ups and mark-downs on the spot rate are offset pro rata temporis in net interest income. For the above transactions, it is checked whether closing the positions with matched terms would result in losses and whether provisions should be recognised for these (measurement of remaining items).

In line with section 340c(1) HGB in conjunction with section 340e(3) HGB, trading portfolio financial instruments in foreign currency are measured at fair value less a risk deduction. After calculating the fair value in foreign currency, the trading portfolios are translated at the middle spot exchange rate as at the balance sheet date and unrealised gains and losses are recognised in net trading results.

(16) Valuation units

Under section 254 HGB, valuation units exist if assets, liabilities, executory contracts or highly likely transactions – underlying items – can be combined to offset opposing changes in value or cash flows from similar risks – hedged risks – with primary or derivative financial instruments – protection instruments. At the first level, under IDW RS HFA 35, the enterprise must decide for itself whether a specific risk should be hedged by creating an economic valuation unit with one or more underlyings. It is then decided at a second level with a hedge entered into in risk management should also be shown in accounting as a valuation unit (option). If there is an economic hedge, the Bank decides on a case-by-case basis whether to apply valuation units.

In accounting of valuation units according to the rules of section 254 HGB, unrealised losses resulting from hedged risks are not recognised for the individual transactions within the valuation unit if these losses are offset by unrealised gains from other protected transactions of the same amount. This is done to the extent that and for the period in which opposing changes in value or cash flows from the underlying item and the protection instrument offset each other in relation to the hedged risk.

The net presentation method (“Einfrierungsmethode”) is generally used to present valuation units at IKB. Exceptions to this are micro valuation units for avoiding currency risks in the Group, which are accounted for using the gross presentation method (“Durchbuchungsmethode”).

In the net presentation method, the offsetting changes in value of the hedged risk (effective portion) are not recognised. Any net unrealised gain resulting within the hedge is not taken into account. However, if the ineffective portion of changes in the value is a loss, a corresponding provision is recognised. By contrast, in the gross hedge presentation method, the offsetting positive and negative changes in value (effective amounts) of assets and liabilities due to the hedged risk are recognised in the accounts and P&L by adjusting the respective carrying amounts.

In cases in which the contract conditions of the underlying item and the protection instrument oppose each other exactly, both the prospective effectiveness test and the retrospective effectiveness test of the valuation unit are performed by way of a critical terms match. In other cases, effectiveness is ensured by regular monitoring of the opposing measurement effects of hedged risks and underlyings. Valuation units are recognised for the remaining term of the underlying items.

There are no valuation units for highly probable transactions.

Please see the reporting in the management report for information on the risk management of financial risks.

(17) Deferred taxes

If there are differences between the accounting carrying amounts of assets, liabilities, prepaid expenses and deferred income and their tax carrying amounts that will reverse in subsequent financial years (temporary differences), any net tax expense resulting from this is recognised as a deferred tax liability. Any net tax relief resulting from this is recognised as a deferred tax asset. In calculating deferred tax assets, tax loss carry forwards that are expected to be available for offsetting in the next five years have to be taken into account in loss offsetting. The option to report deferred tax assets in line with section 274(1) sentence 2 HGB is exercised. However, the option to report deferred tax assets and liabilities without netting in line with section 274(1) sentence 3 HGB (gross reporting) is no longer exercised.

The deferred taxes were measured using individual tax rates for each tax entity that were in effect on the balance sheet date or that have already been approved by the legislator and are expected to apply at the time the deferred tax assets and liabilities are realised. In calculating German deferred taxes, a corporation tax rate of 15%, a solidarity surcharge of 5.5% on corporation tax and a trade tax rate in line with the applicable rates of assessment are assumed. Deferred taxes for foreign operations and subsidiaries are measured using the tax rates that apply there.

Owing to the tax entity structures, the deferred tax assets and liabilities resulting from temporary differences at companies within these entities are taken into account in the calculation of the deferred taxes of the parent entity. For tax group parents that are also participating tax entities, temporary differences are taken into account at the level of the top tax group parent.

If consolidation adjustments result in temporary differences in the consolidated financial statements, additional deferred tax assets and liabilities are reported for the future tax income or expenses resulting from these differences respectively. The deferred taxes resulting from consolidation adjustments in accordance with section 306 HGB are offset against the deferred taxes in accordance with section 274 HGB.

Notes on the balance sheet

(18) Structure of maturities of selected balance sheet items by remaining term

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Receivables from banks*	106.5	120.0	91.0	109.3
remaining term				
up to 3 months	74.0	75.0	58.5	64.2
between 3 months and 1 year	6.3	12.4	6.3	12.4
between 1 and 5 years	14.2	26.0	14.2	26.1
more than 5 years	12.0	6.6	12.0	6.6
Receivables from customers	12,263.2	14,707.1	14,232.2	16,752.3
remaining term				
up to 3 months	1,703.6	1,582.5	1,763.9	1,606.8
between 3 months and 1 year	1,869.9	2,419.7	2,044.5	2,735.5
between 1 and 5 years	6,371.1	8,197.0	7,818.7	9,111.8
more than 5 years	2,318.6	2,507.9	2,605.1	3,298.2
Liabilities to banks*	8,921.3	11,058.3	8,913.8	11,066.9
remaining term				
up to 3 months	1,481.5	1,086.3	1,480.6	1,099.7
between 3 months and 1 year	1,770.7	3,369.6	1,770.2	3,368.1
between 1 and 5 years	4,428.3	5,100.7	4,422.2	5,097.4
more than 5 years	1,240.8	1,501.7	1,240.8	1,501.7
Liabilities to customers*	8,738.4	10,293.1	8,750.4	10,311.2
remaining term				
up to 3 months	1,212.2	1,568.4	1,224.2	1,579.5
between 3 months and 1 year	3,068.2	3,184.5	3,068.2	3,188.5
between 1 and 5 years	3,222.9	4,072.7	3,222.9	4,075.8
more than 5 years	1,235.1	1,467.5	1,235.1	1,467.4

*not including receivables or liabilities repayable on demand

€ Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) of bonds and other fixed-income securities are payable in the following year in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) are payable in the following year at IKB AG. € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) of the bonds issued and reported under securitised liabilities are payable in the following year in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) are payable in the following year at IKB AG.

(19) Trading financial instruments

Assets held for trading break down as follows:

in € million	Group		IKB AG*	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Derivative financial instruments	253.9	253.1	253.9	253.1
Receivables	48.2	9.4	48.2	9.4
Bonds and other fixed-income securities	17.2	4.0	17.2	4.0
Risk deduction	-1.2	-0.6	-1.2	-0.6
Total	318.1	265.9	318.1	265.9

*The "Receivables" item reported as at 31 March 2013 includes receivables of € 39.4 million and liabilities of € 30 million.

The trading book derivatives are interest swaps, spot transactions, CDS/caps/floors/collars, FX swaps, FX options, FX forwards and swaptions.

Liabilities held for trading essentially include derivative financial instruments in the amount of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) and liabilities of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.).

The nominal amounts of the derivatives reported as assets and liabilities held for trading are:

31 Mar. 2014 in € million	Nominal amount	
	Group	IKB AG
Interest-related derivatives	6,512.4	6,512.4
Credit-related derivatives	5.0	5.0
Currency-related derivatives	981.3	981.3
Derivatives assigned to several categories	732.5	732.5
Total	8,231.2	8,231.2

After taking into account a risk deduction, trading activities generated net income of € 6.6 million for the 2013/14 financial year (previous year: € 1.3 million). This resulted in an addition to a special reserve in accordance with section 340e(4) HGB of € 0.7 million (previous year: € 0.1 million). This left net income of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.).

(20) Valuation units

Valuation units are essentially used at IKB to show hedges of interest and currency risks.

As at the reporting date, there were valuation units with assets with a carrying amount of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) and derivatives with a negative market value of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) as underlying items in the Group. At IKB AG, there were derivatives with a negative market value of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) as underlying items as at the reporting date.

As at the reporting date, hedged risks amounted to € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) for the assets and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) for the derivatives in the Group, and to € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) for derivatives at IKB AG. The hedged risk is equal to the value of the changes in the value or cash flows of the underlying item compensated by the valuation units.

(21) Fixed assets

Group:

in € million	Intangible assets	Tangible assets	Leasing assets	Equity investments	Investments in associates	Investments in affiliated companies	Bonds and other fixed-income securities	Equities and other non-fixed-income securities	Total
Acquisition costs as at									
31 Mar. 2013	67.4	60.8	2,529.0	65.1	21.4	13.4	8,131.2	469.6	11,357.9
Additions	2.2	6.9	321.4	-	0.3	75.8	2,899.2	458.8	3,764.6
Reclassifications	-0.1	22.1	-45.0	-1.1	75.0	-75.5	-	-	-24.6
Effects of currency translation	-	-0.1	-0.8	-	-	-	-50.1	-	-51.0
Disposals	-6.8	-12.7	-476.4	-6.3	-52.9	-1.7	-3,450.9	-359.5	-4,367.2
Acquisition costs as at									
31 Mar. 2014	62.7	77.0	2,328.2	57.7	43.8	12.0	7,529.4	568.9	10,679.7
Cumulative depreciation/amortisation, write-downs and reversals thereof									
by 31 Mar. 2013	-48.4	-48.0	-1,163.7	-38.3	-6.4	-11.3	-496.6	-1.1	-1,813.8
Reversals of write-downs	-	0.5	-1.2	2.5	1.2	-	18.7	-	21.7
Depreciation/amortisation and write-downs	-5.7	-4.6	-391.0	-2.1	-0.2	-0.1	-15.6	-	-419.3
Reclassifications	-0.2	-10.7	3.4	1.7	-	-	-	-	-5.8
Effects of currency translation	-	0.1	0.4	-	-	-	31.3	-	31.8
Disposals	6.8	11.7	394.0	3.9	6.6	1.7	285.3	-	710.0
Cumulative depreciation/amortisation, write-downs and reversals thereof									
by 31 Mar. 2014	-47.5	-51.0	-1,158.1	-32.3	1.2	-9.7	-176.9	-1.1	-1,475.4
Residual book value									
as at 31 Mar. 2014	15.2	26.0	1,170.1	25.4	45.0	2.3	7,352.5	567.8	9,204.3
Residual book value									
as at 31 Mar. 2013	19.0	12.8	1,365.3	26.8	15.0	2.1	7,634.6	468.5	9,544.1

Deferred interest for the financial year and the previous year is shown in additions and disposals.

For the items "Equity investments" and "Investments in affiliated companies", on account of a gross presentation required but not fully present in the previous year, the cost and cumulative depreciation/amortisation, write-downs and reversals thereof were adjusted as at 31 March 2013. The figures for the item "Equity investments" were each increased by € 8.1 million and for "Investments in affiliated companies" by € 5.9 million.

IKB AG:

in € million	Intangible assets	Tangible assets	Leasing assets	Equity investments	Investments in associates	Investments in affiliated companies	Bonds and other fixed-income securities	Equities and other non-fixed-income securities	Total
Acquisition costs as at 31 Mar. 2013	91.3	33.2	-	12.9	-	1,341.2	7,235.1	-	8,713.7
Additions	0.5	2.1	-	-	-	10.7	2,643.4	-	2,656.7
Reclassifications	-	-	-	-1.3	-	-0.5	-	-	-1.8
Effects of currency translation	-	-	-	-	-	-	-36.6	-	-36.6
Disposals	-6.4	-9.1	-	-0.3	-	-19.7	-3,306.8	-	-3,342.3
Acquisition costs as at 31 Mar. 2014	85.4	26.2	-	11.3	-	1,331.7	6,535.1	-	7,989.7
Cumulative depreciation/ amortisation, write-downs and reversals thereof by 31 Mar. 2013	-43.1	-27.7	-	-1.8	-	-1,216.5	-347.8	-	-1,636.9
Reversals of write-downs	-	-	-	-	-	22.0	11.8	-	33.8
Depreciation/amortisation and write-downs	-9.1	-0.8	-	-	-	-0.6	-9.6	-	-20.1
Reclassifications	-	-	-	1.8	-	-	-	-	1.8
Effects of currency translation	-	-	-	-	-	-	21.2	-	21.2
Disposals	6.4	8.5	-	-	-	0.4	210.4	-	225.7
Cumulative depreciation/ amortisation, write-downs and reversals thereof by 31 Mar. 2014	-45.8	-20.0	-	0	-	-1,194.7	-114.0	-	-1,374.5
Residual book value as at 31 Mar. 2014	39.6	6.2	-	11.3	-	137.0	6,421.1	-	6,615.2
Residual book value as at 31 Mar. 2013	48.2	5.5	-	11.1	-	124.7	6,887.3	-	7,076.8

Deferred interest for the financial year and the previous year is shown in additions and disposals.

The item "Bonds and other fixed-income securities" predominantly includes European government bonds, bank bonds, issues by European industrial companies and structured products in the form of CDOs. Units in special funds are also assigned to fixed assets in the item "Equities and other non-fixed-income securities" in the Group (see note 23).

In total, there were unrealised losses at the balance sheet date from long-term investments of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) based on the carrying amounts of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) and the fair values of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group.

At IKB AG, the unrealised losses amounted to a total of € 77.0 million (previous year: € 319.4 million) on carrying amounts of € 926.0 million (previous year: € 2,450.4 million) and fair values of € 849.0 million (previous year: € 2,131.0 million).

The differences are not considered to be permanent impairment. Hence, no write-downs have been recognised. The fair values and carrying amounts used to calculate unrealised losses do not include any deferred interest.

Operating and office equipment are included in tangible assets in the Group. In the current financial year, there is one asset (land/buildings) partially used for banking operations (previous year: 0).

Amortisation on intangible leasing assets in the Group amounted to € 0.6 million (previous year: € 0.7 million).

In the current financial year, write-downs on fixed assets of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) were recognised in the Group and of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) at IKB AG on account of impairment expected to be permanent.

(22) Negotiable securities

The negotiable securities included in the balance sheet items below break down as follows in terms of stock exchange listing:

31 Mar. 2014 in € million	Group			IKB AG		
	Total negotiable	Listed	Not listed	Total negotiable	Listed	Not listed
Bonds and other fixed-income securities	7,462.6	7,078.1	384.5	6,526.9	6,526.9	-
Equities and other non-fixed-income securities	561.5	-	561.5	-	-	-
Equity investments	10.8	-	10.8	-	-	-

31 Mar. 2013 in € million	Group			IKB AG		
	Total negotiable	Listed	Not listed	Total negotiable	Listed	Not listed
Bonds and other fixed-income securities	7,855.1	7,552.5	302.6	6,991.9	6,991.9	-
Equities and other non-fixed-income securities	488.2	-	488.2	28.3	-	28.3
Equity investments	9.6	-	9.6	-	-	-

The item “Bonds and other fixed-income securities” includes the negotiable securities assigned to fixed assets of € 7,308.5 million (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € 6,887.3 million) at IKB AG. The item “Equities and other non-fixed-income securities” exclusively contains the negotiable securities assigned to fixed assets in the Group of € 561.5 million (previous year: € Fehler! Keine Dokumentvariable verfügbar.).

(23) Disclosures on investment assets

Investment assets with a share of more than 10% break down by investment goal as follows:

in € million	Group				IKB AG			
	Carrying amount	Market value	Difference to carrying amount	Distribution	Carrying amount	Market value	Difference to carrying amount	Distribution
	31 Mar. 2014	31 Mar. 2014	31 Mar. 2014	2013/14	31 Mar. 2014	31 Mar. 2014	31 Mar. 2014	2013/14
Mixed funds	260.4	260.4	-	1.2	233.6	233.6	-	1.2
Other special funds	561.5	565.4	3.9	17.0	-	-	-	-
Total	821.9	825.8	3.9	18.2	233.6	233.6	-	1.2

in € million	Group				IKB AG			
	Carrying amount	Market value	Difference to carrying amount	Distribution	Carrying amount	Market value	Difference to carrying amount	Distribution
	31 Mar. 2013	31 Mar. 2013	31 Mar. 2013	2012/13	31 Mar. 2013	31 Mar. 2013	31 Mar. 2013	2012/13
Mixed funds	253.4	253.4	-	6.0	227.4	227.4	-	5.4
Other special funds	488.2	489.2	1.0	44.8	28.3	28.3	-	-
Total	741.6	742.6	1.0	50.8	255.7	255.7	-	5.4

The item “Equities and other non-fixed-income securities” includes interests in foreign special funds in accordance with the *Investmentgesetz* (InvG – German Investment Act). The funds predominantly

invest in European mortgage bonds. The “Other special funds” of IKB AG were transferred to a Group company with the intention of holding them in the long term.

Furthermore, CTA assets were invested in a German special fund in accordance with the German Investment Act. The amount remaining after offsetting against pension obligations is reported under “Excess of plan assets over pension liability” (see note 28). The fund predominantly invests in fixed-income securities and to a minor extent in investment units and equities.

All fund units can be returned on each trading day. The management company can suspend the redemption of units if there are extraordinary circumstances that make it appear necessary to do so in the interests of the investors. The management companies have not exercised this right to date.

(24) Investments accounted for using the equity method

The associates shown in the table are accounted for in the Group using the equity method.

Carrying amounts of investments accounted for using the equity method:

in € million	31 Mar. 2014	31 Mar. 2013
Linde Leasing GmbH, Wiesbaden	12.2	11.1
European Liquid Bond S.A. SiCAV-FIS, Luxembourg, Luxembourg	32.8	-
Argantis Private Equity GmbH & Co. KG, Cologne	-	3.9
Total	45.0	15.0

Key figures for companies accounted for using the equity method:

31 Mar. 2014			Net income/ loss for the	
in € million	Assets	Liabilities	financial year	Income
Linde Leasing GmbH, Wiesbaden	494.7	453.7	5.9	207.7
European Liquid Bond S.A. SiCAV-FIS, Luxembourg, Luxembourg	119.8	0.1	-	5.0

(25) Receivables from and liabilities to affiliated companies and other investees and investors

in € million	Group			
	31 Mar. 2014		31 Mar. 2013	
	Affiliated companies ¹⁾	Investees and investors	Affiliated companies ¹⁾	Investees and investors
Receivables from banks	-	-	-	-
Receivables from customers	17.6	30.3	20.6	30.1
Other assets	0.2	-	0.1	0.1
Liabilities to banks	-	-	-	-
Liabilities to customers	4.6	-	5.2	0.5
Securitised liabilities	1.2	-	-	-
Other liabilities	-	-	-	-

1) for affiliated companies not included in consolidation only

in € million	IKB AG			
	31 Mar. 2014		31 Mar. 2013	
	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Receivables from banks	-	-	1.8	-
Receivables from customers	3,035.0	30.0	3,154.7	30.0
Other assets	27.8	-	72.2	-
Liabilities to banks	-	-	32.1	-
Liabilities to customers	38.4	0.5	67.9	-
Securitised liabilities	391.2	-	257.4	-
Other liabilities	36.3	-	19.3	-

(26) Trust activities

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Assets held in trust: receivables from customers	-	0.3	-	0.3
Liabilities held in trust: liabilities to customers	-	0.3	-	0.3

The receivables from customers under trust assets are exclusively loans to insolvent borrowers. In line with the contractual agreements, these are still reported on the balance sheet until the trustee releases IKB from the trust relationship.

(27) Subordinated assets

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Receivables from customers	787.4	1,019.8	772.4	999.9
Bonds and other fixed-income securities	0.7	0.7	0.7	0.7
Assets held for trading	1.0	-	1.0	-
Total	789.1	1,020.5	774.1	1,000.6

The subordinated assets reported in “Bonds and other fixed-income securities” are own bonds.

(28) Excess of plan assets over post-employment benefit liability

31 Mar. 2014		
in € million	Group	IKB AG
Offset assets		
Acquisition costs	277.1	248.8
Fair value	284.1	255.2
Offset liabilities		
Settlement amount	-252.5	-222.1
Excess of plan assets over post-employment benefit liability	33.2	33.1
Expenses and income offset in the reporting year	2013/14	2013/14
Expenses and income from pension obligations		
Income from pension obligations	-	-
Expenses for pension obligations	-21.8	-19.5
Expenses and income from plan assets		
Income from plan assets	8.6	8.0
Expenses of plan assets	-0.5	-0.5
Net income/expense	-13.7	-12.0

31 Mar. 2013 in € million	Group	IKB AG
Offset assets		
Acquisition costs	267.7	239.9
Fair value	267.8	240.0
Offset liabilities		
Settlement amount	-232.2	-205.2
Excess of plan assets over post-employment benefit liability	39.9	38.0
Expenses and income offset in the reporting year	2012/13	2012/13
Expenses and income from pension obligations		
Income from pension obligations	-	-
Expenses for pension obligations	-17.1	-15.5
Expenses and income from plan assets		
Income from plan assets	21.7	19.8
Expenses of plan assets	-	-
Net income/expense	4.6	4.3

The fair value of assets transferred in CTAs results from their asset value, which was determined by the investment company as at the balance sheet date in accordance with section 36 InvG.

(29) Leases

Assets intended for letting (equipment leasing) are reported in the consolidated balance sheet as leasing assets. These are essentially partial-pay-out agreement in which the leased assets are accounted for by the lessor.

(30) Repurchase agreements

The carrying amount of assets reported in the balance sheet as at the reporting date and transferred in repurchase agreements is € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) at IKB AG.

(31) Foreign-currency assets and liabilities

The currency volumes translated into euro are shown in the table below:

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Assets	1,484.1	2,456.7	1,364.3	2,526.4
Liabilities	324.5	1,314.8	473.8	1,564.8

The differences between the assets and the liabilities are largely hedged by currency valuation units.

(32) Other assets and other liabilities

Other assets essentially include the following:

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Inventories	-	90.9	-	-
Foreign currency adjustment item*	18.1	5.1	18.1	5.1
Receivables from leasing business	17.6	50.0	-	-
Receivables from tax authorities	42.9	43.8	36.2	35.1
Hire-purchase properties not yet realised	12.1	13.7	-	-
Prepaid expenses for derivatives	9.2	12.5	9.7	16.0
Trade accounts and other receivables	2.1	3.9	0.4	-
Receivables from affiliated companies	-	-	27.8	72.2

*from spot exchange rate neutralisation

No properties are reported at carrying amount under inventories in the Group (previous year: two). The change results from the disposal of a property sold in the third quarter. Regarding the other property, it was resolved in October 2013 to give up the intention to sell. It is therefore now recognised in fixed assets.

Receivables from leasing business in the Group are essentially down-payments on hire purchase agreements not yet invoiced.

Other liabilities essentially include the following:

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
True sale securitisations	-	-	274.6	379.2
Synthetic securitisations	368.2	289.4	21.8	17.5
Obligations from derivatives*	86.2	82.0	86.2	82.0
Deferred income for derivatives*	30.5	31.7	22.8	23.9
Liabilities to tax authorities	17.9	14.4	14.2	5.3
Deferred income for subordinates liabilities	2.8	13.3	2.8	13.3

*Adjusted prior-year figures for IKB AG due to partial reclassification of other liabilities for obligations from derivatives to deferred income for derivatives

In this item IKB AG reports liabilities from special-purpose entities in true sale securitisation transactions, which are opposing to not derecognised credit receivables in the same amount on account of the retention of credit risks. In addition, in synthetic securitisation transactions, IKB AG has transferred risks from structured securities contained in the balance sheet to a special-purpose entity consolidated in the Group. Other liabilities and provisions for expected losses from executory contracts have been recognised at the carrying amount of these securities.

In the Group, leasing receivables were sold to non-consolidated special-purpose entities in synthetic securitisation transactions. The transaction did not result in an accounting disposal, hence other liabilities are reported at the carrying amount of the leasing receivables.

Deferred interests on the derivative transaction are reported net.

(33) Deferred income and prepaid expenses

Prepaid expenses include discounts on liabilities recognised at carrying amount of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) at IKB AG and prepaid expenses for derivative business of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) at IKB AG.

Deferred income includes discounts on receivables recognised at carrying amount of € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) at IKB AG and deferred income for derivative business of € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) at IKB AG.

(34) Deferred tax assets

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Excess deferred tax assets	248.8	148.2	251.7	150.7

Loss carried forwards:

in € million	Group		IKB AG	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Reported corporation tax loss carried forwards	60.9	53.8	12.7	21.7
Reported trade tax loss carried forwards	-	2.7	-	-

The carrying amount of deferred tax assets is essentially based on the differences between the financial accounts and the tax accounts that will reverse in subsequent years. In particular, the carrying amount relates to provisions for expected losses for embedded derivatives (CDS) recognised in the financial accounts but not in the tax accounts and investment funds of the German Group. Furthermore, deferred tax assets on tax loss carried forwards are taken into account if the losses are sufficiently likely to be offset within the next five financial years from the next balance sheet date. Local tax rates were used in each case. The resulting tax burden and relief have been reported net.

The rise in deferred tax assets compared to the previous year relates to the increase in deferred taxes on temporary differences in connection with business planning combined with improved profit prospects.

(35) Pension provisions

The reported pension provisions amount to € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) at IKB AG. The pension provisions at IKB AG in the previous year related to early retirement benefits reported as obligations under the new redundancy scheme that were not offset by plan assets as at 31 March 2013, while in the current financial year these obligations are offset by corresponding plan assets.

In the context of the first-time adoption regulations of the BilMoG, the option was exercised to distribute the additional amount to the pension provisions evenly over a term of 15 years. The outstanding addition as at 31 March 2014 amounted to € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € 49.0 million) at IKB AG.

(36) Subordinated liabilities

There is no early repayment obligation. In the event of insolvency or liquidation, they can only be repaid after all non-subordinated creditors have been repaid. Participation in the losses of operating

activities is not provided for here. Interest is owed and paid regardless of the Bank's net profit or loss for the year with the exception of the 2004/2005 issue (Group).

As at the reporting date, subordinated liabilities amounted to € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) at IKB AG. Interest expenses on these amounted to € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € 15.5 million (previous year: € 31.2 million) at IKB AG in the financial year. Interest expenses were not incurred for the 2004/2005 issue (Group) in the financial year as payment is dependent on distributable profit at IKB AG.

Individual items that exceed 10% of the total amount in the Group and at IKB AG:

Group Year of issue	Carrying amount in € million	Currency	Interest rate in %	Maturity
2005/2006	96.1	JPY	2.76	21 Jul. 2035
2006/2007	120.0	EUR	0.96	23 Jan. 2017
2004/2005 (Group)	400.0	EUR	1)	Perpetual

IKB AG Year of issue	Carrying amount in € million	Currency	Interest rate in %	Maturity
2006/2007	50.0	EUR	0.99	20 Jan. 2016
2004/2005	73.0	EUR	1.10	13 Sept. 2016
2005/2006	96.1	JPY	2.76	21 Jul. 2035
2006/2007	120.0	EUR	0.96	23 Jan. 2017

1) 10Y EUR mid-swap rate + 5bp, cap 9%

(37) Profit participation capital

After loss allocation, profit participation capital in the Group and at IKB AG amounted to € Fehler! Keine Dokumentvariable verfügbar. as at the balance sheet date (previous year: € Fehler! Keine Dokumentvariable verfügbar.). The nominal value as at the balance sheet date was unchanged at € 300.0 million. In line with terms and conditions, profit participation capital participates fully in the net loss for the year or net accumulated losses of IKB AG. Depending on the issue, interest payments are only made in conjunction with existing distributable profit or net income of IKB AG for the year. The claims of profit participation certificate bearers to capital repayment are subordinate to the claims of other creditors.

The loss participation of profit participation certificate bearers or the replenishment of profit participation capital are calculated in different ways on account of the various terms and conditions of profit participation capital. The loss participation of the respective profit participation certificate bearers is calculated on the basis of the pro rata net loss for the year or net accumulated losses (in part not taking into account the loss carried forward) in proportion to the balance sheet equity including total profit participation capital or all capital shares participating in net accumulated losses up to the repayment amount. The replenishment of the repayment amount after a loss participation and a repayment of suspended distributions are expressly provided for in the issue conditions when certain conditions are met within the term of the issue or after the end of a four-year recovery period.

The profit participation capital in the Group and at IKB AG breaks down as follows:

Year of issue	Original nominal value in € million	Currency	Interest rate in %	Maturity
2004/2005	30.0	EUR	4.50	31 Mar. 2015
2005/2006	150.0	EUR	3.86	31 Mar. 2015
2006/2007	50.0	EUR	4.70	31 Mar. 2017
2007/2008	70.0	EUR	5.63	31 Mar. 2017

No interest was incurred on profit participation certificates for the 2013/14 financial year. Had the requirements for an interest payment been met, interest of € 13.4 million (previous year: € 13.4 million) would have been payable on profit participation certificates in the 2013/14 financial year.

The Extraordinary General Meeting on 25 March 2009 authorised the Board of Managing Directors to issue bearer profit participation certificates on one or several occasions until 24 March 2014. Bearer option warrants can be attached to the profit participation certificates or they can be equipped with a conversion right for the bearer. According to the terms and conditions of the option or convertible profit participation certificates (hereinafter the “profit participation certificate terms and conditions”), the option and conversion rights provide for bearers to subscribe to bearer shares of the company. Actions for annulment have been brought against this resolution on which a verdict has not yet been reached. This has not been entered in the commercial register to date. As the deadline expired on 24 March 2014, this authorisation has since been rendered irrelevant.

The total nominal amount of the profit participation certificates, option and convertible bonds issued under this authorisation cannot exceed € 900 million. Option and conversion rights can only be issued for shares of the company with a pro rata amount of share capital of up to nominally € 618,749,990.40. As well as in euro, the profit participation certificates and bonds can be issued in the legal currency of an OECD state – up to the corresponding euro value of € 900 million.

(38) Fund for general banking risks

Owing to the net income in the trading portfolio of € 6.6 million (previous year: € 1.3 million), there was an addition to the fund for general banking risks in accordance with section 340e(4) HGB of € 0.7 million (previous year: € 0.1 million) in the 2013/14 financial year (see note 19).

This special reserve was recognised in the amount of € 0.9 million as at the reporting date (previous year: € 0.2 million).

The fund for general banking risks in accordance with section 340g HGB, which is eligible as common equity tier 1 capital in accordance with the CRR, was increased to € 573.1 million by an addition of € **Fehler! Keine Dokumentvariable verfügbar.** in the 2013/14 financial year.

(39) Development of capital

Treasury stock

By way of resolution of the Annual General Meeting on 26 August 2010, the Board of Managing Directors was authorised to acquire and sell treasury shares for the purpose of securities trading until 25 August 2015. The amount of shares acquired for this purpose must not exceed 5% of the share capital at the end of any one day. Together with the treasury shares acquired for other reasons held by the company or assigned to it in accordance with sections 71a et seq. AktG, the treasury shares acquired on the basis of this authorisation may not exceed 10% of the share capital at any time. This authorisation was not utilised in the 2013/14 financial year.

By way of resolution of the Annual General Meeting held on 26 August 2010, the company was authorised to acquire treasury shares of up to 10% of the share capital for purposes other than securities trading until the end of 25 August 2015. The shares can be acquired on the stock exchange or by way of a public bid to all shareholders. The acquisition of shares can be carried out using put or

call options. Such share acquisitions are limited to shares of a maximum volume of 5% of the share capital at the time of the resolution on this authorisation by the Annual General Meeting on 26 August 2010. The options must mature by 25 August 2015 at the latest. Together with the treasury shares acquired for trading purposes and other reasons held by the company or assigned to it in accordance with sections 71a et seq. AktG, the treasury shares acquired on the basis of this authorisation must not exceed 10% of the share capital of the company at any time. At the discretion of the Board of Managing Directors, the acquired shares can be sold on the stock exchange or in some other way or, in full or in part, called in. This authorisation was not utilised in the 2013/14 financial year.

By way of resolution of the Annual General Meeting on 5 September 2013, the company was authorised to acquire and sell treasury stock for the purpose of securities trading until 4 September 2018. The amount of shares acquired for this purpose must not exceed 5% of the share capital at the end of any one day. Together with the treasury shares acquired for other reasons held by the company or assigned to it in accordance with sections 71a et seq. AktG, the treasury shares acquired on the basis of this authorisation must not exceed 10% of the share capital at any time. This authorisation was not utilised in the 2013/14 financial year. The authorisation to acquire treasury shares for trading purposes by the Annual General Meeting on 26 August 2010 was revoked by way of resolution of the Annual General Meeting on 5 September 2013 from the time at which the new authorisation comes into effect.

By way of resolution of the Annual General Meeting held on 5 September 2013, the company was authorised to acquire treasury shares of up to 10% of the share capital for purposes other than securities trading until the end of 4 September 2018. The shares can be acquired on the stock exchange (OTC) or by way of a public bid to all shareholders. The acquisition of shares can be carried out using put or call options. Such share acquisitions are limited to shares of a maximum volume of 5% of the share capital at the time of the resolution on this authorisation by the Annual General Meeting on 5 September 2013. The options must mature by 4 September 2018 at the latest. Together with the treasury shares acquired for trading purposes and other reasons held by the company or assigned to it in accordance with sections 71a et seq. AktG, the treasury shares acquired on the basis of this authorisation must not exceed 10% of the share capital of the company at any time. The acquired shares can be sold on the stock exchange (OTC) or in some other way or, in full or in part, called in. This authorisation was not utilised in the 2013/14 financial year. The authorisation to acquire and utilise treasury shares in accordance with section 71(1) no. 8 AktG by the Annual General Meeting on 26 August 2010 was revoked by way of resolution of the Annual General Meeting on 5 September 2013 from the time at which the new authorisation comes into effect.

No treasury shares were held in the 2013/14 financial year, nor were there any additions or disposals of the same.

Equity

By way of resolution of the Annual General Meeting on 28 August 2008, the Board of Managing Directors was authorised, with the approval of the Supervisory Board, to increase the share capital of the company by a total of up to € 500,000,000.00 against cash or non-cash contributions by issuing up to 195,312,500 new no-par-value bearer shares until 27 August 2013. With the approval of the Supervisory Board, the statutory pre-emption rights of shareholders can be disapplied under this authorisation. This authorisation was not utilised in the 2008/09 to 2013/14 financial years. The authorised capital was entered in the commercial register on 3 November 2008.

By way of resolution of the Extraordinary General Meeting on 25 March 2009, the Board of Managing Directors was authorised, with the approval of the Supervisory Board, to increase the share capital of the company by a total of up to € 247,499,996.16 against cash or non-cash contributions by issuing up to 96,679,686 new no-par-value bearer shares until 24 March 2014. With the approval of the Supervisory Board, the statutory pre-emption rights of shareholders can be disapplied under this authorisation. Actions for annulment have been brought against this resolution. The resolution has not

yet been entered in the commercial register. As the deadline expired on 24 March 2014, this authorisation has since been rendered irrelevant. By way of resolution of the Annual General Meeting on 5 September 2013, the Board of Managing Directors was authorised, with the approval of the Supervisory Board, to increase the share capital of the company by a total of up to € 560,000,000.00 against cash or non-cash contributions by issuing new no-par-value bearer shares until 4 September 2018. The number of shares must increase by the same proportion as the share capital. With the approval of the Supervisory Board, the statutory pre-emption rights of shareholders can be disapplied under this authorisation. This authorisation was not utilised in the 2013/14 financial year. The authorised capital was entered in the commercial register on 14 October 2013.

By way of resolution of the Annual General Meeting of IKB AG on 28 August 2008, the Board of Managing Directors was authorised to issue convertible or option bonds with a total nominal value of € 900,000,000.00 and a maximum duration of 20 years by 27 August 2013 and to grant the bearers of these bonds conversion rights or options to up to 48,339,843 no-par-value bearer shares in the company accounting for up to € 123,749,998.08 of the share capital according to the relevant bond conditions. On 19 November 2008, the Board of Managing Directors of the company resolved to issue subordinated bonds with a total nominal value of up to € 123,671,070.72 with a contingent conversion obligation and contingent conversion right for up to 48,309,012 shares of the company from contingent capital with shareholders' pre-emption rights in place. A subsidiary of the Lone Star group, LSF6 Rio S.à.r.l., had undertaken to assume all bonds not subscribed to by other IKB AG shareholders. Bonds totalling € 150,174.72 were subscribed to by other shareholders and the remaining amount of € 123,520,896.00 was acquired by Lone Star (LSF6 Rio S.à.r.l.). A bond of nominally € 23.04 entitled the bearer to subscribe to nine new shares from contingent capital at a conversion price of € 2.56 per share. The conditions for the existence of a conversion obligation and a conversion right had been met since 1 July 2009, hence there was a conversion right from this time. A conversion obligation existed no later than 11 April 2012. LSF6 Rio S.à.r.l. had exercised its conversion right in full on 2 July 2009. On issuance of the subscribed shares on 14 July 2009, this increased the share capital of the company by € 123,520,896.00 to € 1,621,315,228.16. The increase in the share capital was entered in the commercial register on 4 May 2010. Also, a further creditor of the convertible bond had exercised its conversion right on 20 January 2012. On issuance of the subscribed shares on 30 January 2012, this increased the share capital of the company by € 3,686.40 to € 1,621,318,914.56. The remaining convertible bonds of nominally € 146,488.32 underwent mandatory conversion on 11 April 2012. The number of total voting rights rose by 57,222 as a result of the mandatory conversion from 633,327,701 to 633,384,923 and the subscribed capital increased to € 1,621,465,402.88. The increase in share capital as a result of the conversions in January 2012 and April 2012 was entered in the commercial register on 2 May 2012.

By way of a resolution by the Extraordinary General Meeting on 25 March 2009, the Board of Managing Directors was authorised to issue convertible and option certificates and convertible and option bonds with a total nominal amount of up to € 900,000,000.00 and to grant the bearers of profit participation certificates or bonds conversion rights or options to shares of the company with a share of capital of up to € 618,749,990.40 in line with the respective terms and conditions of the bonds until 24 March 2014. The residual authorisation of 28 August 2008 to issue convertible and option bonds of up to € 776,328,929.28 was revoked by way of resolution of the Extraordinary General Meeting on 25 March 2009. Actions for annulment have been brought against these resolutions on which a verdict has not yet been reached. The resolution has not yet been entered in the commercial register. As the deadline expired on 24 March 2014, this authorisation has since been rendered irrelevant.

By way of resolution of the Annual General Meeting on 26 August 2010, the share capital contingently increased by up to € 229,102.08 (Contingent Capital 2008) still existing from the resolution of the Annual General Meeting on 28 August 2008 was lowered to a maximum of € 150,174.72, comprising up to 58,662 new no-par-value bearer shares with an entitlement to profits starting from the beginning

of the financial year in which they are issued. The reduction was entered in the commercial register on 8 November 2010.

By way of resolution of the Annual General Meeting on 26 August 2010, the Board of Managing Directors was authorised, with the approval of the Supervisory Board, to issue bearer convertible or option bonds or combinations of these instruments (referred to together as “bonds” hereafter) with a total nominal value of up to € 400,000,000.00 on one or several occasions, with or without a limited term in each case, until 25 August 2015, and to grant the bearers of bonds conversion or option rights to subscribe to a maximum of 74,874,422 no-par-value bearer ordinary shares of the company with a proportionate amount of the share capital of up to € 191,678,520.32 in total in accordance with the terms of issue of the bonds. This authorisation was not utilised in the 2013/14 financial year. The resolution was entered in the commercial register on 8 November 2010.

Hybrid capital instruments

The term hybrid capital instruments includes preferred shares (trust preferred securities) or issues in the form of asset contributions by silent partners. Hybrid capital instruments are only repaid after all subordinated liability and profit participation certificate issues have been served.

In the Group, trust preferred securities were issued by two subsidiaries in the US created for this purpose. Unlike German preferred shares, these preferred shares grant no share to the liquidation result of the issuing companies. The asset contributions by silent partners, which are otherwise perpetual, can only be cancelled by the issuers, an option that cannot be exercised until 2013 or 2014 at the earliest. A further condition for cancellation is that the repayment value is replenished to the original nominal value of the contribution. Perpetual maturity is agreed for the investor for preferred shares.

The carrying amounts of the preferred shares, which are reported in subordinated liabilities, amounted to € 475.1 million in the Group as at 31 March 2014 (previous year: € 475.1 million). Their nominal value in the Group is still € 475.1 million.

IKB AG has received silent contributions from partners. The loss ratio is calculated by the ratio of the silent partner contribution to balance sheet equity including profit participation certificates. As a result of loss participation in previous years, the repayment claims of the silent partners and therefore their carrying amounts were unchanged at € 0.0 million (previous year: € 0.0 million) in the Group and at IKB AG at a nominal value of € 400.0 million. The replenishment of the repayment amount after loss participation is expressly provided for when certain conditions are met.

As in the previous year, no payments were made on hybrid capital instruments.

Statement of changes in equity

Group:

in € million	1 Apr. 2013	Change in reserves	Other changes	Consolidated net profit	31 Mar. 2014
Called-up capital	1,621.5	-	-	-	1,621.5
Subscribed capital	1,621.5	-	-	-	1,621.5
Capital reserves	1,750.7	-	-	-	1,750.7
Revenue reserves	5.0	-	-0.1	-	4.9
Legal reserve	2.4	-	-	-	2.4
Other revenue reserves	2.6	-	-0.1	-	2.5
Difference in equity from currency translation	-16.7	-	-1.5	-	-18.2
Net accumulated losses	-2,408.4	-	-	32.2	-2,376.2
Equity	952.1	-	-1.6	32.2	982.7

IKB AG:

in € million	1 Apr. 2013	Withdrawals	Additions	Distribution of the result for the year	31 Mar. 2014
Called-up capital	1,621.5	-	-	-	1,621.5
Subscribed capital	1,621.5	-	-	-	1,621.5
Capital reserves	1,750.7	-	-	-	1,750.7
Revenue reserves	2.4	-	-	-	2.4
Legal reserve	2.4	-	-	-	2.4
Other revenue reserves	-	-	-	-	-
Net accumulated losses	-2,167.3	-	-	-	-2,167.3
Equity	1,207.3	-	-	-	1,207.3
For information purposes:					
Unutilised					
authorised capital	500.0	-	60.0	-	560.0
contingent capital	191.7	-	-	-	191.7

The own funds of the Group in accordance with Article 72 CRR amount to a total of € 2.3 billion (previous year: € 2.2 billion). The common equity tier 1 capital in accordance with Article 50 CRR amounts to € 1.5 billion in the Group.

The own funds of IKB AG in accordance with Article 72 CRR amount to a total of € 2.1 billion (previous year: € 2.2 billion). The common equity tier 1 capital in accordance with Article 50 CRR amounts to € 1.7 billion at IKB AG.

The distributable amounts locked break down as follows:

Group:

31 Mar. 2014 in € million	Gross income	Deferred tax assets	Deferred tax liabilities	Restriction on distribution
Unrealised gains on plan assets	7.1	-	-2.0	5.1
Recognition of deferred taxes	-	367.4	-116.5	250.9
Total	7.1	367.4	-118.5	256.0

IKB AG:

31 Mar. 2014 in € million	Gross income	Deferred tax assets	Deferred tax liabilities	Restriction on distribution
Unrealised gains on plan assets	6.4	-	-2.0	4.4
Recognition of deferred taxes	-	281.5	-27.8	253.7
Total	6.4	281.5	-29.8	258.1

Notes on the income statement

(40) Income by geographical market

The total amount of interest income, lease income, current income from equities and other non-fixed-income securities, equity investments and investments in affiliated companies, commission income, net income from the trading portfolio and other operating income breaks down among the different geographical markets as follows:

in € million	Group		IKB AG*	
	2013/14	2012/13	2013/14	2012/13
Federal Republic of Germany	2,314.5	2,755.3	1,724.7	2,150.4
Europe not including Germany	201.8	231.2	67.6	97.0
Total	2,516.3	2,986.5	1,792.3	2,247.4

*The income of IKB AG for the 2012/13 financial year was reduced by income from profit-pooling, profit transfer and partial profit transfer agreements (€ 71.7 million) and the breakdown was adjusted on account of an amended calculation system.

Income is allocated to geographical regions on the basis of the domicile of the company in the Group and on the basis of the domicile of the branches at IKB AG.

(41) Administrative and brokerage services for third parties

IKB essentially performs administrative services for credit and custody business. The income from these activities is included in net commission income.

(42) Other operating income

The "Other operating income" item essentially breaks down as follows:

in € million	Group		IKB AG	
	2013/14	2012/13	2013/14	2012/13
Income from currency translation	29.1	40.3	0.6	0.1
Income from the reversal of swap agreements	353.6	387.9	353.8	396.0
Reversal of provisions	39.7	8.8	32.5	7.3
Other operating income	44.9	9.3	26.5	1.6
Rental income	7.9	8.1	2.3	2.0
Income from cost allocation	1.3	1.6	5.1	6.5
Income from agency arrangements	0.9	2.7	-	-
Income from discounting provisions	0.8	0.1	0.8	0.1

(43) Other operating expenses

Other operating expenses essentially comprise:

in € million	Group		IKB AG	
	2013/14	2012/13	2013/14	2012/13
Expenses from the reversal of swap agreements	-205.7	-436.7	-210.3	-442.8
Addition to provisions	-12.2	-51.7	-13.5	-38.3
Expenses from currency conversion	-33.0	-38.1	-	-2.3
Rent/upkeep (not for operational purposes)	-6.8	-8.9	-5.0	-3.7
Expenses of interest on provisions	-2.4	-3.2	-2.4	-3.2

(44) Income from profit and loss transfer agreements

The income from profit and loss transfer agreements at IKB AG of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) essentially relates to the profit transfer from IKB Beteiligungen GmbH of € 16.9 million (previous year: € 70.7 million).

(45) Extraordinary income and expenses

Extraordinary income includes income from the reimbursement of legal costs to KfW in connection with the settlement of portfolio investments in the amount of € 1.8 million (previous year: € 2.6 million). Furthermore, income of € 1.4 million (previous year: € 1.5 million) from higher realisation proceeds on intragroup receivables transferred in restructuring activities is reported at IKB AG.

At € 4.1 million at IKB AG (previous year: € 4.1 million) and € 4.6 million in the Group (previous year: € 4.6 million), extraordinary expenses essentially relate to the distribution of the additional expenses from the remeasurement of pension provisions in accordance with the BilMoG (see note 35).

(46) Income and expenses from leases

in € million	Group	
	2013/14	2012/13
Depreciation and impairment losses on leasing assets	-392.2	-413.0
Other operating income from leasing business	36.7	41.8

(47) Income taxes

The item "Income taxes" includes current taxes of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) at IKB AG. The change in the recognition of deferred tax assets of € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) in the Group and € Fehler! Keine Dokumentvariable verfügbar. (previous year: € Fehler! Keine Dokumentvariable verfügbar.) at IKB AG is also reported in this item.

The income under the "Income taxes" item essentially results from the increase in deferred tax assets and the reversal of tax provisions for previous years.

Taxes on income relate exclusively to the ordinary activities of the Bank.

(48) Contingent liabilities and other obligations

On the balance sheet date, the item "Contingent liabilities" included CDSs (Bank as pledgor) under guarantees and warranties of € 1,101.3 million (previous year: € 702.0 million) both in the Group and at IKB AG. Here, IKB has assumed the default risk for a pre-defined credit event for specific credit portfolios. In addition, guarantees and warranties also include derivative components of structured products (embedded CDS) of € 258.1 million (previous year: € 698.3 million) in the Group and € 245.9 million (previous year: € 669.6 million) at IKB AG.

By way of the liability transfer of the subordinated liabilities by MATRONA GmbH, Düsseldorf (MATRONA), in the 2011/12 financial year, IKB AG issued a warrant for MATRONA, whereby it assumes liability for MATRONA's payment obligations in connection with the transfer of subordinated liabilities by MATRONA.

As part of the sale of the 50% interest in Movesta Lease and Finance GmbH, Pullach i. Isartal (formerly Düsseldorf), IKB AG jointly and severally assumed warranties and indemnification obligations with IKB Beteiligungen GmbH. These include, for example, the transferred GmbH shares and the proper settlement of and compliance with obligations from the past (including issuing tax returns).

The item "Other obligations" includes irrevocable loan commitments from unutilised loans and revolving credit facilities.

The risk of the utilisation of contingent liabilities and other obligations is assessed on the basis of parameters from credit risk management. Provisions are recognised if utilisation is expected in full or in part due to the deterioration of the credit standing of a borrower. Details on the process within credit risk management are explained in the risk report of the management report.

(49) Other financial obligations

As at 31 March 2014, other financial obligations amount to a total of € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) at IKB AG.

The majority of this relates to obligations from accounting for debt waivers by shareholders against debtor warrants of € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and at IKB AG.

In addition, there are payment obligations from long-term rental agreements over during their term of € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) in the Group and € **Fehler! Keine Dokumentvariable verfügbar.** (previous year: € **Fehler! Keine Dokumentvariable verfügbar.**) at IKB AG. The Bank has concluded rental agreements for properties used for banking operations for the head office in Düsseldorf and its branches and for the maintenance of these properties. Provisions for expected losses from executory contracts have been recognised for the event that the expenses exceed the benefit of the rental agreement. The risk or opportunity lies in the fact that after the end of a limited rent agreement, the contract can be extended or a follow-up agreement can be concluded at less advantageous or more advantageous conditions.

Furthermore, there are payment obligations from future leasing instalments in connection with leasing for assets in the area of operating and office equipment. In leases, the right to use an asset is transferred from the lessor to the lessee against regular payments.

Further payment obligations result from purchase commitments in connection with service agreements. There is a risk with service agreements that the terms of the agreement are less favourable than at the time the agreement is fulfilled or that the costs of the agreement exceed the economic benefit.

As at the balance sheet date, the Group and IKB AG had no payment obligations from shares, GmbH shares and shares in non-consolidated subsidiaries not fully paid in, shareholdings held by IKB Invest GmbH or subordinated loans.

Of the total financial obligations of IKB AG, € 0.7 million (previous year: € 1.0 million) relates to affiliated companies.

Payment obligations to the Deposit Protection Fund

In February 2009, compensation payments to the investors of Lehman Brothers Bankhaus Aktiengesellschaft, Frankfurt/Main, were initiated by the Deposit Protection Fund of the Association of German Banks. The bank is the German subsidiary of the US bank Lehman Brothers Inc. which went into Chapter 11 in the US. Possible obligations to make additional contributions for IKB AG are unknown at the current time.

Subsequent assessment of bank levy

In the event that IKB AG generates net profits in future, it is possible for the bank levy to be subsequently reassessed with the result that the bank levy exceeds the minimum contribution already paid (subsequent assessment). This can result in the outflow of cash at IKB AG in future. The possible subsequent assessment contribution for the 2011 to 2014 periods amounts to € 14.3 million in total.

(50) Off-balance sheet transactions

Section 285 no. 3 HGB stipulates the obligation to disclose in the notes the nature and purpose of risks and benefits of transactions not shown on the face of the balance sheet if this is essential in assessing the financial situation. In particular, disclosures on transactions that are expected to have significantly improving or worsening effects on the financial situation or that can be considered unusual with regard to their timing or business partner can be necessary for an assessment of the financial situation.

Special purpose entities in connection with securitisation transactions

The Bank has entered into various contractual positions in connection with the establishment of special purpose entities. The purpose of the SPEs was to synthetically transfer risks or to transfer assets to generate liquidity.

Off-balance sheet risks occur when legal ownership and credit risks are transferred to the acquirer but residual minor risks remain with IKB. These relate to liability for the legal validity of the receivables, the possibility of re-transfer for the event of the inefficiency of the transaction (clean-up call). These contractual obligations can lead to a future outflow of financial funds. If the transfer of assets has not resulted in derecognition as the credit risks remain with IKB, these risks must be taken into account in the measurement of the assets concerned.

In some transactions, IKB acts as a service provider with the obligation to receive capital and interest payments in connection with the assets transferred and to forward these to the special purpose entity. The opportunities here lie in the receipt of service charges for the period of the agreement. The costs of rendering service lead to an outflow of funds. Violations of contractual obligations can also lead to compensation obligations.

On assuming the function of investment manager, the Bank is required to make purchase and sale decisions for the special purpose entity. The opportunities lie in the receipt of management fees. The risks lie in any claims for damages owing to a violation of contractual obligations.

Sales of receivables in connection with the implementation of the EU conditions

Various assets were sold in connection with the implementation of the EU conditions. Part of the implementation of the EU conditions related to the reduction of the credit portfolio in connection with sales of receivables. Guarantees were issued in some cases which are reported in the relevant off-balance sheet line items. The off-balance sheet risks lie in the liability for the legal validity of both this receivable and the collateral associated with it. Successful implementation was confirmed by the EU Commission in the 2012/13 financial year and ongoing monitoring was limited to individual matters and discontinued in the 2013/14 financial year.

Forward transactions

As at the balance sheet date there are obligations from contingent and non-contingent forwards. These are essentially for hedging interest and currency risks and lead to future inflows or outflows of cash. Please also see the information on forwards (see note 59).

Other disclosures

(51) Consolidated group as at 31 March 2014

	Equity interest in %
A. Consolidated subsidiaries	
1. German subsidiaries	
Aleanta GmbH, Düsseldorf	100
Equity Fund GmbH, Düsseldorf	1) ¹⁾ 100
IKB Leasing GmbH, Hamburg	1) ¹⁾ 100
IKB Leasing Beteiligungsgesellschaft mbH, Düsseldorf	1) ¹⁾ 100
IKB Beteiligungen GmbH, Düsseldorf	100
IKB Data GmbH, Düsseldorf	100
IKB Equity Capital Fund GmbH, Düsseldorf	1) ¹⁾ 100
IKB Grundstücks GmbH & Co. Objekt Holzhausen KG, Düsseldorf	100
IKB Grundstücks GmbH, Düsseldorf	100
IKB Invest GmbH, Düsseldorf	1) ¹⁾ 100
IKB Projektentwicklung GmbH & Co. KG i.L., Düsseldorf	3) ³⁾ 100
Istop 1 GmbH, Düsseldorf	100
Istop 2 GmbH, Düsseldorf	100
Istop 4 GmbH, Düsseldorf	100
Istop 5 GmbH, Düsseldorf	100
Istop 6 GmbH, Düsseldorf	100
IKB Struktur GmbH, Düsseldorf	1) ¹⁾ 100
Projektbeteiligung TH GmbH & Co. KG, Düsseldorf	89.8
Tempelhofer Hafen GmbH & Co. KG, Düsseldorf	1) ¹⁾ 94.9
MATRONA GmbH, Düsseldorf	1) ¹⁾ 100
Zweite Equity Suporta GmbH, Düsseldorf	1) ¹⁾ 100
2. Foreign subsidiaries	
IKB Capital Corporation i.L., New York, United States of America	3) ³⁾ 100
IKB Finance B.V., Amsterdam, Netherlands	100
IKB Funding LLC I, Wilmington, United States of America	100
IKB Funding LLC II, Wilmington, United States of America	100
IKB International S.A. i.L., Munsbach, Luxembourg	2),3) ^{2),3)} 100
IKB Leasing Austria GmbH, Vienna, Austria	1) ¹⁾ 100
IKB Leasing CR s.r.o., Prague, Czech Republic	1) ¹⁾ 100
IKB Leasing Finance IFN SA, Bucharest, Romania	1) ¹⁾ 100
IKB Leasing France S.A.R.L., Marne La Vallée Cedex 4, France	1) ¹⁾ 100
IKB Leasing Kft., Budapest, Hungary	1) ¹⁾ 100
IKB Leasing Polska Sp.z.o.o, Poznan (Posen), Poland	1) ¹⁾ 100
IKB Leasing SR, s.r.o., Bratislava, Slovakia	1) ¹⁾ 100
IKB Leasing S.R.L., Bucharest, Romania	1) ¹⁾ 100
IKB Lux Beteiligungen S.à.r.l, Luxembourg, Luxembourg	100
IKB Pénzügyi Lízing Zrt., Budapest, Hungary	1) ¹⁾ 100
STILL LOCATION S.à.r.l., Marne La Vallée Cedex 4, France	1) ¹⁾ 100
IKBL Renting and Service S.r.l., Lainate (MI), Italy	1) ¹⁾ 100
IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia	1) ¹⁾ 100
3. Special-purpose entities in accordance with section 290(2) no. 4 HGB	
Bacchus 2008-1 Plc, Dublin, Ireland	
Bacchus 2008-2 Plc, Dublin, Ireland	
German Mittelstand Equipment Finance No. 1 S.A., Luxembourg, Luxembourg	
RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin, Ireland	
B. Associates	
Linde Leasing GmbH, Wiesbaden	1) ¹⁾ 30.0
European Liquid Bond S.A. SiCAV-FIS, Luxembourg, Luxembourg	1) ¹⁾ 27.3

1) Indirect investment

2) in liquidation (banking licence returned)

3) in liquidation

(52) List of shareholdings as at 31 March 2014

31 Mar. 2014	Financial year	Letter of comfort	Equity interest in %	Equity € thou.	Result € thou.
1. German subsidiaries (consolidated)					
Aleanta GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	1,550	1
Equity Fund GmbH, Düsseldorf	1 Apr. - 31 Dec.		100.00	13,525	0
IKB Beteiligungen GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	79,742	0
IKB Data GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	13,000	0
IKB Equity Capital Fund GmbH, Düsseldorf	1 Apr. - 31 Mar.	X	100.00	23,524	84
IKB Grundstücks GmbH, Düsseldorf	1 Jan. - 31 Dec.	X	100.00	107	-4
IKB Grundstücks GmbH & Co. Objekt Holzhausen KG,	3) 1 Jan. - 31 Dec.	X	100.00	6,842	1,110

Düsseldorf						
IKB Invest GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	334,008		0
IKB Leasing Beteiligungsgesellschaft mbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	5,824		0
IKB Leasing GmbH, Hamburg	1 Apr. - 31 Mar.	X	100.00	178,294		0
IKB Projektentwicklung GmbH & Co. KG i.L., Düsseldorf	^{3),4)} 1 Jan. - 31 Dec.	X	100.00	21,624		17,782
IKB Struktur GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	103,750		0
Istop 1 GmbH, Düsseldorf	1 Apr. - 31 Dec.		100.00	122,525		0
Istop 2 GmbH, Düsseldorf	1 Apr. - 31 Dec.		100.00	155,025		0
Istop 4 GmbH, Düsseldorf	1 Apr. - 31 Dec.		100.00	100,325		0
Istop 5 GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	525		0
Istop 6 GmbH, Düsseldorf	1 Apr. - 31 Dec.		100.00	119,025		0
MATRONA GmbH, Düsseldorf	1 Apr. - 31 Mar.		100.00	525		0
Projektbeteiligung TH GmbH & Co. KG, Düsseldorf	1 Jan. - 31 Dec.		89.80	8		-7
Tempelhofer Hafen GmbH & Co. KG, Düsseldorf	1 Jan. - 31 Dec.		94.90	0		3,936
Zweite Equity Suporta GmbH, Düsseldorf	1 Apr. - 31 Dec.		100.00	34,761		0
2. Foreign subsidiaries (consolidated)						
IKB Leasing France S.A.R.L., Marne La Vallée Cedex 4, France	1 Jan. - 31 Dec.		100.00	2,154		478,7
STILL LOCATION S.à.r.l., Marne La Vallée Cedex 4, France	1 Jan. - 31 Dec.		100.00	15,325		808
IKB International S.A. i.L., Munsbach, Luxembourg	⁴⁾ 1 Apr. - 31 Mar.	X	100.00	27,813		484
IKB Lux Beteiligungen S.à.r.l., Munsbach, Luxembourg	1 Apr. - 31 Mar.	X	100.00	8,334		-52
IKB Finance B.V., Amsterdam, Netherlands	1 Apr. - 31 Mar.	X	100.00	-3,984		-1,202
IKB Leasing Austria GmbH, Vienna, Austria	1 Jan. - 31 Dec.		100.00	588		49
IKB Leasing Polska Sp. z o.o., Poznan (Posen), Poland	1 Jan. - 31 Dec.		100.00	10,989		936
IKB Leasing Finance IFN SA, Bucharest, Romania	1 Jan. - 31 Dec.		100.00	3,555		-200
IKB Leasing S.R.L., Bucharest, Romania	1 Jan. - 31 Dec.		100.00	983		-34
IKB Leasing geschlossene Aktiengesellschaft, Moscow, Russia	1 Jan. - 31 Dec.		100.00	4,302		446
IKB Leasing SR, s.r.o., Bratislava, Slovakia	1 Jan. - 31 Dec.		100.00	1,114		-117
IKB Leasing CR s.r.o., Prague, Czech Republic	1 Jan. - 31 Dec.		100.00	3,794		-1,659
IKB Leasing Kft., Budapest, Hungary	1 Jan. - 31 Dec.		100.00	4,754		680
IKB Pénzügyi Lízing Zrt., Budapest, Hungary	1 Jan. - 31 Dec.		100.00	2,605		817
IKB Capital Corporation i.L., New York, United States of America	⁴⁾ 1 Apr. - 31 Mar.		100.00	306		-573
IKB Funding LLC I, Wilmington, United States of America	²⁾ 1 Apr. - 31 Mar.	X	100.00	392		2
IKB Funding LLC II, Wilmington, United States of America	²⁾ 1 Apr. - 31 Mar.	X	100.00	1,432		123
IKBL Renting and Service S.r.l., Lainate (MI), Italy	1 Jan. - 31 Dec.		100.00	1,001		6
3. Special-purpose entities (special-purpose entities included in the consolidated financial statements in line with section 290(2) no. 4 HGB)						
Bacchus 2008-1 Plc, Dublin 2, Ireland						
Bacchus 2008-2 Plc, Dublin 2, Ireland						
RIO DEBT HOLDINGS (IRELAND) LIMITED, Dublin 2, Ireland						
German Mittelstand Equipment Finance No. 1 S.A., Luxembourg, Luxembourg						

31 Mar. 2014		Financial year	Letter of comfort	Equity interest in %
4. German subsidiaries (not included in consolidation due to immateriality)				
	1)			
Boxhagener Str. 76/78 Berlin GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Brunnenstraße 105-109 Berlin Grundbesitz GmbH, Münster		1 Jan. - 31 Dec.		94.90
Büroprojekt sechste Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Büroprojekt vierte Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Einsteinufer 63-65 Berlin GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Erste Equity Suporta GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
Feldmühleplatz 1 Verwaltungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
FRANA Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
GAP 15 GmbH, Düsseldorf		1 Jan. - 31 Dec.		92.80
GARUMNA GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
HAUSTUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Yachtzentrum Berlin KG, Düsseldorf		1 Jan. - 31 Dec.		94.67
IKB Projektentwicklungsverwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.	X	100.00
IKB Beteiligungsgesellschaft 1 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 2 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 3 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 4 GmbH, Düsseldorf		1 Apr.-31 Mar.		100.00
IKB Beteiligungsgesellschaft 5 GmbH, Düsseldorf		1 Apr.-31 Mar.		100.00
IKB Beteiligungsgesellschaft 6 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 7 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 8 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 9 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
IKB Beteiligungsgesellschaft 10 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
ILF Immobilien-Leasing-Fonds Verwaltung GmbH & Co. Objekt Boxdorf KG, Düsseldorf		1 Jan. - 31 Dec.		94.26
ilmenau center Verwaltungsgesellschaft mbH, Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
IMAS Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf		1 Apr. - 31 Mar.	X	100.00
INCO Ingenieur Consult Geschäftsführungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
INCO Ingenieur Consult GmbH & Co. KG i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
Istop 3 GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Dritte Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Erste Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		100.00
ISTOS Zweite Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG, Düsseldorf		1 Jan. - 31 Dec.		100.00
Ligera GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
MD Capital Solingen Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Capital Stromstrasse Verwaltungsgesellschaft mbH i. L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Capital Verwaltungs GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Objekt Lorsch Verwaltungs GmbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Objekt Solingen Verwaltungsgesellschaft mbH, Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MD Objekt Stromstrasse Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
MFRSI Beteiligungsholding Verwaltungsgesellschaft mbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
Objekt Pankow Verwaltungsgesellschaft mbH i.L., Düsseldorf	4)	1 Jan. - 31 Dec.		100.00
RAVENNA Vermögensverwaltungs AG, Berlin		1 Jan. - 31 Dec.		100.00
Restruktur 2 GmbH i.L., Düsseldorf	4)	1 Apr. - 31 Mar.		100.00
Restruktur 3 GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
			Letter of comfort	Equity interest in %
31 Mar. 2014				
Rhondana GmbH, Düsseldorf		1 Jan. - 31 Dec.		100.00
Robert Adams Str. 12 London GmbH i.L., Norderfriedrichskoog	4)	1 Jan. - 31 Dec.		100.00
SEQUANA GmbH, Düsseldorf		1 Apr. - 31 Mar.		100.00
5. Foreign subsidiaries (not included in consolidation due to section 296 HGB)				
	1)			
Valin Asset Management S.à.r.l., Luxembourg, Luxembourg		1 Apr. - 31 Mar.		100.00
IKB Funding Trust I, Wilmington, United States of America		1 Apr. - 31 Mar.		100.00
IKB Funding Trust II, Wilmington, United States of America		1 Apr. - 31 Mar.		100.00
6. German associates				
	1)			
Linde Leasing GmbH, Wiesbaden		1 Jan. - 31 Dec.		30.00
7. Foreign associates				
	1)			
European Liquid Bond S.A. SICAV-FIS, Luxembourg, Luxembourg		1 Jan. - 31 Dec.		27.30
8. German associates/joint ventures (not accounted for using the equity method)				

due to immateriality		
Argantis GmbH, Cologne	1 Jan. - 31 Dec.	50.00
Argantis Private Equity Gründer GmbH & Co. KG, Cologne	1 Jan. - 31 Dec.	39.17
AWEBA Werkzeugbau GmbH Aue, Aue	1 Jan. - 31 Dec.	25.10
AxIT AG, Frankenthal/Pfalz	1 Jan. - 31 Dec.	29.88
Chemtura Verwaltungs GmbH, Bergkamen	1 Jan. - 31 Dec.	50.00
equiNotes Management GmbH, Düsseldorf	1 Jan. - 31 Dec.	50.00
FMD Feinmechanik GmbH, Weilheim	1 Apr. - 31 Mar.	49.03
FUNDIS Projektentwicklungsholding GmbH & Co. KG, Düsseldorf	1 Jan. - 31 Dec.	50.00
FUNDIS Verwaltungsgesellschaft mbH, Düsseldorf	1 Jan. - 31 Dec.	50.00
HABITO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt EINS KG, Pullach i. Isartal	1 Jan. - 31 Dec.	6.00
Hafenspitze Verwaltungsgesellschaft mbH, Hamburg	1 Jan. - 31 Dec.	25.00
LOUDA SYSTEMS GmbH, Triptis	1 Jan. - 31 Dec.	45.00
MD Capital Beteiligungsgesellschaft mbH i.L., Düsseldorf	1 Jan. - 31 Dec.	50.00
MFRSI Beteiligungsholding GmbH & Co. KG, Düsseldorf	1 Jan. - 31 Dec.	50.00
microTEC Gesellschaft für Mikrotechnologie mbH, Duisburg	1 Jan. - 31 Dec.	48.18
Mike's Sandwich GmbH, Hamburg	1 Jan. - 31 Dec.	35.59
MOTORRAD-ECKE GmbH, Villingen-Schwenningen	1 Jan. - 31 Dec.	38.86
ODS Business Services Group GmbH, Hamburg	1 Jan. - 31 Dec.	32.00
Vermögensverwaltungsgesellschaft DVD Dassow GmbH, Dassow	1 Jan. - 31 Dec.	30.00
9. German equity investments in corporations and partnerships in which the interest exceeds 5% of voting rights	1)	
ae group ag, Gerstungen	1 Jan. - 31 Dec.	12.72
AXA Immoselect Hauptverwaltungsgebäude GmbH & Co. Objekt Düsseldorf		
Uerdinger Straße KG, Cologne	1 Jan. - 31 Dec.	5.10
CellGenix GmbH, Freiburg	1 Jan. - 31 Dec.	17.05
CoBaLe Immobilien GmbH & Co. Objekt Stuttgart KG, Frankfurt/Main	1 Jan. - 31 Dec.	5.10
GIP WestSite-Entwicklung GmbH & Co. KG	1 Jan. - 31 Dec.	5.10
Global Safety Textiles HoldCo One GmbH i.L., Maulburg	1 Jan. - 31 Dec.	8.80
Industriedruck Krefeld Kurt Janssen, GmbH & Co., Krefeld	1 Jan. - 31 Dec.	12.00
Janßen-Druck Gesellschaft mit beschränkter Haftung, Krefeld	1 Jan. - 31 Dec.	12.00
Könemann Verlagsgesellschaft mbH, Cologne	1 Jan. - 31 Dec.	12.50
Oechler Aktiengesellschaft, Ansbach	1 Jan. - 31 Dec.	10.00
10. Foreign equity investments in large corporations in which the interest exceeds 5% of voting rights	1)	
EPL Acquisitions (SUB) N.V. in liquidatie, Amsterdam, Netherlands	1 Jan. - 31 Dec.	5.70
Ring International Holding AG, Vienna, Austria	1 Jan. - 31 Dec.	9.37
Valin Funds S.A., SICAV-SIF, Luxembourg, Luxembourg	1 Apr. - 31 Mar.	5.04

1) The information in accordance with section 285 no. 11 HGB on equity and results is not shown for companies not included in the consolidated financial statements in accordance with section 286(3) sentence 1 no. 1 HGB.

2) Subordinated letter of comfort

3) Company exercised exemption under section 264b HGB and did not prepare notes.

4) in liquidation

5) Restricted voting rights

(53) Special investments

Following the change in stock market segment of all securities of IKB from the regulated market to the quality segments of the unregulated market on 7 November 2012, IKB is no longer listed on the stock market and therefore the disclosure requirements of sections 21 et seq. WpHG have not applied to it since this date.

As at 7 November 2012, the Bank had received the following notifications in accordance with section 21 WpHG:

Date of change	Notifying party	Location	Threshold reached, exceeded or fallen below	Held directly	Held indirectly	Total
29 October 2008	John P. Grayken	USA	Threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% exceeded		90.81%	90.81%

29 October 2008	Lone Star Europe Holdings, Ltd. (Bermuda)	Hamilton (Bermuda)	Threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% exceeded	90.81%	90.81%
29 October 2008	Lone Star Europe Holdings, L.P. (Bermuda)	Hamilton (Bermuda)	Threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% exceeded	90.81%	90.81%
29 October 2008	LSF6 Europe Partners, L.L.C. (Delaware)	Dallas (Texas)	Threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% exceeded	90.81%	90.81%
29 October 2008	LSF6 Europe Financial Holdings, L.P. (Delaware)	Dallas (Texas)	Threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% exceeded	90.81%	90.81%
15 July 2009	LSF6 Rio S.à.r.l.	Luxembourg (Luxembourg)	Threshold of 3% and 5% exceeded	7.62%	7.62%
15 July 2009	Lone Star Capital Investments S.à.r.l.	Luxembourg (Luxembourg)	Threshold of 3% and 5% exceeded	7.62%	7.62%
15 July 2009	Lone Star Global Holdings, Ltd.	Hamilton (Bermuda)	Threshold of 3% and 5% exceeded	7.62%	7.62%
20 July 2009	LSF6 Rio S.à.r.l.	Luxembourg (Luxembourg)	Threshold of 5% and 3% fallen below	0%	0%
20 July 2009	Lone Star Capital Investments S.à.r.l.	Luxembourg (Luxembourg)	Threshold of 5% and 3% fallen below	0%	0%
20 July 2009	Lone Star Global Holdings, Ltd.	Hamilton (Bermuda)	Threshold of 5% and 3% fallen below	0%	0%

The Bank did not receive any notifications under stock corporation law in accordance with section 20(1) or (4) AktG in the reporting period. In accordance with 20 AktG, an enterprise must notify a company in writing as soon as it holds more than 25% (section 20(1) AktG) or 50% (section 20(4) AktG) of the shares in a non-listed company based in Germany. The Bank also did not receive any notifications in accordance with section 20(5) AktG that an investment of a reportable amount does no longer exist.

(54) Disclosure of auditor's fees

in € million	Group		IKB AG	
	2013/14	2012/13	2013/14	2012/13
Audit of financial statements	-2.6	-3.9	-2.0	-3.2
Other assurance services	-0.8	-0.8	-0.7	-0.8
Tax consultancy services	-0.1	-	-0.1	-
Other services	-	-0.5	-	-0.5
Total	-3.5	-5.2	-2.8	-4.5

In particular, in addition to the statutory audit in accordance with section 36 WpHG, "Other assurance services" include assurance services in connection with the reviews of interim financial statements as at 30 September and 31 December 2013.

(55) Related party transactions

Transactions with related parties were conducted at standard market terms. There were no significant transactions at non-standard market conditions that would have been reportable in line with section 314(1) no. 13 HGB for the IKB Group or section 285 no. 21 HGB for IKB AG.

(56) Letters of comfort

IKB AG ensures that its subsidiaries indicated in the list of shareholdings of IKB AG as protected by the letter of comfort are able to meet their contractual obligations with the exception of the event of political risk.

The letters of comfort for IKB Beteiligungen GmbH, IKB Data GmbH, IKB Invest GmbH, ISTOS Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH and ISTOS Erste Beteiligungsverwaltungs- und Grundstücks-Vermietungsgesellschaft mbH & Co. KG were withdrawn. As there are profit and loss transfer agreements in place for IKB Beteiligungen GmbH, IKB Data GmbH and IKB Invest GmbH, the withdrawal of the letters of comfort will not give rise to any subsequent liability risks for IKB AG beyond its loss compensation obligations under the existing profit and loss transfer agreements.

The letters of comfort for the foreign subsidiaries of IKB Leasing GmbH, Hamburg, were withdrawn in 2012. Subsequent liability risks could still arise from existing liabilities to third parties of € 0.5 million.

IKB Invest GmbH, Düsseldorf, has issued a letter of comfort for IKB Equity Capital Fund GmbH, Düsseldorf, so that it can meet its obligations under loan and warranty agreements transferred to it under the spin-off and takeover agreement.

(57) Transfer of collateral for own liabilities and contingent liabilities

Assets were transferred in the amounts shown for the following liabilities:

31 Mar. 2014		
in € million	Group	IKB AG
Liabilities to banks	11,686.7	11,226.9
Liabilities to customers	-	661.1
Securitised liabilities	78.1	-
Other liabilities	-	274.6
Contingent liabilities	11.2	10.6
Total	11,776.0	12,173.2

The assets serving as collateral are essentially receivables and securities transferred to third-party banks, special-purpose entities or clearing houses in open market, securitisation transactions as well as public programme loan business and as part of grant transactions.

(58) Forward transactions

The forwards concluded essentially serve to manage and limit interest rate risks and relate in particular to the credit refinancing portfolio and the investment portfolios. Derivative instrument trading is only conducted to a limited extent. The amount of interest rate risk is restricted by a limit system approved by the Board of Managing Directors and monitored on a daily basis in risk management. In addition, the volume of forward and derivative transactions is restricted by counterparty limits.

The interest rate risks of securities, loans and the associated refinancing funds are managed in the investment portfolios and the credit refinancing portfolio. Derivatives are used to eliminate or reduce mismatched maturities and interest and exchange rate risks. The derivatives used are predominantly interest derivatives.

Please see note 59 for the fair values of interest-related derivatives in the Group and at IKB AG.

(59) Derivative financial instruments not recognised at fair value

Group:

31 Mar. 2014 in € million	Nominal	Fair value		Carrying amount	
		positive	negative	Assets	Equity and liabilities
Interest-related derivatives	41,679.9	1,269.0	2,683.7	36.6	111.2
Credit-related derivatives	1,253.4	15.2	45.6	19.1	65.1
Currency-related derivatives	1,286.9	10.4	13.2	9.1	10.8
Derivatives assigned to several categories	1,132.2	117.4	104.6	57.3	40.0
Total	45,352.4	1,412.0	2,847.1	122.1	227.1

31 Mar. 2014 in € million	Carrying amount				
	Other intangible assets	Prepaid expenses	Provisions ¹⁾	Other liabilities	Deferred income
Interest-related derivatives	1.3	35.3	-	97.8	13.4
Credit-related derivatives	0.3	18.8	40.6	6.9	17.6
Currency-related derivatives	9.1	-	-	10.8	-
Derivatives assigned to several categories	16.7	40.6	-	1.2	38.8
Total	27.4	94.7	40.6	116.7	69.8

1) relates to embedded derivatives

At Group level, the unrealised losses from derivatives business are offset by unrealised gains of € 554.4 million on bonds and other fixed-income securities and receivables from customers. Also, in addition to its net asset surplus included in the consolidated financial statements, the IKB Leasing Group has a net asset value (unrealised gains from leasing business) of € 161.0 million. The net asset value is calculated using the model of *Bundesverband Deutscher Leasingunternehmen e.V.*

Net unrealised gains are calculated by comparing the net carrying amount of receivables from customers (after specific and general allowances) and fair value. The carrying amount is taken as being equal to fair value for receivables repayable on demand and prepaid expenses/deferred income. The fair values of receivables from customers recognised at amortised cost as determined for reporting in the notes are calculated on the basis of the discounted cash flow method. Fair value is calculated using assumptions that would arise between independent business partners using similar parameters for their purchase price calculation. A risk-adjusted credit spread derived from IKB's internal risk measurement method is used for each loan. Discounting is carried out using term-differentiated risk-free swap rates and risk-adjusted credit spreads. The swap rate is based on the current market conditions as at the measurement date. The credit spread for the loan fluctuates according to changes in the measured standard risk costs, which are determined by the customer's rating, the collateral situation and the remaining term of the loan on the measurement date. In addition, administrative expenses, the yield receivables of third parties (central cooperative banks, *Landesbanken* and *Genossenschaftszentralbanken*) observable on the market and the funding costs of banks with a rating of A or AA observable on the market are also taken into account.

IKB AG:

31 Mar. 2014 in € million	Nominal	Fair value		Carrying amount	
		positive	negative	Assets	Equity and liabilities
Interest-related derivatives	42,574.6	1,291.5	2,698.7	120.9	235.3
Credit-related derivatives	1,253.4	15.2	45.6	19.1	58.2
Currency-related derivatives	1,286.9	10.4	13.2	9.1	10.8
Derivatives assigned to several categories	1,132.2	117.4	104.6	59.7	42.1
Total	46,247.1	1,434.5	2,862.1	208.8	346.4

31 Mar. 2014 in € million	Carrying amount				
	Other intangible assets	Prepaid expenses	Provisions ¹⁾	Other liabilities	Deferred income
Interest-related derivatives	3.7	117.2	-	119.7	115.6
Credit-related derivatives	0.3	18.8	40.6	-	17.6
Currency-related derivatives	9.1	-	-	10.8	-
Derivatives assigned to several categories	16.7	43.0	-	0.1	42.0
Total	29.8	179.0	40.6	130.6	175.2

1) relates to embedded derivatives

The interest and currency-related derivatives are caps/floors, cross-currency swaps, currency forwards, forward forward deposits, forward interest rate swaps, currency options, currency swaps, interest rate swaps and swaptions. The credit-related derivatives also include CDSs in connection with structured securities.

In line with market practice, the reported fair values include deferred accrued interest.

(60) Remuneration of the Board of Managing Directors

Total remuneration of € 5.1 million (previous year: € 4.9 million) was incurred for members of the Board of Managing Directors in the 2013/14 financial year. This includes fixed salaries, variable performance-based remuneration, pension compensation for a pension not agreed and non-cash remuneration. The Supervisory Board regularly reviews the appropriateness of the respective total remuneration.

Former and retired members of the Board of Managing Directors

The total remuneration for former members of the Board of Managing Directors and their surviving dependents amounted to € 3.0 million (previous year: € 3.5 million). In the 2013/14 financial year, € 40.7 million was recognised for pension obligations to former members of the Board of Managing Directors and their surviving dependents (previous year: € 43.4 million).

(61) Remuneration of the Supervisory Board

The total remuneration of the members of the Supervisory Board (including VAT) for the 2013/14 financial year amounted to € 203 thousand (previous year: € 226 thousand). This includes reimbursed expenses of € 6 thousand (€ 6 thousand).

(62) Remuneration of the Advisory Board

The members of the Advisory Board received € 282 thousand (previous year: € 281 thousand), including VAT.

(63) Loans extended to members of executive bodies and the Advisory Board

No loans were granted to members of the Board of Managing Directors or the Advisory Board. Loans of a total amount of € 18.9 thousand were extended to the members of the Supervisory Board (previous year: € 2 thousand).

(64) Average number of employees for the year (calculated on the basis of full-time employees)

	Group		IKB AG	
	2013/14	2012/13	2013/14	2012/13
Men	905	925	655	667
Women	537	553	319	329
Total	1,442	1,478	974	996

(65) Executive bodies

The Supervisory Board

Chairman

Bruno Scherrer, London, UK
Senior Advisor of Lone Star Funds

Deputy Chairman

Dr Karsten von Köller, Frankfurt
Chairman of Lone Star Germany Acquisitions GmbH

Members

Stefan A. Baustert, Krefeld
Management consultant

Dr Karl-Gerhard Eick, London, UK (since 5 September 2013)
Director of KGE Asset Management and Consulting Ltd.

Dr Lutz-Christian Funke, Oberursel
Head of Board of Managing Directors Support/Communications at KfW Bankengruppe

Ulrich Grillo, Mülheim an der Ruhr (until 5 September 2013)
Chairman of the Board of Managing Directors of Grillo-Werke Aktiengesellschaft

Arndt G. Kirchhoff, Attendorn
Managing Partner and CEO of KIRCHHOFF Holding GmbH & Co. KG

Bernd Klein, Mönchengladbach
Employee representative

Rainer Lenz, Norheim (since 5 September 2013)
Employee representative

Dr Claus Nolting, Munich
Lawyer

Nicole Riggers, Düsseldorf
Employee representative

Dr Carola Steingräber, Berlin (until 5 September 2013)
Employee representatives

Carmen Teufel, Neustetten
Employee representative

Dr Andreas Tuczka, Vienna, Austria
Managing Director of Aldridge Capital Partners GmbH

Board of Managing Directors

Hans Jörg Schüttler
(Chairman)

Dr Dieter Glüder

Claus Momburg

Dr Michael H. Wiedmann

Offices held by employees

As at 31 March 2014, the following employees were represented in the statutory supervisory boards of large corporations:

Dr Reiner Dietrich
Tricor Packaging & Logistics AG

Helmut Laux (until 31 March 2014)
Heinz-Glas Group Holding HGGH GmbH & Co.KGaA
Heinz-Glas Produktion GmbH & Co.KGaA
Heinz-Glas GmbH & Co. KGaA

Klaus Runzer (until 30 April 2013)
Oechsler AG

Dr Thomas Söhlke
ae group ag (since 19 August 2013)

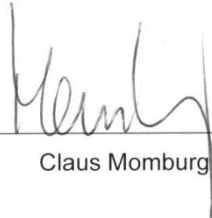
Düsseldorf, 20 May 2014

IKB Deutsche Industriebank AG

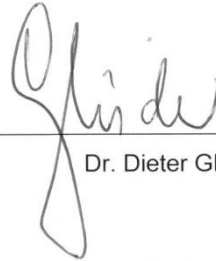
The Board of Managing Directors



Hans Jörg Schüttler



Claus Momburg



Dr. Dieter Glüder



Dr. Michael H. Wiedmann

Auditor's Reports

Auditor's Report of the auditor for the consolidated financial statements and the Group management report of IKB Deutsche Industriebank AG for the financial year from 1 April 2013 to 31 March 2014

We have audited the consolidated financial statements comprising the balance sheet, the income statement, cash flow statement, statement of changes in equity and the notes of the consolidated financial statements, which are combined with the notes of the annual financial statements of IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf, and the group management report, which is combined with the management report of IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf for the business year from 1 April 2013 to 31 March 2014. The preparation of the consolidated financial statements and the combined management report in accordance with German commercial law is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statement in accordance with § 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on the test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimated made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based in the findings of our audit, the consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with (German) principles of proper accounting. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, June 2nd, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Mark Maternus
Wirtschaftsprüfer
(German Public Auditor)

ppa. Michael Meteling
Wirtschaftsprüfer
(German Public Auditor)

Auditor's Report of the audit for the annual financial statements and the Group management report of IKB Deutsche Industriebank AG for the financial year from 1 April 2013 to 31 March 2014

We have audited the annual financial statements comprising the balance sheet, the income statement and the notes to the financial statements, which are combined with the notes of the consolidated financial statements together with the bookkeeping system and the management report which is combined with the group management report of IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf, for the business year from 1 April 2013 to 31 March 2014. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors as well as evaluating the overall presentation of the annual financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, June 2nd, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Mark Maternus
Wirtschaftsprüfer
(German Public Auditor)

ppa. Michael Meteling
Wirtschaftsprüfer
(German Public Auditor)

SIGNATURES

DÜSSELDORF

on 24 June 2014

IKB DEUTSCHE INDUSTRIEBANK AG

signed by Jan Burchards

signed by Stefanie Lindemann