6-Month Report 2024

(1 January – 30 June 2024)

IKB Deutsche Industriebank

IKB Group key figures

Income statement (in € million)	1 Jan. 2024 – 30 June 2024	1 Jan. 2023 – 30 June 2023
Net interest income	107	107
Net fee and commission income	7	9
Gross income	115	116
Administrative expenses	-66	-77
Operating profit before risk provisions	49	39
Net risk provisioning	-13	-12
Net other income	-4	9
Income before taxes	32	36
Tax expense/income	1	0
Consolidated net result	33	36
Interest margin on loan book (%)	1.99	2.13
Cost of risk of loan book (%)	0.29	0.25
Return on equity (%)	7.6	7.9
Cost/income ratio (%)	57.6	66.3
Normalised cost/income ratio[1)] (%)	54.4	57.0

Balance sheet (€ million)	30 June 2024	31 December 2023
Own funds component CET 1 (fully phased)	1,240	1,215
Total assets	13,409	14,498
Loan book	8,979	9,019
Loan to deposit ratio (%)	102	101

Regulatory key figures[2)] (%)	30 June 2024	31 December 2023
Risk-weighted assets (€ billion, fully phased)	7.2	7.2
CET 1 ratio (fully phased)	17.2	16.8
Tier 1 ratio (fully phased)	17.2	16.8
Own funds ratio (fully phased)	22.2	22.5
NPL ratio in accordance with EBA definition	2.0	2.0
Leverage ratio (fully phased)	7.9	7.2
Liquidity coverage ratio	202	249

Employees	30 June 2024	30 June 2023
Full-time employees (FTE) on the reporting date	583	566

Any differences in totals are due to rounding effects.

1) Calculated on the basis of administrative expenses of €62 million adjusted for one-time expenses for project costs in connection with regulatory requirements (€4 million) (previous year: €66 million; adjusted for inflation-induced expenses on pension provisions (€9 million) and project costs (€2 million)).

2) Disclosures were made in accordance with the current legal version of the CRR as of 30 June 2024/31 December 2023 as well as the known interpretations of the supervisory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.

Contents

Business highlights

- Consolidated net income before taxes of €32 million (previous year: €36 million) in line with the 2024 forecast
- Return on equity after taxes at 7.6% (previous year: 7.9%)
- Administrative expenses of €66 million below previous year (€77 million)
- Cost/income ratio improved to 57.6%, adjusted to 54.4%
- Robust loan book: risk provision expenses of €13 million and NPL ratio (EBA definition) at 2.0%
- Common equity tier 1 capital ratio (CET 1/fully phased) improved to 17.2% (31 December 2023: 16.8%)
- Leverage ratio at 7.9%

Group Interim Management Report

1. Basic information on the Group

Basic information on the IKB Group can be found on page 16f. of the annual report for 2023. There were no changes in this basic information in the period under review.

2. Economic report

Macroeconomic and industry-specific conditions

The global economy expanded at a moderate pace at the beginning of 2024. While total economic output expanded sharply in China in the first quarter, rising significantly in the Eurozone again for the first time in one-and-a-half years, the US economy slowed. Global demand for consumer goods as well as capital spending in the corporate sector remained muted, placing a damper on global industrial production. However, global trade picked up again in the winter months of 2023/24 after contracting in the previous four quarters.

The main central banks of developed countries have recently been signalling a willingness to return to a somewhat more cautious monetary stance following the slower descent of inflation. The European Central Bank (ECB) announced a preliminary rate cut of 0.25 percentage points in June. Despite this, monetary policy is still characterised by elevated restrictiveness as real interest rates have risen sharply given the high interest rates in tandem with reduced inflation expectations. The ECB justified its rate cut by citing lower inflation. Thus, after rising by 6.0% over the year as a whole in 2023, consumer prices in Germany climbed by only 2.2% and 2.4%, respectively, in April and May of this year and more slowly than at any time since spring 2021.

The German economy expanded marginally by 0.2% in the first quarter of 2024 after shrinking by 0.5% in the winter quarter. At the same time, muted industrial demand proved to be particularly stubborn. The fact that the weakness afflicting the industrial sector was not even more pronounced was due to the energy-intensive sectors, which boosted their output significantly in the first quarter for the first time since the emergence of the energy crisis. At the same time, construction was more robust than expected thanks not only to unusually mild weather conditions but also greater underlying stability in the non-housing segments. Consumer spending has not yet picked up despite the improvement in real incomes. On the other hand, exports made a positive contribution to growth after several quarters of contraction.

Corporate spending was down in the first half of the year particularly due to a decline in equipment spending in the private sector. Muted global demand for capital and intermediate goods as well as the extraordinarily high uncertainty identified in a DIHK questionnaire over economic policies presumably caused investments to be cancelled or postponed. This is indicated not only by three quarters of declining revenues and production figures on the part of producers of capital goods but also by the sustained drop in order intake (excluding big-ticket orders).

In this environment, new corporate lending was down year-on-year in the first few months, with the portfolio of corporate loans remaining largely flat in the first quarter. On the other hand, the portfolio of loans to manufacturers declined substantially by 4.6%. On the lending side, banks also stated that they had tightened up their lending guidelines again in all segments in response to heightened credit risks and more stringent regulatory requirements. In corporate lending, the tighter lending practices in the commercial real estate sector have been the most pronounced in the past six months. Banks attribute the more muted demand in the first quarter to general interest rate levels and reduced funding requirements for capital spending as well as for mergers, acquisitions and restructuring. In the second quarter, demand for loans in corporate customer business picked up again for the first time in just under two years. Large corporates had greater funding requirements for plant investments, inventories and consumables. Interest rate levels had only a minor impact.

The muted economy and protracted heavy strain prompted an increase in the number of corporate insolvencies in Germany. In the first half of 2024, the rise in the number of corporate insolvencies not only continued but also gained momentum. The insolvency rate was the highest in the construction industry followed by services and commerce. The manufacturing industry exhibited by far the lowest insolvency rate. A breakdown by revenue class once again confirms the structurally negative correlation between company size and the empirical default rate in 2023. Large companies have a smaller default rate than small ones.

Important events during the reporting period

Changes in the Group

IKB NewCo 3 GmbH was sold and transferred by IKB AG to IKB Invest GmbH with effect from 6 February 2024. Subsequently, IKB NewCo 3 GmbH was merged with IKB Invest GmbH with effect from 16 April 2024.

Effective 27 May 2024, the investment held by IKB Beteiligungsgesellschaft 3 mbH in Fundingport GmbH was increased from 30% to 40% of the share capital through the acquisition of shares.

Legally relevant events

On 19 December 2023, IKB announced an offer to acquire the trust preferred securities of IKB Funding Trust I. Following an extension, the offer expired on 21 February 2024. As part of this offer, trust preferred securities in a nominal amount of €4.6 million were tendered. With effect from 23 February 2024, IKB AG acquired all trust preferred securities tendered at a price of 69.5% of the nominal amount.

In addition, claims for pension benefits equalling an amount in the single-digit millions calculated using actuarial methods were asserted against IKB under a former service contract.

Personalia

Supervisory Board

Mr Paxton Flesher and Mr Claus Momburg were re-elected to the Supervisory Board as shareholder representatives under resolutions passed at the Annual General Meeting on 14 March 2024. In the elections held on 21 February 2024, Mr Jörn Walde was re-elected and Ms Franziska Engel elected for the first time to the Supervisory Board with effect from the end of the Annual General Meeting held on 14 March 2024; Mr Sven Boysen’s office expired at that point in time.

At the constitutive meetings of the Supervisory Board held following this Annual General Meeting, Mr Momberg was re-elected Deputy Chairman of the Supervisory Board and Chairman of the Risk and Audit Committee. In addition, Ms Engel was elected to the Remuneration Control Committee and Dr Wisser to the Risk and Audit Committee.

Board of Managing Directors

At the meeting of the Supervisory Board held on 25 January 2024, Mr Zeise was re-appointed to the Board of Managing Directors until 31 March 2027.

Results of operations, asset position and financial situation

IKB faces an economically challenging business environment. The main reasons for this are geopolitical tensions, e.g., the ongoing war in Ukraine and the conflict in the Middle East, and the further escalation of competition between the United States and China. In addition to the challenging market environment there are uncertainties regarding the upcoming US elections, the weak economic situation in Germany, the ECB’s continued restrictive monetary policy due to only slowly declining inflation rates and the high level of economic uncertainty combined with a further decline in corporate investment.

Business performance

In this difficult economic environment, IKB continued its lending practices, focusing on good credit ratings. Consequently, the volume of new business shrank to €1.0 billion in the first half of 2024 (previous year: €1.6 billion). At the same time, the overall loan book exhibited a good credit rating despite the rising insolvency rates in Germany, while it was possible to cap loan-loss provisions in the lending business. The proportion of internally funded new business stood at 61% (previous year: 60%).

Results of operations

In the first six months of 2024, IKB achieved consolidated profit before taxes of €32 million (previous year: €36 million). The Public Programme Loans segment contributed €13 million (previous year: €22 million), the Corporate Bank segment €29 million (previous year: €30 million) and the Corporate Centre segment €-11 million (previous year: €-16 million) to Group earnings before tax.

in € million	Group 1 Jan. 2024 – 30 June 2024	Group 1 Jan. 2023 – 30 June 2023	IKB AG 1 Jan. 2024 – 30 June 2024	IKB AG 1 Jan. 2023 – 30 June 2023
Net interest income	**107**	**107**	**111**	**109**
Interest income	212	184	215	187
Interest expenses	-134	-98	-135	-99
Net interest income for derivatives	30	21	30	21
Net fee and commission income	**7**	**9**	**7**	**9**
Gross income	**115**	**116**	**118**	**118**
Administrative expenses	**-66**	**-77**	**-66**	**-77**
Personnel expenses	-37	-45	-37	-45
Other administrative expenses	-29	-32	-28	-32
Operating profit before risk provisions	**49**	**39**	**52**	**41**
Net risk provisioning	**-13**	**-12**	**-13**	**-12**
Operating profit	**35**	**28**	**39**	**30**
Net other income[1)]	**-4**	**9**	**-4**	**-5**
Income before taxes	**32**	**36**	**35**	**25**
Tax expense/income	**1**	**0**	**1**	**0**
Consolidated net result	**33**	**36**	**36**	**25**

Any differences in totals are due to rounding effects.

1) Net other income includes expenses arising from securities held as current assets (€6 million) and from derivative positions in the banking book (€3 million) and an amount of €9 million withdrawn from the fund for general banking risks to compensate for these expenses.

	Group	
Other key figures	**1 Jan. 2024 – 30 June 2024**	**1 Jan. 2023 – 30 June 2023**
New business (€ billion)	**1.0**	**1.6**
of which corporate loans	0.6	0.9
of which public programme loans business	0.4	0.6
Interest margin on loan book (%)[1)]	**1.99**	**2.13**
Cost of risk of loan book (%)[2)]	**0.29**	**0.25**
Cost/income ratio (%)[3)]	**57.6**	**66.3**
Cost/income ratio (%)[3) 4)]	**54.4**	**57.0**
Return on equity (%)[5)]	**7.6**	**7.9**

1) The interest margin is the ratio of net interest income in the Public Programme Loans and Corporate Bank segments relative to the corresponding volumens of the loan book.
2) Risk costs are the ratio of net risk provisioning in the Public Programme Loans and Corporate Bank segments to the relevant volumes of the loan book.
3) The cost/income ratio is calculated as the quotient of administrative expenses and gross income (net interest income and net fee and commission income).
4) Adjusted for one-time operating expenses, particularly for projects in connection with regulatory requirements of €4 million (previous year: adjusted for extraordinary effects on pension plan expenses of €9 million and projects in connection with regulatory requirements of €2 million).
5) The return on equity is calculated as the ratio of net income to average allocated equity derived from a 12-percent imputed capital charge for risk-weighted assets in accordance with the CRR.

Net interest and commission income

Net interest income includes interest income and expenses, current income from equities and other non-fixed income securities, investments and shares in affiliated companies, income from profit pooling, profit-transfer agreements and partial profit-transfer agreements. Net commission is defined as commission income net of commission expenses.

Cumulative Group net interest and net commission income amounted to €115 million in the first half of 2024, thus slightly below the previous year (previous year: €116 million).

At €107 million, the Group's net interest income was unchanged over the previous year (previous year: €107 million). The Public Programme Loans segment accounted for €37 million (previous year: €37 million), the Corporate Bank segment for €54 million (previous year: €63 million) and the Corporate Centre segment for €17 million (previous year: €7 million).

Interest income from lending and money market transactions increased to €174 million (previous year: €163 million), with interest income from bonds reaching €35 million (previous year: €19 million) due to an increased average interest rate. Income from shares in funds, which is reported within current income from equities and other non-fixed income securities, dropped to €2 million (previous year: €3 million). Net interest income for derivatives improved to €30 million (previous year: €21 million), comprising interest expenses of €37 million (previous year: €78 million) and interest income of €67 million (previous year: €99 million). If interest payments per derivative had been netted as in the period under review, both interest expense and income would have been €33 million lower in the previous year. The continued high market interest rates caused interest expenses on funding operations to likewise climb to €134 million (previous year: €98 million) in the reporting period, offsetting the increases in interest income.

In the first six months of 2024, net fee and commission income came to €7 million (previous year: €9 million) at the Group level. The decline in net fee and commission income is due to lower commission income from capital market transactions driven by subdued market activities. The Public Programme Loans segment contributed net fee and commission income of €2 million (previous year: €2 million), the Corporate Bank segment €4 million (previous year: €5 million) and the Corporate Centre segment €2 million (previous year: €2 million).

Administrative expenses

Administrative expenses comprise personnel expenses and other administrative expenses, which include depreciation and amortisation..

In the first half of 2024, the Group recorded administrative expenses of €66 million (previous year: expenses of €77 million). The Public Programme Loans segment accounted for administrative expenses of €18 million (previous year: €22 million), the Corporate Bank segment for €22 million (previous year: €21 million) and the Corporate Centre segment for €26 million (previous year: €34 million).

Group personnel expenses reached €37 million (previous year: €45 million), whereas other administrative expenses and amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets amounted to €29 million (previous year: €32 million) within the Group.

The decline in personnel expenses particularly reflects the absence of the non-recurring effects resulting from pension plan expenses (previous year: expense of €9 million for inflation-related adjustments to pensions).

Other administrative expenses were lower than in the previous year due to the absence of the corresponding contribution payments (previous year: €6 million) following the completion of the establishment phase for the Single Resolution Mechanism of the Banking Union (EU bank levy).

Loan-loss provisions in lending business

Loan-loss provisions in the lending business (hereinafter referred to as "net risk provisioning") entail impairments and adjustments on receivables, allocations to reserves, fair value remeasurement gains on receivables and the reversal of provisions.

For reporting purposes, fair value remeasurement gains and losses on securities held in the liquidity reserve are not included in net risk provisioning but in net other income (see section on "Net other income").

In the first half of 2024, the Group recorded expenses of €13 million from net risk provisioning (previous year: expenses of €12 million). The Public Programme Loans segment generated expenses of €7 million (previous year: income of €5 million), the Corporate Bank segment expense of €7 million (previous year: expense of €17 million) and the Corporate Centre segment income of €0 million (previous year: €0 million).

Group net risk provisioning is composed of net expenses from impairments and single loan loss allowances on loans and advances and provisions in lending business amounting to €16 million (previous year: net expenses of €22 million) and net income of €3 million (previous year: net income of €10 million) from the reversal of portfolio loan loss allowances. The additional portfolio loan loss allowances of €6 million recognised as of 31 December 2023 for heightened latent risks in the acquisition finance and real estate portfolio were reversed as the risks materialised. Additional information on risk provisioning can be found in the table on risk provisions in Section 3. "Report on Risks and Opportunities".

Net other income

Net other income comprises other operating and extraordinary income and expenses, fair-value remeasurement gains and losses on investments, shares in affiliated companies as well as securities held as current and fixed assets and allocations to or withdrawals from provisioning reserves.

Group net other expense came to €4 million in the period under review (previous year: net other income of €9 million). This is due to the following main factors:

- Securities held as current assets resulted in Group expense of €6 million (previous year: expense of €11 million). The fair value losses reflect recent trends in interest rates, which are heavily influenced by current general political trends and specific political conditions in the issuer countries. Given the good credit rating structure of the securities portfolio, the Bank considers these declines to be temporary (see "Chapter 3 Report on Risks and Opportunities", liquidity book table) for details of the credit rating structure of the securities portfolio.
- Derivative positions in the banking book resulted in net expense of €3 million for the Group, compared with net income of €31 million in the previous year.

- To compensate for the expenses arising from securities held as current assets and from derivative positions in the banking book, an amount of €9 million (previous year: €0 million) was withdrawn from the fund for general banking risks.
- The discount factor unwinding on pension obligations resulted in expense of €2 million for the Group (previous year: expense of €2 million), whereas valuation gains from the CTA assets generated net income of €3 million (previous year: income of €1 million) for the Group.
- In addition, net other income includes legal and project costs as well as expenses for hedging business risks in the Group of €5 million (previous year: €9 million). The decrease is mainly due to lower legal expenses in connection with the lawsuits initiated by IKB.

Taxes

Net tax income in the period under review came to €1 million after tax income of €0 million in the same period of the previous year.

Net income

Consolidated profit before taxes stood at €32 million in the first half of 2024 (previous year: €36 million).

Asset position

The Group's total assets fell from €14.5 billion on 31 December 2023 to €13.4 billion.

The Group's gross credit volume, which also includes off-balance-sheet business (see also "Section 3. Report on Risks and Opportunities" for details) dropped from €15.9 billion as of 31 December 2023 to €14.9 billion. It mainly comprises medium- and long-term loans to banks, loans to customers, bonds, the positive market values of the derivatives held in the non-trading book and guarantees.

Assets

Group receivables from banks fell by €1.3 billion compared with 31 December 2023 to €1.0 billion primarily as a result of a decline in the deposit facility with the central bank.

Receivables from customers dropped to €8.5 billion (31 December 2023: €8.6 billion) particularly as a result of selective lending.

Bonds and other fixed-income securities held by the Group increased by €0.3 billion compared with 31 December 2023 to €3.3 billion.

Equity and liabilities

The Group's liabilities to banks fell by €1.1 billion compared with 31 December 2023 to €7.4 billion due to a reduction in secured funding operations in the interbank market.

The Group's liabilities to customers climbed to €4.0 billion (31 December 2023: €3.9 billion); at the same time, there were shifts from overnight deposits to fixed-term deposits within retail-customer deposits.

Unrealised gains and losses arose on financial instruments in the banking book in the form of securities, derivatives and from funding the loan book without matching maturities in the period under review and in earlier financial years as a result of changes in market interest rates, exchange rates and credit ratings. In future financial years, this as well as changes to regulatory requirements or the interpretation of these could exert strain on the income statement and the present value of the banking book. The measurement of the banking book at the lower of cost or market in accordance with the IDW RS BFA 3 accounting guidance did not result in any provisioning requirements as of 30 June 2024.

Equity

In the reporting period, equity rose from €1,066 million on 31 December 2023 to €1,099 million due to the inclusion of the consolidated net income.

For the purposes of calculating regulatory capital, the fund for general banking risks of €150 million (31 December 2023: €159 million) counts as Common Equity Tier 1 capital.

Financial position

IKB's liquidity position is stable thanks to its funding mix. In addition to matched funding via development banks and other secured funding operations in the interbank market or in connection with funding via the ECB, IKB accepts revolving deposits from corporate and retail customers and engages in new lending business selectively.

The maturities of liabilities are shown in the breakdown of remaining maturities in the notes. Please refer to "Section 3. Report on Risks and Opportunities".

Rating review by Moody's

IKB's baa3 stand-alone rating was confirmed in the first half of 2024. Moody's highlighted IKB's improved capitalisation, simultaneously acknowledging its unchanged high asset quality. It downgraded the deposit and issuer rating from Baa1 to Baa2 due to the buy-back of hybrid subordinate capital as well as the maturing of junior unsecured debt. The outlook remains negative.

Financial and non-financial performance indicators

Non-financial performance indicators are of minor importance for management purposes at IKB. In addition to a large number of management-related sub-indicators, IKB uses the following financial indicators as key performance indicators for management purposes.

Regulatory Tier 1 ratio

As of 30 June 2024, the CET 1 ratios for IKB AG, as well as for the IKB Group, substantially exceed the statutory minimum requirements.

	IKB Group		IKB AG	
in %	**30 June 2024**	**31 Dec. 2023**	**30 June 2024**	**31 Dec. 2023**
CET 1 ratio (transitional)	**17.2**	**16.8**	**17.4**	**17.1**
CET 1 ratio (fully phased)	**17.2**	**16.8**	**17.4**	**17.1**

The IKB has not utilised any CRR transition options since 1 January 2024. For this reason, there are no differences between the transitional and the fully phased-in perspective (See "Chapter 3, Risks and Opportunities" for details).

Leverage ratio

The leverage ratio measures the largely unweighted sum of on-balance-sheet and off-balance-sheet transactions relative to regulatory Common Equity Tier 1 capital and is a binding minimum requirement as of 28 June 2021 in accordance with CRR II.

The following table provides an overview of the leverage ratio in accordance with Article 429 of the CRR II/CRR.

	IKB Group		IKB AG	
in %	**30 June 2024**	**31 Dec. 2023**	**30 June 2024**	**31 Dec. 2023**
Leverage ratio (transitional)	**7.9**	**7.2**	**8.1**	**7.4**
Leverage ratio (fully phased)	**7.9**	**7.2**	**8.1**	**7.4**

The minimum statutory ratio is thus substantially exceeded.

Net income before taxes

Consolidated profit before taxes came to €32 million in the first half of 2024.

Cost/income ratio and return on equity

The cost/income ratio expresses the ratio of administrative expenses to the sum of net interest income and net fee and commission income; the ratio stood at 57.6% for the Group in the first half of the 2024 financial year (previous year: 66,3%).

The return on equity as the ratio of consolidated net income to average allocated equity derived from a 12-percent imputed capital charge for risk-weighted assets in accordance with the CRR was 7.6% (previous year: 7.9%) in the first half of the 2024 fiscal year.

Liquidity coverage ratio

The liquidity coverage ratio (LCR) is the ratio of highly liquid assets (liquidity buffer) to short-term net liquidity requirements, quantified as the net amount of all weighted cash inflows and outflows in the next 30 calendar days.

The following table provides an overview of the LCR compared with 31 December 2023.

	IKB Group		IKB AG	
in %	**30 June 2024**	**31 Dec. 2023**	**30 June 2024**	**31 Dec. 2023**
Liquidity coverage ratio	**202**	**249**	**182**	**232**

Accordingly, the ratio was consistently above the statutory minimum of over 100% in the first half of 2024.

Net stable funding ratio

As of 30 June 2024, the net stable funding ratio (NSFR), which tracks medium to long-term liquidity stood at 112% for the IKB Group (IKB AG: 113%), thus consistently exceeding the statutory minimum of 100%.

	IKB Group		IKB AG	
in %	**30 June 2024**	**31 Dec. 2023**	**30 June 2024**	**31 Dec. 2023**
Net stable funding ratio	**112**	**116**	**113**	**114**

Overall assessment

Consolidated profit before taxes came to €32 million in the first six months of 2024. Cash flows and the financial position are orderly.

The Bank considers its operating business to have predominantly performed in line with expectations.

3. Report on Risks and Opportunities

In the first half of 2024, further adjustments were made to processes and methodologies for risk management and for calculating risk-bearing capacity in response to the findings arising from the risk management audit conducted by BaFin under Section 44 (1) of the German Banking Act in fiscal year 2023. A detailed description has been provided with where there has been no change in the methods and processes since 31 December 2023, in which case IKB's annual report for 2023 (pages 26 to 51) should be referred to.

Regulatory capital resources and risk-bearing capacity

Regulatory capital

The Bank calculates its regulatory capital resources in accordance with the requirements of the CRR. Since 2019, the Bank has been applying the foundation IRB approach (internal ratings based approach) to measure counterparty default risk. It applies the basic IRB foundation in the rating models for corporates and bank, sovereign and transfer risks as well as commercial real estate. Implementation of the IRB approach has thus been completed in full and the IRB exit threshold achieved. IKB uses the standardised approach to calculate the credit valuation adjustment charge, the basic indicator approach for operational risk and the prescribed standard method for market price risk. The Bank continues to use the regulatory netting approach to determine the net basis of measurement for derivatives, taking existing netting agreements into account. The following table provides an overview of the regulatory risk items, equity resources and ratios (transitional and fully phased-in). As all CRR transitional options are fully phased in on the basis of the current legal requirements, the transitional and fully phased-in perspectives are currently identical.

Table: Regulatory capital situation of the IKB Group in accordance with CRR II[1)2)]

	30 June 2024		31 Dec. 2023	
Figures in € million	**transitional**	**fully phased**	**transitional**	**fully phased**
Counterparty default risk (including CVA charge)	6,626	6,626	6,727	6,727
Market risk equivalent	139	139	88	88
Operational risk	435	435	435	435
Total risk-weighted assets (RWA)	**7,201**	**7,201**	**7,250**	**7,250**
Common Equity Tier 1 (CET 1)	**1,240**	**1,240**	**1,215**	**1,215**
Additional tier 1 (AT 1)	0	0	0	0
Total tier 1 (T 1)	**1,240**	**1,240**	**1,215**	**1,215**
Tier 2 (T 2)	360	360	413	413
Own funds	**1,599**	**1,599**	**1,628**	**1,628**
CET 1 ratio (%)	**17.2**	**17.2**	**16.8**	**16.8**
T1 ratio (%)	17.2	17.2	16.8	16.8
Own funds ratio (%)	22.2	22.2	22.5	22.5

Any differences in totals are due to rounding effects.

1) Disclosures in accordance with the current legal version of the CRR as of 30 June 2024/31 December 2023 as well as the known interpretations of the supervisory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.

2) Values such as those arising upon the adoption of the annual financial statements (end of the financial year) or inclusion of interim profit (half-year).

Table: Regulatory capital situation at individual bank level in accordance with CRR II[1)2)]

	30 June 2024		31 Dec. 2023	
Figures in € million	**transitional**	**fully phased**	**transitional**	**fully phased**
Counterparty default risk (including CVA charge)	6,729	6,729	6,796	6,796
Market risk equivalent	139	139	87	87
Operational risk	409	409	366	366
Total risk-weighted assets (RWA)	**7,277**	**7,277**	**7,249**	**7,249**
Common Equity Tier 1 (CET 1)	**1,264**	**1,264**	**1,236**	**1,236**
Additional tier 1 (AT 1)	0	0	0	0
Total tier 1 (T 1)	**1,264**	**1,264**	**1,236**	**1,236**
Tier 2 (T 2)	359	359	413	413
Own funds	**1,623**	**1,623**	**1,649**	**1,649**
CET 1 ratio (%)	**17.4**	**17.4**	**17.1**	**17.1**
T1 ratio (%)	17.4	17.4	17.1	17.1
Own funds ratio (%)	22.3	22.3	22.7	22.7

Any differences in totals are due to rounding effects.

1) Disclosures in accordance with the current legal version of the CRR as of 30 June 2024/31 December 2023 as well as the known interpretations of the supervisory authorities. The possibility that future EBA/ECB standards and interpretations or other supervisory actions will lead to a retrospective change in the CET 1 ratio cannot be ruled out.

2) Values such as those arising upon the adoption of the annual financial statements (end of the financial year) or inclusion of interim profit (half-year).

At 17.2% for the Group and 17.4% for the Bank, IKB's CET 1 ratios are above the statutory minimum for CET 1, including the capital conservation buffer, countercyclical capital buffer and the SREP capital requirements set by the German Federal Financial Supervisory Authority (BaFin) in the banking supervisory review and evaluation process (SREP).

The following table provides an overview of the capital requirements imposed on IKB at the level of the individual Bank and at the Group level.

Table: Regulatory capital requirements

Ratios (%)	30 June 2024 Common Equity Tier 1 capital	Tier 1 c apital	Total capital	31 Dec. 2023 Common Equity Tier 1 capital	Tier 1 capital	Total capital
Capital requirement						
Pillar I requirements (Art. 92 CRR)	4.50	6.00	8.00	4.50	6.00	8.00
Pillar II requirements (SREP)	1.41	1.88	2.50	1.41	1.88	2.50
Capital conservation buffer (CCB)	2.50	2.50	2.50	2.50	2.50	2.50
Countercyclical capital buffer (CCyB)	0.76	0.76	0.76	0.73	0.73	0.73
Total for group of institutions	**9.17**	**11.14**	**13.76**	**9.14**	**11.11**	**13.73**
Capital markup in accordance with section 10 (3) sentence 1 of the German Banking Act (KWG)[1)]	1.13	1.50	2.00	1.13	1.50	2.00
Total for individual institution	**10.29**	**12.64**	**15.76**	**10.26**	**12.61**	**15.73**
For information purposes: net own funds recommendation	2.30	2.30	2.30	2.30	2.30	2.30
Capital ratios – IKB AG						
Current capital ratio (transitional)	17.36	17.36	22.30	17.06	17.06	22.75
MDA surplus	707 bps	472 bps	654 bps	680 bps	445 bps	702 bps
Capital ratios – IKB Group						
Current capital ratio (transitional)	17.21	17.21	22.21	16.77	16.77	22.46
MDA surplus	804 bps	607 bps	845 bps	763 bps	566 bps	873 bps

1) For individual institution only

The MDA (maximum distributable amount) surplus is therefore 472 bps in the IKB AG's Tier 1 capital in the relevant perspective.

Minimum requirements for eligible liabilities (MREL)

IKB is not required by BaFin to comply with any requirements relating to an MREL ratio beyond the existing pillar 1 requirements, i.e., no recapitalisation amount within the meaning of Article 2 of the Delegated Regulation (EU) 2016/1450 has been stipulated.

Risk-bearing capacity

IKB's annual report for 2023 (see pages 28f.) should be referred to for details of the risk-bearing capacity concept.

The following table compares the capital requirements in the economic perspective that could arise mathematically in a year to cover unexpected losses at a confidence level of 99.9% (value at risk) with the risk cover that will be available in the next twelve months.

Table: Capital requirements – economic perspective

	30 June 2024 in € million	30 June 2024 in %	31 Dec. 2023 in € million	31 Dec. 2023 in %
Counterparty default risk	475	57	545	60
Market price risk	272	33	271	30
Operational risk	59	7	71	8
Refinancing cost risk	22	3	21	2
Total	**828**	**100**	**908**	**100**
less diversification effects	-86		-96	
Overall risk position	**743**		**812**	
Risk coverage potential	**982**		**1,035**	

Any differences in totals are due to rounding effects.

Utilisation of risk coverage potential dropped slightly in the first half of the year to 76% (31 December 2023: 78%). Risk exposures and risk coverage potential were both lower. The decline in risk position is particularly due to the reduction in credit risk as a result of methodological adjustments as well as adjustments to exposures. The decline in risk coverage potential also reflects methodological adjustments.

Forecast calculations and stress tests

To allow for macroeconomic and regulatory developments, the Bank prepares different forecasts to calculate the expected utilisation of the risk-bearing capacity for the next two financial years in the economic perspective and for the next five financial years in the normative perspective. These forecasts are based on the Bank's plan scenario with current expectations regarding the macroeconomic effects of the monetary policies pursued by the ECB and the Fed (Federal Reserve System), continued high commodity and energy prices, the war in Ukraine and the US elections with a corresponding effect on inflation and interest rate expectations. In addition, the Bank conducts various stress tests with different levels of severity on a quarterly and ad hoc basis. In this connection, macroeconomic and historical stress scenarios covering multiple risk types as well as specific stress events are analysed. This means that under the plan scenario all regulatory requirements are complied with in the normative perspective and risk coverage potential exceeds the capital requirements for unexpected risks in the economic perspective, whereas in individual stress scenarios and stress events risk coverage potential would not be sufficient in a static view to fully compensate for the corresponding overall risk position in the absence of any countermeasures. As these stress scenarios are based on extreme stress assumptions, they are currently considered to have only a "minor" to "medium" probability of occurrence.

The results of the stress test are presented to the Board of Managing Directors and the Supervisory Board and the resulting recommendations for action are discussed.

Risk strategy

IKB's annual report for 2023 (see pages 31 to 33) should be referred to for details on the risk strategy. There were no material changes made the first half of 2024.

Counterparty default risks

IKB's annual report for 2023 (see page 32f.) provides details of the loan approval process, the process for monitoring individual exposures, the rating processes and systems, the quantification of credit risk and portfolio monitoring and management.

Structure of the counterparty default risk

The credit volume as of 30 June 2024 breaks down as follows:

Table: Credit volume – Group

in € million	30 June 2024	31 Dec. 2023	Change	30 June 2023	Change
Balances with central banks	5	30	-25	22	-17
Receivables from banks	969	2,255	-1,286	2,095	-1,126
Receivables from customers	8,549	8,562	-13	8,885	-336
Bonds and other fixed-income securities not including own issues	3,317	3,069	248	2,974	343
Equities and other non-fixed- income securities	299	302	-3	600	-301
Subtotal: Assets recognised on the balance sheet	**13,139**	**14,218**	**-1,079**	**14,576**	**-1,437**
Contingent liabilities[1)]	982	1,033	-51	1,155	-173
Positive fair values of derivatives in the non-trading book[2)]	564	579	-15	1,159	-595
Write-downs	133	140	-7	136	-3
Long future	176	-	176	-	176
Securities lending	19	20	-1	20	-1
Non-consolidated IKB balances in non-fixed income securities	-84	-79	-5	-166	82
Gross credit volume	**14,929**	**15,911**	**-982**	**16,880**	**-1,951**
For information purposes: other significant counter-party default risks outside the gross credit volume					
Irrevocable loan commitments	604	599	5	752	-148
Shares in associated and affiliated companies	0	0	-	0	-

Any differences in totals are due to rounding effects.

1) Before deducting risk provisions

2) Including €26 million (31 December 2023: €27 million) in positive fair values from protection seller CDSs whose nominals are treated as contingent liabilities for accounting purposes.

The IKB Group's gross credit volume declined by €1 billion as of 30 June 2024 compared with 31 December 2023. This is due to lower central bank balances, which are predominantly reported under receivables to banks, as a result of a further decline in the cash collateral provided (see table on segment structure).

On the other hand, bonds increased again in the same period due to portfolio re-allocations. Moreover, a long future on German government bonds was included as of 30 June 2024.

There were few changes in the other credit volume components as of 30 June 2024 compared with 31 December 2023.

Segment structure

Table: Credit volume by segment – Group

	30 June 2024 in € million	30 June 2024 in %	31 Dec. 2023 in € million	31 Dec. 2023 in %
Loan book	**8,979**	60%	**9,019**	57%
of which Corporate Bank	4,104	27%	3,975	25%
of which public programme loans	4,875	33%	5,044	32%
Corporate Centre	**5,950**	40%	**6,892**	43%
of which liquidity book[1)]	3,441	23%	3,227	20%
of which protection seller CDSs[2)]	711	5%	721	5%
of which money market products[3)]	1,760	12%	2,915	18%
of which balances with central banks[4)]	5	0%	1,221	8%
Total	**14,929**	**100%**	**15,911**	**100%**

Any differences in totals are due to rounding effects.

1) Bonds and other fixed-income securities as well as equities and other non-fixed-income securities excluding own bonds and securities in the loan book
2) Without protection seller CDSs in the loan book
3) Including call accounts, loan deposits and derivatives with positive fair values
4) As of the 31 December 2023 reporting date, balances with central banks includes the item “Balances with central banks” as well as overnight transactions reported under “Receivables from banks”.

At €9.0 billion, the loan book was virtually unchanged compared with the beginning of the year. The decline in credit volume in the Corporate Centre was attributable to a further reduction in the balances with Deutsche Bundesbank included in the money market products on the one hand. On the other hand, there was an increase in the portfolio of securities held in the liquidity book.

Geographical structure

Credit volume beaks down by region as follows:

Table: Credit volume by region – Group

	30 June 2024				31 Dec. 2023			
	in € million	in %	in € million of which loan book	in % of which loan book	in € million	in %	in € million of which loan book	in % of which loan book
Germany	10,389	70%	7,505	84%	11,340	71%	7,432	82%
Outside Germany	3,894	26%	828	9%	3,861	24%	877	10%
Western Europe	2,931	20%	672	7%	2,744	17%	696	8%
of which EU[1)]	679	5%	-	0%	663	4%	-	0%
of which France	661	4%	50	1%	588	4%	50	1%
of which Austria	325	2%	216	2%	207	1%	207	2%
of which Spain	308	2%	46	1%	301	2%	47	1%
of which Belgium	267	2%	19	0%	246	2%	19	0%
Eastern Europe	546	4%	48	1%	678	4%	55	1%
of which Poland	209	1%	48	1%	248	2%	55	1%
of which Romania	136	1%	-	0%	138	1%	-	0%
of which Bulgaria	102	1%	-	0%	100	1%	-	0%
North America	400	3%	91	1%	420	3%	107	1%
Other countries	17	0%	17	0%	19	0%	19	0%
Subtotal	**14,283**	**96%**	**8,333**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[2)]	646	4%	646	7%	710	4%	710	8%
Total	**14,929**	**100%**	**8,979**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) European Investmentbank and European Financial Stability Facility SA

2) Hermes guarantees, indemnifications, risks transfers

The reduction in the balance held with Deutsche Bundesbank is reflected in a decline in domestic credit volume. Credit volume in Western Europe increased moderately as a result of the purchase of bonds.

The proportion of foreign borrowers in the loan book shrank to 9%.

Sector structure

Table: Credit volume by sector – Group

	30 June 2024				31 Dec. 2023			
	in € million	in %	in € million of which loan book	in % of which loan book	in € million	in %	in € million of which loan book	in % of which loan book
Industrial sectors	7,560	51%	7,489	83%	7,536	47%	7,471	83%
Energy supply	759	5%	759	8%	769	5%	769	9%
Mechanical engineering	561	4%	561	6%	566	4%	566	6%
Paper industry	525	4%	525	6%	537	3%	537	6%
Chemical and pharmaceutical industry	518	3%	490	5%	507	3%	480	5%
Automotive	476	3%	476	5%	528	3%	528	6%
Metal production and processing	470	3%	470	5%	409	3%	409	5%
Retailers (excluding automotive, filling stations)	439	3%	438	5%	477	3%	476	5%
Food industry	415	3%	415	5%	409	3%	409	5%
Medical, measurement, control and regulation technology, optics	358	2%	355	4%	325	2%	322	4%
Metal products	329	2%	329	4%	353	2%	353	4%
Other industrial sectors	2,710	18%	2,671	30%	2,656	17%	2,622	29%
Real estate	737	5%	737	8%	727	5%	727	8%
Financial sector	280	2%	75	1%	270	2%	93	1%
Banks	2,807	19%	30	0%	3,903	25%	16	0%
Public sector	2,899	19%	2	0%	2,765	17%	2	0%
Subtotal	**14,283**	**96%**	**8,333**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[1)]	646	4%	646	7%	710	4%	710	8%
Total	**14,929**	**100%**	**8,979**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) Hermes guarantees, indemnifications, risks transfers

The degree of diversification in the industrial sectors remained high – no single industrial sector accounts for more than 5% of the portfolio. The other industrial sectors are composed of 26 other industry clusters. At €737 million, the volume of real estate loans was virtually unchanged. It consists predominantly of property development finance in Germany, which increased moderately in 2024 from €524 million to €551 million due to loan disbursements.

Credit rating structure

The credit volume breaks down by internal rating class as follows:

Table: Credit volume by credit rating structure[1)] – Group

	30 June 2024				31 Dec. 2023			
	in € million	in %	in € million of which loan book	in % of which loan book	in € million	in %	in € million of which loan book	in % of which loan book
1–4	6,847	46%	1,258	14%	7,666	48%	1,154	13%
5–7	4,494	30%	4,157	46%	4,578	29%	4,228	47%
8–10	2,216	15%	2,195	24%	2,160	14%	2,134	24%
11–13	340	2%	338	4%	382	2%	381	4%
14–15	214	1%	213	2%	243	2%	242	3%
Non-performing assets[2)]	172	1%	172	2%	172	1%	170	2%
Subtotal	**14,283**	**96%**	**8,333**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[3)]	646	4%	646	7%	710	4%	710	8%
Total	**14,929**	**100%**	**8,979**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) Higher rating classes reflect lower creditworthiness
2) Before single loan loss allowances and provisions
3) Hermes guarantees, indemnifications, risks transferred

The decline in the balance held with Deutsche Bundesbank is reflected in the very good credit ratings (1-4). The medium (8-10) and good (5-7) credit ratings remained constant. The share and volume of exposures in the lower (11-13) and low (14-15) credit rating segments were confined solely to the loan book and declined slightly in the first half of 2024.

Non-performing assets

Table: Non-performing assets[1)] – Group

	30 June 2024 in € million	31 Dec. 2023 in € million	Change in € million	Change in %
Assets with single loan loss allowances	160	164	-4	-2%
Non-impaired	12	8	4	50%
Total	**172**	**172**	**-**	**0%**
Percentage of total loans	1.2%	1.1%		
% of total loans in loan book	1.9%	1.9%		
For information purposes: NPL ratio in accordance with EBA definition[2)]	2.0%	2.0%		

Any differences in totals are due to rounding effects.

1) Before single loan loss allowances and provisions before write-downs of securities to the lower of cost or market.
   Non-performing assets do not include:
   - €15 million (31 December 2023: €15 million) in risks transferred to third parties for non-performing assets that have been assumed by other banks and public sector entities and are therefore assigned to the party assuming liability (change in credit rating).
   - €4 million (31 December 2023: €4 million) in unutilised commitments for borrowers whose residual exposure is classified as a non-performing asset.
2) Receivables classified as non-performing/total receivables in accordance with Annex V of Commission Implementing Regulation (EU) 680/2014

Non-performing assets remained at a low level as of the reporting date.

Overall, the portfolio of non-performing assets and other exposures managed by the restructuring units was unchanged over 31 December 2023, coming to €0.5 billion as of 30 June 2024.

The coverage ratio of non-performing assets subject to single loan loss allowances, provisions and portfolio loan loss allowances attributable to non-performing assets stood at 40% (31 December 2023: 42%) at the reporting date.

Provisions for possible loan losses

Table: Provisions for possible loan losses – Group

	30 June 2024 in € million	30 June 2023 in € million	Change in %	31 Dec. 2023 in € million	Change in %
Development of single loan loss allowances/ provisions[1)]					
Opening balance	70.8	61.8	15%	61.8	15%
Utilisation	-25.3	-9.8	>100%	-28.1	-10%
Reversal	-5.0	-14.9	-66%	-21.4	-77%
Unwinding	-1.5	-0.6	>100%	-1.7	-12%
Additions to single loan loss allowances/provisions	26.7	36.3	-26%	60.2	-56%
Total single loan loss valuation allowances/ provisions	**65.7**	**72.8**	**-10%**	**70.8**	**-7%**
Portfolio loan loss allowances[2)]					
Opening balance	72.9	76.0	-4%	76.0	-4%
Addition/reversal	-2.6	-10.2	-75%	-3.1	-16%
Total portfolio loan loss allowances	**70.3**	**65.8**	**7%**	**72.9**	**-4%**
Total provisions for possible loan losses (including provisions)	**136.0**	**138.6**	**-2%**	**143.7**	**-5%**

Any differences in totals are due to rounding effects.

1) Not including portfolio loan loss allowances for contingent liabilities recognised as provisions

2) Including general valuation allowance for contingent liabilities recognised as provisions

As of 30 June 2024, single loan loss allowances and provisions were down on the beginning of the year due to higher utilisation and lower allocations compared to the same period in the previous year. The allocations of €26.7 million to single loan loss allowances and provisions mostly related to real estate and acquisition finance.

Portfolio loan loss allowances including country risk provisions for receivables from customers, receivables from banks, contingent liabilities and irrevocable loan commitments declined by €2.6 million in the first half of the year. The additional portfolio loan loss allowances of €6 million recognised as of 31 December 2023 for heightened latent risks in the acquisition finance and real estate portfolio were reversed.

Annualised net risk provisioning as a portion of the loan book stood at 29 basis points in the period under review (31 December 2023: 37 basis points).

Liquidity book[1)] by asset structure

Table: Volume by assets – Group

	30 June 2024 in € million	30 June 2024 in %	31 Dec. 2023 in € million	31 Dec. 2023 in %
Sovereign bonds	1,755	51%	1,783	55%
Covered bonds	519	15%	250	8%
Financial senior unsecured bonds	254	7%	288	9%
EU and supras	679	20%	663	21%
Corporate bonds	121	4%	118	4%
Agencies and government-guaranteed bonds	114	3%	125	4%
Total	**3,441**	**100%**	**3,227**	**100%**

Any differences in totals are due to rounding effects.

1) Bonds and other fixed-income securities as well as shares and other non-fixed-income securities excluding the Bank's own bonds and securities in the loan book; (excluding non-consolidated IKB balance in non-fixed-income securities).

Liquidity book[1] by geographical structure

Table: Volume by countries – Group

	30 June 2024 in € million	30 June 2024 in %	31 Dec. 2023 in € million	31 Dec. 2023 in %
Germany	1,122	33%	991	31%
EU[2]	679	20%	663	21%
France	324	9%	257	8%
Belgium	202	6%	182	6%
Poland	161	5%	193	6%
Other countries	953	28%	941	29%
Total	**3,441**	**100%**	**3,227**	**100%**

Any differences in totals are due to rounding effects.

1) Bonds and other fixed-income securities as well as shares and other non-fixed-income securities excluding the Bank's own bonds and securities in the loan book; (excluding non-consolidated IKB balance in non-fixed-income securities).

2) European Investmentbank and European Financial Stability Facility SA

Liquidity book[1] by credit rating structure

Table: Volume by credit ratings – Group

	30 June 2024 in € million	30 June 2024 in %	31 Dec. 2023 in € million	31 Dec. 2023 in %
1-4	3,153	92%	2,919	90%
5-7	289	8%	298	9%
8-10	-	0%	10	0%
11-13	-	0%	-	0%
14-15	-	0%	-	0%
Non-performing assets	-	0%	-	0%
Total	**3,441**	**100%**	**3,227**	**100%**

Any differences in totals are due to rounding effects.

1) Bonds and other fixed-income securities as well as shares and other non-fixed-income securities excluding the Bank's own bonds and securities in the loan book; (excluding non-consolidated IKB balance in non-fixed-income securities).

Liquidity risk

IKB's annual report for 2023 (see pages 42f.) should be referred to for details of the liquidity risks. No material adjustments were made in the first half of 2024.

Liquidity situation

In the light of its new lending business, the Bank expects its liquidity requirements to amount to around €0.6 billion (31 December 2023: €0.8 billion) over the next twelve months.

IKB has a liquidity contingency plan to cover potential liquidity bottlenecks that provides for a package of measures and a defined procedure for responding to a liquidity bottleneck.

As of 30 June 2024, the minimum liquidity balance is roughly €0.5 billion (31 December 2023: €0.4 billion) above the liquidity limit. Taking into account the legal maturities of asset and liability positions, the scope for raising funds from the central bank as well as in the secured interbank market and excluding the planned new lending business, the time to wall is 6 months ceteris paribus (assuming constant market values – 31 December 2023: 6 months). At the same time, the Bank has a free liquidity reserve of €1.4 billion (31 December 2023: €1.4 billion).

The minimum requirements with respect to the liquidity coverage ratio and the net stable funding ratio (NSFR) are 100%. The minimum requirements were complied with at all times. The LCR stood at 202% for the IKB Group (31 December 2023: 249%) and 182% for IKB AG (31 December 2023: 232%) as of 30 June 2024. The NSFR stood at 112% for the IKB Group (31 December 2023: 116%) and 113% for IKB AG (31 December 2023: 114%) as of 30 June 2024. The funding cost risk stands at €22.5 million as of 30 June 2024 (31 December 2023: €21.3 million).

Funding situation

In addition to financing customer lending business via the programme loans provided by the public-sector development banks on a matching-maturities basis, IKB primarily funds itself via collateralised financing in the interbank market (Eurex repo transactions / bilateral repo transactions), via the ECB and through deposit business. A total of 85% of the deposits are protected either by the statutory deposit guarantee scheme (EDB) or the deposit protection fund (ESF). The loan-to-deposit (LTD) ratio stands at 102% as of 30 June 2024, calculated as the Corporate Bank loan book according to segment reporting relative to liabilities to customers as stated in the consolidated balance sheet (31 December 2023: 101%).

Details are shown in the following table:

Funding source (HGB book values including deferred interest)	**30 June 2024 in € million**	**31 Dec. 2023 in € million**
Customer deposits	**3,864**	**3,801**
Retail customer deposits	3,280	3,192
Business customer deposits	585	608
Secured funding	**7,264**	**8,400**
Development loans	4,865	5,035
Interbank market	1,798	1,952
of which Eurex	1,648	1,843
of which other	150	109
ECB	600	1,414
of which TLTRO	210	513
of which open market	390	900
Unsecured funding	**150**	**161**
of which bearer bonds (including buybacks)	13	19
of which senior preferred	-	-
of which senior non-preferred	13	19
of which promissory note loans	137	142
of which senior preferred	15	15
of which senior non-preferred	122	127
of which other	0	0
Subordinated/hybrid funding	**551**	566
of which subordinated	475	491
of which hybrid (funding trust)	76	75
Equity	**1,249**	**1,225**
of which own funds	1,099	1,066
of which fund for general banking risks	150	159

Market price risk

There have been no material methodological adjustments to the models in the first half of 2024 compared with the disclosures contained in the 2023 Annual Report. Market price risks now also include inflation in addition to the existing interest, credit-spread, FX and equity risk drivers.

Comparison of market price risk profile as of the reporting date

The following table shows the year-on-year development of the market risk profile at the level of the risk consolidation group in terms of the interest rate basis point value, the credit spread basis point value and value at risk in the economic perspective at a 99.9% confidence level and applying a holding period of one year.

Table: Market price risk profile

in € million	Value at 30 June 2024	Value at 31 Dec. 2023
Interest rate basis point value (BPV)	**-0.7**	**-0.5**
Credit spread BPV	**-3.5**	**-3.6**
VaR – interest rate and volatility	110	86
VaR – credit spread	211	223
VaR – FX and volatility	24	10
VaR – other	86	37
Correlation effect	-210	-135
Risk buffer	50	50
Total VaR	**272**	**271**

Any differences in totals are due to rounding effects.

Despite the methodological adjustments, there was virtually no change in market price risks in the first half of the year.

Non-financial risks

IKB's annual report 2023 (see page 46) should be referred to for details on non-financial and operational risks. No material adjustments were made in the first half of 2024.

Operational risks

The gross loss volume identified in the first half of 2024 amounted to a total of €1.0 million at the level of the Group as well as IKB AG (first half of 2023: €0.1 million). In individual cases, the loss amounts are based on estimates, and in some cases it may not be possible to obtain accurate figures on the basis of updated information for these until later.

Legal risks

Legal risk is also included in non-financial risk and constitutes the risk of losses incurred through the violation of general statutory requirements, new statutory requirements or changes to or interpretations of existing statutory requirements (e.g., high court decisions) which are detrimental for the Bank. Liability risks resulting from contractual agreements also form part of legal risk.

The management of legal risks is the responsibility of the Governance and Legal division. The management of tax law risks is the responsibility of the Taxes team in the Finance division. If necessary, external law firms are consulted.

Contract templates and standardised texts are used in lending and related business for the most part. Deviations from these standard texts/templates and individually worded agreements and transactions are reviewed and approved using the central legal resources of the Governance and Legal division or the decentralised legal resources in the Credit Risk and Contract Management division, which come within the responsibility of the head of the Compliance and Legal division. All contract templates are continuously reviewed to determine whether modifications are required to allow for legislative changes or court rulings. When new business is commenced, the legal structure and assessment of the new products is overseen by the Governance and Legal division itself or under its responsibility as part of the new business process.

Legal developments which are of significance to the Bank's business are monitored partially by means of collaboration in the internal and external executive bodies and committees of the regulatory authorities and the Association of German Banks.

As an additional measure, the Governance and Legal division coordinates the Legal Development taskforce to identify regulatory and banking supervisory developments in order to determine their impact and coordinate the resulting implementation requirements for the Bank.

In legal proceedings, the Governance and Legal division protects the legal positions of IKB AG and the Group.

With regard to issues under tax law, the Taxes unit ensures the legally compliant declaration and defence of the Group's tax positions towards the tax authorities. External tax or legal advisors are consulted if necessary. At the level of IKB AG or its subsidiaries, additional tax expenses may arise from assessment periods that have not yet been audited. The last completed tax audit for the domestic consolidated group covers the assessment periods up to and including 2016 (VAT up to 2015). The audit for the assessment periods from 2017 until and including 2020 has continued in the current year. IKB is subject to constant follow-up tax audits.

IKB and Group companies are involved in legal proceedings. Material pending proceedings involving IKB and/or Group companies are summarised below. Generally speaking, provisions are set aside for these proceedings if they are sufficiently likely to result in obligations and the amount of such obligations can be determined with reasonable assurance. As the outcome of these proceedings involves considerable uncertainty, the possibility that new provisions must be recognised or their amount adjusted cannot be ruled out. This may impact IKB's earnings and cash flow in a given reporting period.

IKB has initiated several lawsuits in the United States in connection with structured credit products. In addition, claims for pension benefits equalling an amount in the single-digit millions calculated using actuarial methods were asserted against IKB under a former service contract.

Other risks

IKB's Group annual report for the year ending 31 December 2023 (pages 49 to 51) provides details of information security, IT, compliance, business, reputation and investment risks. There were no material changes in the period under review.

Personnel risks

The management of personnel risks is the responsibility of the individual central and back-office divisions and front-office units in collaboration with the Human Resources department. This includes maintaining the level of knowledge and experience employees need to carry out their duties and responsibilities. In the interests of high-level qualifications, IKB continuously invests in employee training and development management.

The number of resignations by employees does not currently represent an additional personnel risk, as these can be compensated for internally or temporarily through an external service provider, or the vacancies can be filled through recruitment. There is also no increased danger of staff leaving. The search for management and specialist staff remains challenging in the highly competitive employment market due to the shortage of skilled employees.

In order to cover future personnel requirements in the light of future demographic trends, IKB invests in young professionals, trainees and dual students.

For information on IKB's remuneration system, please refer to the Disclosure Report for the financial year 2023.

Opportunities

Details of the opportunities available to IKB can be found on pages 51f. of the annual report for 2023. The following changes arose in the period under review:

On the basis of the EU banking package and CRR III, which has since been adopted, IKB expects an easing of its RWA and a strengthening of its equity ratios. On a pro forma basis, this will strengthen the CET 1 ratio of up to +1.9 percentage points from 1 January 2025 when the core components of the new regulations come into force.

The expected positive effects compared to the current regulations primarily result from the permanent reduction in standard LGD (loss given default) in the foundation IRB approach from 45% to 40% and the reduction in the scaling factor in the formula for determining the RWA in the IRB approach from 1.06 to 1.0.

In December 2020, IKB received regulatory approval for the requested model change for the IRBA “Corporate Rating” system. This approval was subject to the inclusion of a PD (probability of default) markup. IKB expects the reduction in this PD markup to offer further potential for lowering RWAs in future years.

A possible sale of IKB by Lone Star may have a positive effect on the Company’s future business. IKB’s Board of Managing Directors remains open to implementing this project. This also involves gaining further investors.

Overall assessment of risk situation

Measured in terms of its regulatory capital and liquidity ratios, IKB generally continued to have sufficient resources. As of 30 June 2024, all capital ratios are in excess of the regulatory capital requirements on the basis of the normative perspective of risk-bearing capacity, meaning that IKB has sufficient scope for pursuing its business activities as planned. This takes into account of the changes already known in the minimum regulatory requirements. This also applies in the light of the additional temporary capital add-ons requirements in accordance with section 10 (3) sentence 1 of the KWG.

Given the slight decline in the utilisation of risk coverage potential as a result of the methodological adjustments, risk-bearing capacity remains unchanged in the economic perspective not only over the next 12 months but, based on the Bank’s planning, also for an additional period of at least two years.

In the case of both perspectives for risk-bearing capacity, regulatory changes as well as changed regulatory interpretations are impacting the Bank’s risk situation in addition to general risk trends.

IKB faces an economically challenging business environment. The main reasons for this are geopolitical tensions, e.g., the ongoing war in Ukraine and the conflict in the Middle East, and the further escalation of competition between the United States and China. In addition to the challenging market environment there are uncertainties regarding the upcoming US elections, the weak economic situation in Germany, the ECB’s continued restrictive monetary policy due to only slowly declining inflation rates and the high level of economic uncertainty combined with a further decline in corporate investment.

In this challenging market environment, non-performing assets remained low at the end of the first half of the year. Net risk provisioning also matched the forecast. IKB is maintaining its high lending standards in an economic environment characterised by protracted uncertainty. The aforementioned factors, with their unpredictable consequences for economic growth, among other things, may impact credit risks and, in particular, result in an increase in non-performing assets and necessitate elevated risk-provisioning by the Bank.

Despite this challenging environment, the market price risk position was virtually unchanged in the first half of the year. Given the ongoing uncertainty over the outlook for the economy and inflation, the response adopted by the central banks in response to this and the possibility of further measures being taken to reduce risk, the investment portfolio may come under pressure.

In view of the aforementioned uncertainties, IKB is continuously monitoring macroeconomic developments, the central banks’ monetary responses and market reactions and analysing their impact on IKB’s risk position and possible stress scenarios in order to actively manage and limit its risk exposure.

IKB continues to see business potential in the sustainability-oriented transformation of the German economy. IKB is supporting its customers by offering them sustainable loans and advice and helping to finance German mid-caps’ green transformation. To this end, products which IKB classifies as sustainable are being offered and scaled upwards. Overall, IKB believes that it has the opportunity to generate increases in net income thanks to the growth in its profitable new business, driven by financing the green transformation among other things, and lower administrative costs.

4. Outlook

Future general economic conditions

The global economy should pick up over the course of 2024. With inflation receding in the developed nations and real incomes rising, consumer demand will strengthen. Worldwide trade in goods and global industrial production look set to continue recovering from the second half of the year in particular.

Consequently, the German economy should also gain momentum. In its June forecast, the Bundesbank projects GDP growth of 0.2% for 2024 and 1.0% for 2025. In addition, the inflation rate should drop by more than half on average in the current year compared to 2023, with the core inflation rate falling more slowly. The sharp rise in the cost of services is unlikely to abate to any real degree in the further course of the year, particularly due to the heavy cost pressure coming from wages and salaries.

Given the improved inflation outlook, the ECB should continue reducing its key rates, although it will proceed cautiously in view of the still heavy uncertainty with respect to inflation. This year should see two more rate cuts, followed by a further four in 2025, all by 25 basis points at a time. This is likely to result in more favourable short-term interest rates on loans and in the capital market in particular. Interest rates are expected to remain virtually unchanged in the long term.

The Bundesbank assumes that consumer spending will emerge as a key driving force behind the economic recovery in Germany. Combined with a robust employment market and receding inflation, the sharp rise in wages and salaries will trigger a strong increase in real disposable incomes. In the second half of the year, exports should expand at a somewhat greater pace, subsequently more or less maintaining their rate of growth. However, as the German export industry is exposed to tough international competition, the impetus for demand generated by exports may not necessarily provide the same degree of support as was the case for a long period of time.

The environment for corporate spending is currently difficult. The persistent weakness in foreign demand in the industrial sector is dampening companies' willingness to invest. As well as this, further obstacles are impeding domestic capital spending. In a survey conducted by the Bundesbank, companies cited as key reasons the higher energy and wage costs as well as the shortage of skilled employees, uncertainty over the regulatory framework and the heavy burden caused by taxes and levies. Corporate spending is therefore likely to continue its recent decline for now, not embarking on a moderately upward trajectory until the end of the current year. Impetus is being generated by transformation efforts towards a climate-neutral economy.

Overall, construction spending is likely to continue contracting this year. Support will come from the growth in real incomes and the return to stable construction prices after years of rapid increases. Moreover, spending on existing buildings will be stepped up to improve their energy efficiency. The construction industry is still feeling the effects of the challenging market conditions. Numerous project development companies continue to face a difficult situation, with many still exposed to the threat of insolvency. Given persistently muted demand and further cancellations of orders already placed, this critical situation is unlikely to improve over the further course of 2024.

It is assumed that overall the payment defaults of German companies will continue to rise until the end of 2024, causing a return to the default levels seen during the global financial crisis and the euro crisis. Looking forward to 2025, a slight improvement in the macroeconomic situation should ease the pressure on companies.

According to the June bank lending survey, demand for loans in the German corporate sector rose in the second quarter of 2024 again for the first time in just under two years. The banks surveyed expect further growth in demand in corporate customer business in the third quarter. At the same time, the effects of climate change have spurred demand for loans from "green" companies (companies that make little or no contribution to climate change). Over the next twelve months, banks assume that climate change will drive demand for loans, particularly on the part of companies in the transformation process as well as "green" companies.

The projections available are subject to a number of uncertainties. The Bundesbank believes that the upside risks for inflation currently outweigh the downside ones. In the short term, there are opportunities for more rapid economic growth, although the downside risks predominate in the medium term. Geopolitical tensions remain a source of uncertainty and constitute upside risks for inflation and downside risks for economic output. Moreover, inflation could prove to be generally more stubborn. As well as this, the German economy's international competitiveness could deteriorate to a greater extent than assumed.

Forecast of results of operations, asset position and financial situation

IKB faces an economically challenging business environment. The main reasons for this are geopolitical tensions, e.g., the ongoing war in Ukraine and the conflict in the Middle East, and the further escalation of competition between the United States and China. In addition to the challenging market environment there are uncertainties regarding the upcoming US elections, the weak economic situation in Germany, the ECB's continued restrictive monetary policy due to only slowly declining inflation rates and the high level of economic uncertainty combined with a further decline in corporate investment. Against this backdrop, the Bank will continue its selective lending with a focus on good credit ratings in the second half of 2024. As a result, new business could be significantly lower than forecast as of the end of the financial year and the interest and fee/commission income could be moderately lower than forecasted, with a corresponding impact on the cost/income ratio. IKB expects concrete burdens on individual loans in the second half of the year, which should be partially offset by opposing effects in the same period.

Despite these uncertainties, IKB maintains its forecast for consolidated net income before taxes. Detailed information can be found in the outlook on page 55 of IKB's annual report for 2023.

Combined Interim Financial Statements of IKB Deutsche Industriebank AG and the Group

Consolidated balance sheet as of 30 June 2024

in € million	30 June 2024	31 Dec. 2023
Assets		
Cash reserve	**4.7**	**30.2**
a) Cash on hand	-	-
b) Balances with central banks	4.7	30.2
thereof: with Deutsche Bundesbank	4.7	30.2
c) Balances in postal giro accounts	-	-
Debt instruments of public sector entities and bills of exchange eligible for refinancing at central banks	**-**	**-**
Receivables from banks	**969.1**	**2,255.1**
a) Repayable on demand	203.4	1,503.5
b) Other receivables	765.8	751.6
Receivables from customers	**8,549.0**	**8,562.1**
thereof: mortgage loans	628.2	628.2
thereof: public sector loans	523.6	605.0
thereof: cash collateral	24.6	14.9
Bonds and other fixed-income securities	**3,348.5**	**3,098.0**
a) Money market securities	-	-
b) Bonds and notes	3,316.7	3,068.5
ba) Public sector issuers	2,409.4	2,405.8
thereof: eligible as collateral for Deutsche Bundesbank	2,363.1	2,405.8
bb) Other issuers	907.3	662.7
thereof: eligible as collateral for Deutsche Bundesbank	711.4	473.0
c) Own bonds	31.8	29.5
Nominal amount	44.8	41.0
Equities and other non-fixed- income securities	**299.0**	**301.8**
Equity investments	**0.2**	**0.2**
thereof: banks	0.2	0.2
thereof: financial services institutions	-	-
Shares in affiliated companies	**0.1**	**0.1**
thereof: banks	-	-
thereof: financial services institutions	-	-
Intangible assets	**0.8**	**0.9**
a) Internally generated industrial and similar rights and assets	-	-
b) Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	0.8	0.9
c) Goodwill	-	-
d) Advance payments made	-	-
Tangible assets	**1.4**	**1.6**
Called unpaid capital	**-**	**-**
Other assets	**83.0**	**88.4**
Prepaid expenses	**31.2**	**33.7**
Deferred tax assets	**119.0**	**119.0**
Excess of plan assets over post-employment benefit liability	**2.8**	**7.0**
Total assets	**13,408.8**	**14,498.2**

in € million				30 June 2024	31 Dec. 2023
Equity and liabilities					
Liabilities to banks				**7,369.6**	**8,508.1**
a)	Repayable on demand			155.7	107.6
b)	With agreed term or notice period			7,213.9	8,400.5
Liabilities to clients				**4,005.7**	**3,947.4**
a)	Savings deposits			-	-
b)	Other liabilities			4,005.7	3,947.4
	ba)	Repayable on demand		793.2	1,174.1
	bb)	With agreed term or notice period		3,212.5	2,773.3
Securitised liabilities				**13.3**	**19.2**
a)	Bonds issued			13.3	19.2
b)	Other securitised liabilities			-	-
Other liabilities				**66.2**	**74.2**
Deferred income				**19.5**	**23.2**
Deferred tax liabilities				**-**	**-**
Provisions				**146.7**	**154.6**
a)	Provisions for pensions and similar obligations			103.4	109.6
b)	Tax provisions			3.7	4.0
c)	Other provisions			39.6	41.1
Subordinated liabilities				**538.7**	**546.2**
	thereof: due within two years			8.0	5.0
Fund for general banking risks				**150.0**	**159.0**
	thereof: trading-related special reserve in accordance with section 340e (4) HGB			-	-
Equity				**1,099.1**	**1,066.3**
a)	Called-up capital			100.0	100.0
	Subscribed capital			100.0	100.0
	Less uncalled unpaid contributions			-	-
		Contingent capital		-	-
b)	Capital reserves			647.9	647.9
c)	Revenue reserves			187.0	164.6
	ca)	Legal reserve		2.4	2.4
	cb)	Reserve for shares in a parent or majority investor		-	-
	cc)	Statutory reserves		-	-
	cd)	Other revenue reserves		184.6	162.2
d)	Difference in equity from currency translation			-	-
e)	Net retained profits/net accumulated losses			164.2	153.8
f)	Non-controlling interests			-	-
Total equity and liabilities				**13,408.8**	**14,498.2**

Contingent liabilities		**981.3**	**1,031.5**
a)	Contingent liabilities from rediscounted and settled bills of exchange	-	-
b)	Liabilities from guarantees and indemnity agreements	981.3	1,031.5
c)	Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations		**604.2**	**599.2**
a)	Repurchase obligations from non-genuine repurchase agreements	-	-
b)	Placement and underwriting obligations	-	-
c)	Irrevocable loan commitments	604.2	599.2

Balance sheet of IKB Deutsche Industriebank AG as of 30 June 2024

in € million	30 June 2024	31 Dec. 2023
Assets		
Cash reserve	**4.7**	**30.2**
a) Cash on hand	-	-
b) Balances with central banks	4.7	30.2
thereof: with Deutsche Bundesbank	4.7	30.2
c) Balances in postal giro accounts	-	-
Debt instruments of public sector entities and bills of exchange eligible for refinancing at central banks	**-**	**-**
Receivables from banks	**965.5**	**2,252.2**
a) Repayable on demand	199.9	1,500.6
b) Other receivables	765.7	751.6
Receivables from customers	**8,836.1**	**8,849.2**
thereof: mortgage loans	628.2	628.2
thereof: public sector loans	523.6	605.0
thereof: cash collateral	24.6	14.9
Bonds and other fixed-income securities	**3,351.1**	**3,101.4**
a) Money market securities	-	-
b) Bonds and notes	3,348.6	3,098.1
ba) Public sector issuers	2,409.5	2,406.0
thereof: eligible as collateral for Deutsche Bundesbank	2,363.3	2,406.0
bb) Other issuers	939.1	692.1
thereof: eligible as collateral for Deutsche Bundesbank	743.2	502.3
c) Own bonds	2.5	3.4
Nominal amount	2.6	3.4
Equities and other non-fixed- income securities	**0.0**	**1.7**
Equity investments	**0.2**	**0.2**
thereof: banks	0.2	0.2
thereof: financial services institutions	-	-
Shares in affiliated companies	**42.8**	**42.8**
thereof: banks	-	-
Intangible assets	**0.8**	**0.9**
a) Internally generated industrial and similar rights and assets	-	-
b) Purchased concessions, industrial property rights and similar rights and assets and licences in such rights and assets	0.8	0.9
c) Goodwill	-	-
d) Advance payments made	-	-
Tangible assets	**1.4**	**1.6**
Other assets	**100.5**	**107.7**
Prepaid expenses	**31.1**	**33.6**
Deferred tax assets	**119.0**	**119.0**
Excess of plan assets over post-employment benefit liability	**2.8**	**7.0**
Total assets	**13,456.1**	**14,547.5**

in € million			30 June 2024	31 Dec. 2023
Equity and liabilities				
Liabilities to banks			**7,369.6**	**8,508.1**
a)	Repayable on demand		155.7	107.6
b)	With agreed term or notice period		7,213.9	8,400.5
Liabilities to clients			**4,027.7**	**3,966.4**
a)	Savings deposits		-	-
b)	Other liabilities		4,027.7	3,966.4
	ba)	Repayable on demand	803.7	1,178.3
	bb)	With agreed term or notice period	3,224.1	2,788.1
Securitised liabilities			**13.3**	**19.2**
a)	Bonds issued		13.3	19.2
b)	Other securitised liabilities		-	-
Other liabilities			**66.1**	**82.8**
Deferred income			**19.5**	**23.2**
Deferred tax liabilities			**-**	**-**
Provisions			**148.0**	**155.5**
a)	Provisions for pensions and similar obligations		101.8	108.0
b)	Tax provisions		3.7	4.0
c)	Other provisions		42.5	43.5
Subordinated liabilities			**538.7**	**546.3**
	thereof: due within two years		8.0	5.0
Profit participation capital			**-**	**-**
Fund for general banking risks			**150.0**	**159.0**
	thereof: trading-related special reserve in accordance with section 340e (4) HGB		-	-
Equity			**1,123.1**	**1,087.2**
a)	Called-up capital		100.0	100.0
	Subscribed capital		100.0	100.0
	Less uncalled unpaid contributions		-	-
		Contingent capital	-	-
b)	Capital reserves		647.9	647.9
c)	Revenue reserves		187.0	164.6
	ca)	Legal reserve	2.4	2.4
	cb)	Reserve for shares in a parent or majority investor	-	-
	cc)	Statutory reserves	-	-
	cd)	Other revenue reserves	184.6	162.2
e)	Net retained profits/net accumulated losses		188.2	174.7
Total equity and liabilities			**13,456.1**	**14,547.5**

Contingent liabilities		**1,056.4**	**1,106.6**
a)	Contingent liabilities from rediscounted and settled bills of exchange	-	-
b)	Liabilities from guarantees and indemnity agreements	1,056.4	1,106.6
c)	Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations		**638.2**	**633.2**
a)	Repurchase obligations from non-genuine repurchase agreements	-	-
b)	Placement and underwriting obligations	-	-
c)	Irrevocable loan commitments	638.2	633.2

Consolidated income statement for the period from 1 January to 30 June 2024

in € million	2024	2023
Expenses		
Interest expenses	**-171.0**	**-176.5**
thereof: positive interest	3.6	6.1
Commission expenses	**-1.3**	**-1.0**
Net trading result	**-**	**-**
General administrative expenses	**-65.8**	**-76.7**
a) Personnel expenses	-37.4	-45.2
aa) Wages and salaries	-31.5	-30.5
ab) Social security, post-employment and other employee benefit costs	-5.9	-14.7
thereof: for pensions	-1.1	-10.1
b) Other administrative expenses	-28.4	-31.5
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	**-0.3**	**-0.4**
a) On lease assets	-	-
b) On intangible and tangible assets	-0.3	-0.4
Other operating expenses	**-25.7**	**-35.7**
Write-downs of receivables and certain securities and additions to loan loss provisions	**-19.0**	**-22.4**
Write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets	**0.0**	**-2.2**
Costs of loss absorption	**-**	**-**
Extraordinary expenses	**0.0**	**-2.3**
Income taxes	**1.2**	**0.0**
Other taxes not reported under “Other operating expenses”	**0.0**	**0.0**
Net income for the year	**-32.8**	**-36.2**
Total expenses	**-314.7**	**-353.4**

in € million		2024	2023
Income			
Interest income from		**276.5**	**280.6**
a)	Lending and money market transactions	241.2	262.0
	thereof: negative interest	-1.0	-1.6
b)	Fixed-income securities and government-inscribed debts	35.3	18.7
	thereof: negative interest	-	-
Current income from		**1.9**	**2.8**
a)	Equities and other non-fixed-income securities	1.9	2.8
b)	Equity investments	0.0	-
c)	Shares in associated companies	-	-
d)	Shares in affiliated companies	-	-
Income from profit pooling, profit-transfer and partial profit-transfer agreements		**-**	**-**
Commission income		**8.6**	**10.4**
Net trading result		**-**	**-**
Income from reversals of write-downs of receivables and certain securities and from the reversal of provisions in lending business		**-**	**-**
Income from reversals of write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets		**0.0**	**0.5**
Other operating income		**18.6**	**59.2**
Income from winding up the fund for general banking risks		**9.0**	**-**
Extraordinary income		**-**	**-**
Income from assumption of losses		**-**	**-**
Net loss for the year		**-**	**-**
Total income		**314.7**	**353.4**
Net income/loss for the year		**32.8**	**36.2**
Non-controlling interests		**-**	**-**
Profit carryforward from the previous year		**153.8**	**142.0**
Withdrawals from revenue reserves		**-**	**-**
Withdrawals from capital reserves in accordance with section 272 (2) no. 1 to no. 3 HGB		**-**	**-**
Withdrawals from capital reserves in accordance with section 272 (2) no. 4 HGB		**-**	**-**
Withdrawals from profit participation capital		**-**	**-**
Withdrawals from silent partnership contributions		**-**	**-**
Allocations to revenue reserves		**-22.4**	**-31.3**
Replenishment of profit participation capital		**-**	**-**
Net retained profits/net accumulated losses		**164.2**	**146.8**

Income statement of IKB Deutsche Industriebank AG for the period from 1 January to 30 June 2024

in € million	2024	2023
Expenses		
Interest expenses	**-171.4**	**-177.1**
thereof: positive interest	3.6	6.1
Commission expenses	**-1.3**	**-0.9**
Net trading result	**-**	**-**
General administrative expenses	**-65.5**	**-76.4**
a) Personnel expenses	-37.4	-45.2
aa) Wages and salaries	-31.5	-30.5
ab) Social security, post-employment and other employee benefit costs	-5.9	-14.7
thereof: for pensions	-1.1	-10.1
b) Other administrative expenses	-28.1	-31.2
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	**-0.3**	**-0.4**
Other operating expenses	**-25.6**	**-49.3**
Write-downs of receivables and certain securities and additions to loan loss provisions	**-19.0**	**-22.4**
Write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets	**-0.2**	**-**
Costs of loss absorption	**-0.5**	**-2.2**
Extraordinary expenses	**0.0**	**-2.3**
Income taxes	**1.2**	**0.0**
Other taxes not reported under “Other operating expenses”	**0.0**	**0.0**
Profit transfer on the basis of profit pooling, profit-transfer and partial profit-transfer agreements	**-**	**-**
Net income for the year	**-35.9**	**-25.0**
Total expenses	**-318.6**	**-356.0**

in € million	2024	2023
Income		
Interest income from	**282.1**	**283.6**
a) Lending and money market transactions	247.6	265.8
thereof: negative interest	-1.0	-1.6
b) Fixed-income securities and government-inscribed debts	34.5	17.9
thereof: negative interest	-	-
Current income from	**0.0**	**2.3**
a) Equities and other non-fixed-income securities	-	2.3
b) Equity investments	0.0	-
c) Shares in affiliated companies	-	-
Income from profit pooling, profit-transfer and partial profit-transfer agreements	**-**	**-**
Commission income	**8.7**	**10.4**
Net trading result	**-**	**-**
Income from reversals of write-downs of receivables and certain securities and from the reversal of provisions in lending business	**-**	**-**
Income from reversals of write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets	**0.0**	**0.5**
Other operating income	**18.7**	**59.2**
Income from winding up the fund for general banking risks	**9.0**	**-**
Extraordinary income	**-**	**-**
Income from assumption of losses	**-**	**-**
Net loss for the year	**-**	**-**
Total income	**318.6**	**356.0**
Net income/loss for the year	**35.9**	**25.0**
Profit carryforward from the previous year	**174.7**	**183.6**
Withdrawals from revenue reserves	**-**	**-**
Withdrawals from capital reserves in accordance with section 272 (2) no. 1 to no. 3 HGB	**-**	**-**
Withdrawals from capital reserves in accordance with section 272 (2) no. 4 HGB	**-**	**-**
Withdrawals from profit participation capital	**-**	**-**
Withdrawals from silent partnership contributions	**-**	**-**
Allocations to revenue reserves	**-22.4**	**-31.3**
Replenishment of profit participation capital	**-**	**-**
Net retained profits/net accumulated losses	**188.2**	**177.3**

Notes to the interim financial statements and the consolidated interim financial statements

Applied accounting principles

(1) Preparation of the condensed interim financial statements and consolidated financial statements

The condensed interim financial statements of IKB Deutsche Industriebank AG (IKB AG), Düsseldorf, entered in the commercial register of the Düsseldorf Local Court under HRB 1130, and of the IKB Group (Group) as at 30 June 2024 are prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with the German Regulation on the Accounting of Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV) and relevant provisions of the German Stock Corporation Act (Aktiengesetz – AktG). The consolidated interim financial statements also take into account the German accounting standards (GAS) adopted by the Accounting Standards Committee of Germany (ASCG) and promulgated by the German Federal Ministry of Justice in accordance with section 342 (2) HGB.

These condensed interim financial statements and consolidated interim financial statements should be read in conjunction with the annual and consolidated financial statements of IKB AG as at 31 December 2023, which were audited and certified by EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

The 2024 6-month report of IKB AG as at 30 June 2024 comprises the consolidated balance sheet, the consolidated income statement, selected explanatory notes to the interim financial statements and the consolidated interim financial statements as well as a Group interim management report. The option of voluntarily preparing a (condensed) (consolidated) statement of changes in equity and a (condensed) (consolidated) cash flow statement has not been exercised. For information on the results and events of the current interim reporting period that are relevant to understanding the significant changes in the items of the consolidated balance sheet and consolidated income statement as compared with the comparative figures presented, please refer to the information on the results of operations, asset position and financial situation in the Group interim management report, in addition to the disclosures in the condensed notes to the consolidated interim financial statements.

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

The balance sheet and the income statement are structured in line with the forms for banks pursuant to section 2 RechKredV. The income statement is prepared in account form (RechKredV form 2).

Amounts are stated in millions of euros. Minor deviations may occur in the totals in the notes due to rounding. In IKB AG's interim financial statements and in the consolidated interim financial statements, amounts below €50,000 are presented as "0.0" and amounts of zero as "-".

These notes, the notes to the consolidated financial statements, management report and group management report are condensed. The condensed notes to the consolidated interim financial statements and the condensed notes to the interim financial statements of IKB AG have been combined. Unless stated otherwise, any statements made apply to both the Group and IKB AG.

IKB's financial year begins on 1 January and ends on 31 December.

With the exceptions outlined below, the accounting policies applied in the interim financial statements and consolidated interim financial statements are the same as those applied in the single-entity and consolidated financial statements as of 31 December 2023.

(2) Changes in presentation and measurement and corrections to financial statements

Interest payments in interest rate swaps always consist of an interest payment received and an interest payment made. In the past, the interest accrued for each interest rate derivative was presented in the balance sheet on a net basis, while the interest payments on maturity were recognised in interest income and interest expense on a gross basis. To standardise the approach, the interest payments for each interest rate derivative will from now on likewise be presented on a net basis in the income statement. As of June 30, 2024, interest income and interest expense each declined by €80.6 million. In the previous year, the netting of interest payments would have reduced interest income and interest expense by €32.7 million each.

(3) Consolidated group

In addition to IKB AG, 13 (31 December 2023: 13) subsidiaries were consolidated in the consolidated financial statements for the period ended 30 June 2024. 8 (31 December 2023: 10) further subsidiaries were not consolidated pursuant to section 296 (2) and section 311 (2) HGB due to being of only minor importance to the net assets, financial position and results of operations of the Group. Not consolidating these companies does not result in a significantly different view of the economic position of the Group than if they had been consolidated.

For further information, please see note (26).

(4) Consolidation principles

The consolidated financial statements were prepared in accordance with the uniform accounting policies applicable to IKB AG. The annual financial statements of the subsidiaries included that are neither banks nor financial services institutions have been reconciled to the structure of the RechKredV forms. There are no Group companies with reporting dates that differ from the Group reporting date.

The consolidation principles applied in the consolidated interim financial statements are the same as those applied in the consolidated financial statements as at 31 December 2023.

Since the German Act to Modernise Accounting Law (Bilanzrechtsmodernisierungsgesetz – BilMoG) entered into force, capital consolidation for companies consolidated for the first time has been carried out in accordance with the revaluation method pursuant to section 301 HGB. Prior to BilMoG's entry into force, companies consolidated for the first time were consolidated in accordance with the book value method.

Increases in the shares in subsidiaries are classified as a capital transaction within the meaning of GAS 23 – Accounting for Subsidiaries in Consolidated Financial Statements, and thus the assets and liabilities are not remeasured. Instead, the cost of the additional shares is offset against the non-controlling interests in equity attributable to these shares at the date on which these shares are acquired. Any difference remaining after this offsetting is offset directly against group equity.

Assets, liabilities, prepaid expenses, deferred income, expenses and income between the Group companies included are consolidated unless industry-specific accounting regulations prevent this. Intercompany profits or losses from internal transactions are eliminated unless immaterial.

(5) Provisions for possible loan losses

Risk provisions for possible loan losses comprise valuation allowances and provisions for all identifiable credit and sovereign risks and for latent default risks. The provisions for possible loan losses also include write-downs of securities held as current assets.

With regard to the calculation of the general valuation allowances and general provisions for loan losses, please also see the information on provisions for possible loan losses starting on page 75 of IKB's 2023 annual report.

Notes to the balance sheet

(6) Maturity structure of selected balance sheet items by remaining term

	Group		IKB AG	
in € million	30 June 2024	31 Dec. 2023	30 June 2024	31 Dec. 2023
Receivables from banks[1]	**765.8**	**751.6**	**765.7**	**751.6**
remaining term				
up to 3 months	279.9	30.5	279.9	30.5
more than 3 months up to 1 year	485.8	721.1	485.7	721.1
more than 1 year up to 5 years	-	-	-	-
more than 5 years	-	-	-	-
Receivables from customers	**8,549.0**	**8,562.1**	**8,836.1**	**8,849.2**
remaining term				
up to 3 months	757.3	655.6	757.4	655.7
more than 3 months up to 1 year	1,952.0	1,773.3	2,239.0	2,060.3
more than 1 year up to 5 years	5,005.7	5,225.1	5,005.7	5,225.1
more than 5 years	834.0	908.0	834.0	908.0
Liabilities to banks[1]	**7,213.9**	**8,400.5**	**7,213.9**	**8,400.5**
remaining term				
up to 3 months	2,397.4	3,061.7	2,397.4	3,061.7
more than 3 months up to 1 year	1,130.4	1,449.0	1,130.4	1,449.0
more than 1 year up to 5 years	2,870.9	3,003.0	2,870.9	3,003.0
more than 5 years	815.2	886.8	815.2	886.8
Liabilities to customers[1]	**3,212.5**	**2,773.3**	**3,224.1**	**2,788.1**
remaining term				
up to 3 months	668.4	455.6	671.8	462.3
more than 3 months up to 1 year	1,198.2	1,000.9	1,206.5	1,002.0
more than 1 year up to 5 years	1,212.5	1,207.4	1,212.5	1,214.4
more than 5 years	133.4	109.4	133.4	109.4

1) not including receivables or liabilities repayable on demand

Of the bonds and other fixed-income securities, €89.1 million (31 December 2023: €104.8 million) in the Group and €89.1 million (31 December 2023: €104.8 million) in IKB AG have a remaining term of up to one year. Of the bonds issued that are reported as securitised liabilities, €8.4 million (31 December 2023: €9.7 million) in the Group and €8.4 million (31 December 2023: €9.7 million) in IKB AG have a remaining term of up to one year.

(7) Repurchase agreements

As at the reporting date, assets of €2,156.2 million in the Group and €2,158.7 million in IKB AG recognised in the balance sheet in genuine repurchase agreements had been transferred as collateral in both the Group and IKB AG (31 December 2023: Group €2,328.5 million and IKB AG €2,331.8 million).

(8) Receivables from affiliated companies and other investees and investors

	Group			
	30 June 2024		31 Dec. 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Receivables from customers	-	-	-	-
Other assets	-	-	-	-

	IKB AG			
	30 June 2024		31 Dec. 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Receivables from customers	287.1	-	287.1	-
Bonds and other fixed-income securities	29.3	-	26.1	-
Other assets	17.8	-	20.1	-

The increase in bonds and other fixed-income securities in IKB AG results from the purchase of trust-preferred securities issued by IKB Funding Trust I, Wilmington, USA.

The decrease in other assets in IKB AG results from the settlement of receivables from profit transfer and from the repayment of an intragroup sub-interest in expected compensation payments arising from legal disputes.

(9) Fixed assets

Group:

in € million	Intangible assets	Tangible assets	Equity investments	Shares in affiliated companies	Bonds and other fixed-income securities	Equities and other non-fixed-income securities	Total
Cost as of 31 December 2023	**25.5**	**6.4**	**0.6**	**0.1**	**2,246.1**	**300.2**	**2,578.9**
Additions to the consolidated group	-	-	-	-	-	-	-
Additions	0.1	-	0.0	-	367.1	-	367.2
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	3.3	-	3.3
Disposals	-	-0.5	-	0.0	-95.9	-1.2	-97.6
Cost as of 30 June 2024	**25.5**	**5.9**	**0.6**	**0.1**	**2,520.6**	**299.0**	**2,851.7**
Accumulated depreciation/amortisation and write-downs and reversals thereof up to 31 December 2023	**-24.6**	**-4.8**	**-0.4**	**0.0**	**-**	**-**	**-29.8**
Reversal of write-downs	-	-	-	-	-	-	-
Depreciation/amortisation and write-downs	-0.1	-0.2	0.0	0.0	-	-	-0.3
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-	-
Disposals from the consolidated group	-	-	-	-	-	-	-
Disposals	-	0.5	-	0.0	-	-	0.5
Accumulated depreciation/amortisation and write-downs and reversals thereof up to 30 June 2024	**-24.7**	**-4.4**	**-0.4**	**0.0**	**-**	**-**	**-29.5**
Residual book value as of 30 June 2024	**0.8**	**1.4**	**0.2**	**0.1**	**2,520.5**	**299.0**	**2,822.0**
Residual book value as of 31 December 2023	**0.9**	**1.6**	**0.2**	**0.1**	**2,246.1**	**300.2**	**2,549.1**

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

IKB AG:

in € million	In-tangible assets	Tangible assets	Equity investments	Shares in affiliated com-panies	Bonds and other fixed-income securities	Total
Cost as of 31 December 2023	**25.5**	**6.4**	**0.2**	**659.1**	**2,249.5**	**2,940.7**
Additions	0.1	-	-	0.2	367.1	367.4
Reclassifications	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	3.3	3.3
Disposals	-	-0.5	-	-0.1	-96.7	-97.3
Cost as of 30 June 2024	**25.6**	**5.9**	**0.2**	**659.2**	**2,523.2**	**3,214.1**
Accumulated depreciation/amortisation and write-downs and reversals thereof up to 31 December 2023	**-24.6**	**-4.8**	**-**	**-616.3**	**-**	**-645.7**
Reversal of write-downs	-	-	-	-	-	-
Depreciation/amortisation/write-downs	-0.1	-0.2	-	-0.2	-	-0.5
Reclassifications	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-
Disposals	-	0.5	-	0.0	-	0.5
Accumulated depreciation/amortisation and write-downs and reversals thereof up to 30 June 2024	**-24.7**	**-4.4**	**-**	**-616.5**	**-**	**-645.6**
Residual book value as of 30 June 2024	**0.8**	**1.4**	**0.2**	**42.8**	**2,523.2**	**2,568.4**
Residual book value as of 31 December 2023	**0.9**	**1.6**	**0.2**	**42.8**	**2,249.5**	**2,295.0**

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

Tangible assets relate exclusively to operating and office equipment both in the Group and in IKB AG.

The “Bonds and other fixed income securities” item largely comprises European government bonds and bank bonds.

In the Group, the “Equities and other non-fixed-income securities” item particularly includes shares in special funds allocated to fixed assets.

The Group’s unrealised losses from securities held as fixed assets total €311.0 million (31 December 2023: €284.0 million). They are based on carrying amounts of €2,417.3 million (31 December 2023: €1,887.3 million) and fair values of €2,106.3 million (31 December 2023: €1,603.3 million). IKB AG’s unrealised losses from securities held as fixed assets totalled €312.6 million (31 December 2023: €286.2 million). This is based on carrying amounts of €2,201.9 million (31 December 2023: €1,942.4 million) and fair values of €1,889.3 million (31 December 2023: €1,656.2 million).

No write-downs were recognised for these impairments in the Group or in IKB AG because the differences are not expected to be permanent within the meaning of section 253 (3) HGB.

(10) Subordinated assets

	Group		IKB AG	
in € million	**30 June 2024**	**31 Dec. 2023**	**30 June 2024**	**31 Dec. 2023**
Receivables from customers	8.9	9.1	8.9	9.1
Bonds and other fixed-income securities	29.3	26.1	29.3	26.1
Total	**38.2**	**35.2**	**38.2**	**35.2**

The rise in subordinated assets is attributable to the fact that IKB AG bought preferred shares (trust-preferred securities) issued by IKB Funding Trust I, Wilmington, USA, which are reported under bonds and other fixed-income securities.

(11) Disclosures on investment funds

Investment funds in which consolidated Group companies or IKB AG hold a share of more than 10% break down by form of investment as follows:

	Group				IKB AG			
in € million	Book value 30 June 2024	Fair value 30 June 2024	Difference to book value 30 June 2024	Distribution 2024	Book value 30 June 2024	Fair value 30 June 2024	Difference to book value 30 June 2024	Distribution 2024
Mixed funds	201.8	201.8	-	2.0	201.8	201.8	-	2.0
Other special funds	299.0	298.3	-0.7	1.9	-	-	-	-
Total	**500.8**	**500.1**	**-0.7**	**3.9**	**201.8**	**201.8**	**-**	**2.0**

	Group				IKB AG			
in € million	Book value 31 Dec. 2023	Fair value 31 Dec. 2023	Difference to book value 31 Dec. 2023	Distribution 2023	Book value 31 Dec. 2023	Fair value 31 Dec. 2023	Difference to book value 31 Dec. 2023	Distribution 2023
Mixed funds	200.2	200.2	-	3.0	200.2	200.2	-	3.0
Other special funds	300.2	301.9	**1.7**	11.7	-	-	-	5.8
Total	**500.4**	**502.1**	**1.7**	**14.7**	**200.2**	**200.2**	**-**	**8.8**

Mixed funds comprise investments of the CTA assets in a domestic special-purpose fund. If the offsetting of CTA assets against pension obligations (for each pension plan) results in an excess of CTA assets, this is reported under “Excess of plan assets over post-employment benefit liability”. If the offsetting results in an excess pension obligation, this is recognised as a pension provision. As of 30 June 2024, the domestic special-purpose fund consisted mainly of fixed-income investment funds and other funds.

Other special funds include units in foreign special funds that particularly invest in European and North American fixed-income securities. Distributions from investment funds are recognised in the income statement in the “Equities and other non-fixed-income securities” item. Capital distributions are reported as a reduction in the book value.

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

(12) Other assets

The “Other assets” item includes the following:

in € million	Group 30 June 2024	Group 31 Dec. 2023	IKB AG 30 June 2024	IKB AG 31 Dec. 2023
Foreign currency adjustment asset	2.7	5.1	2.7	5.1
Receivables from tax authorities	12.4	15.1	12.0	14.6
Deferrals for derivatives	48.3	44.8	48.3	44.8
Trade receivables	3.7	3.6	3.7	3.6
Receivables from affiliated companies	-	-	17.8	20.1
Miscellaneous assets	16.0	19.8	15.9	19.5
Total	**83.0**	**88.4**	**100.5**	**107.7**

The foreign currency adjustment asset includes translation differences on currency derivatives in the non-trading book that are included in the special cover in accordance with section 340h HGB.

(13) Prepaid expenses

"Prepaid expenses" break down as follows:

in € million	Group 30 June 2024	Group 31 Dec. 2023	IKB AG 30 June 2024	IKB AG 31 Dec. 2023
Discounts on liabilities recognised at their nominal value	0.2	0.4	0.2	0.4
Deferred income for the derivatives business and for credit default swaps accounted for like guarantees	21.0	25.4	21.0	25.4
Prepaid expenses for invoices paid in advance	10.0	7.9	10.0	7.8
Total	**31.2**	**33.7**	**31.2**	**33.6**

(14) Deferred tax assets

in € million	Group 30 June 2024	Group 31 Dec. 2023	IKB AG 30 June 2024	IKB AG 31 Dec. 2023
Excess deferred tax assets	119.0	119.0	119.0	119.0

(15) Liabilities to affiliated companies and other investees and investors

	Group			
	30 June 2024		31 Dec. 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Liabilities to clients	-	-	-	-

	IKB AG			
	30 June 2024		31 Dec. 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Liabilities to clients	22.0	-	19.0	-
Other liabilities	0.0	-	6.1	-
Subordinated liabilities	75.1	-	75.1	-

(16) Other liabilities

The "Other liabilities" item breaks down as follows:

in € million	Group		IKB AG	
	30 June 2024	31 Dec. 2023	30 June 2024	31 Dec. 2023
Obligations from derivatives	-	1.9	-	1.9
Deferrals for derivatives	23.8	31.0	23.8	31.0
Foreign currency adjustment liability	22.9	13.9	22.9	13.9
Liabilities to tax authorities	3.4	0.2	3.3	0.0
Deferred income for subordinated liabilities	11.3	20.1	11.3	21.2
Trade payables	2.0	3.2	2.0	3.2
Miscellaneous liabilities	2.8	3.8	2.8	11.5
Total	**66.2**	**74.2**	**66.1**	**82.8**

(17) Deferred income

“Deferred income” breaks down as follows:

in € million	Group		IKB AG	
	30 June 2024	31 Dec. 2023	30 June 2024	31 Dec. 2023
Discounts on receivables recognised at their nominal value	3.8	4.6	3.8	4.6
Deferred income for the derivatives business and for credit default swaps accounted for like guarantees	15.7	18.6	15.7	18.6
Total	**19.5**	**23.2**	**19.5**	**23.2**

(18) Pension provisions

The reported pension provisions stand at €103.4 million (31 December 2023: €109.6 million) in the Group and at €101.8 million (31 December 2023: €108.0 million) in IKB AG. The decline in pension provisions is attributable to the rise in the actuarial interest rate and the positive performance of plan assets.

The indirect pension obligations not recognised in the balance sheet are covered by corresponding plan assets. There is no accounting deficit (negative difference between plan assets and obligations) for either pension plan.

The difference in accordance with section 253 (6) HGB amounts to:

30 June 2024 in € million	Group	IKB AG
Measurement of the obligation at the average market interest rate for the past 10 years	338.6	337.0
Measurement of the obligation at the average market interest rate for the past 7 years	337.3	335.7
Difference in accordance with section 253 (6) HGB	**-1.3**	**-1.3**

(19) Fund for general banking risks

The fund for general banking risks had a balance of €150.0 million (31 December 2023: €159.0 million) at the level of the Group as well as of IKB AG.

(20) Other financial obligations

As of the reporting date, “Other financial obligations” totalled €419.8 million (31 December 2023: €502.2 million) in both the Group and IKB AG.

The decrease is mainly attributable to the fact that the loan exposures transferred as collateral for potential recourse liabilities to the Deposit Protection Fund in connection with liabilities to customers declined to €366.5 million (31 December 2023: €457.9 million) in both the Group and IKB AG. This was set against an increase in obligations from IT services, to €23.1 million (31 December 2023: €14.1 million), due to the conclusion of a new IT services agreement.

Notes to the income statement

(21) Extraordinary income and expenses

The net extraordinary expense amounted to €0.0 million (previous year: net expense of €2.3 million) in the Group and to €0.0 million (previous year: net expense of €2.3 million) in IKB AG. In the previous year, it had solely concerned extraordinary expenses and had been mainly attributable to the restructuring of bank operations in both the Group and IKB AG.

(22) Other operating expenses

The “Other operating expenses” item breaks down as follows:

	Group		IKB AG	
in € million	**2024**	**2023**	**2024**	**2023**
Expenses from derivatives in the non-trading book	-19.4	-25.3	-19.4	-25.3
Expenses from additions to provisions	-0.7	-0.4	-0.7	-0.1
Expense from discount factor unwinding on pension obligations and change in the discount rate	-	-2.1	-	-2.1
Fair-value measurement of the CTA assets	-	1.3	-	1.3
Expenses for hedging business risks	-0.8	-0.8	-0.8	-0.8
Legal and project costs	-4.1	-7.7	-4.1	-7.7
Expenses from the write-down of an intra-Group sub-interest in expected payments arising from legal disputes	-	-	-	-13.9
Other expenses	-0.6	-0.6	-0.6	-0.6
Total	**-25.7**	**-35.7**	**-25.6**	**-49.3**

Expenses from derivatives in the non-trading book relate in particular to close-outs of derivative transactions in the banking book. These expenses are offset by income in the “Other operating income” item. The decline in legal and project costs is mostly attributable to lower legal costs in connection with lawsuits initiated by IKB.

(23) Costs of loss absorption

In the period under review, IKB AG incurred loss absorption costs of €0.5 million (previous year: €2.2 million). In the reporting period, the costs related to the recognition of a provision for loss absorption obligations under the profit and loss transfer agreement with the subsidiary IKB Beteiligungsgesellschaft 2 mbH. In the previous year, the costs had related to the recognition of a provision for loss absorption obligations under the profit and loss transfer agreement with the subsidiary IKB Beteiligungsgesellschaft 3 mbH.

(24) Income taxes

Income taxes are generally calculated by applying the expected effective income tax rate to earnings before income taxes (GAS 16.24).

For IKB AG’s German tax group, income taxes are calculated on the basis of the earnings as at the interim reporting date as a more exact estimate (GAS 16.25).

(25) Other operating income

The “Other operating income” item breaks down as follows:

	Group		IKB AG	
in € million	**2024**	**2023**	**2024**	**2023**
Income from derivatives in the non-trading book	16.5	56.7	16.5	56.7
Income from the release of provisions	0.7	2.0	0.7	2.0
Miscellaneous other operating income	1.3	0.4	1.3	0.4
Expense from discount factor unwinding	-2.2	-	-2.2	-
Income from fair-value measurement of CTA assets	2.5	-	2.5	-
Income from compensation payments and damages payments	0.0	0.1	-	0.0
Total	**18.6**	**59.2**	**18.7**	**59.2**

Income from derivatives in the non-trading book relates in particular to close-outs of derivative transactions in the banking book.

(26) List of shareholdings as of 30 June 2024

30 June 2024		Fiscal year	Equity interest in %
1. Domestic companies (fully consolidated)			
IKB Beteiligungsgesellschaft 1 mbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
IKB Beteiligungsgesellschaft 2 mbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
IKB Beteiligungsgesellschaft 3 mbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
IKB Invest GmbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
Istop 1 GmbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
Istop 2 GmbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
Istop 4 GmbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
Istop 6 GmbH, Düsseldorf	2)	1 Jan. – 31 Dec.	100.00
2. Foreign subsidiaries (fully consolidated)			
IKB Finance B.V., Amsterdam, Netherlands		1 Jan. – 31 Dec.	100.00
IKB Funding LLC I, Wilmington, United States of America		1 Jan. – 31 Dec.	100.00
IKB Funding Trust I, Wilmington, United States of America		1 Jan. – 31 Dec.	100.00
IKB International S.A. i.L., Munsbach, Luxembourg	3)	1 Jan. – 31 Dec.	100.00
IKB Lux Investment S.à r.l., Munsbach, Luxembourg		1 Jan. – 31 Dec.	100.00
3. German subsidiaries (not included in consolidation on the basis of section 296 (2) HGB[4])	1)		
IKB New 1 GmbH, Düsseldorf		1 April – 31 March	100.00
IKB Projektentwicklungsverwaltungsgesellschaft mbH i.L., Düsseldorf	3)	1 Oct. – 30 Sept.	100.00
IKB Real Estate GmbH, Düsseldorf		1 Jan. – 31 Dec.	100.00
Restruktur 3 GmbH, Düsseldorf		1 April – 31 March	100.00
4. Special-purpose vehicles (not included in consolidation on the basis of section 296 (2) HGB[4])	1)		
RIO DEBT HOLDINGS (IRELAND) DESIGNATED ACTIVITY COMPANY, Dublin, Irland			
Rosaria Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Heimstetten KG, Grünwald			
5. German associates/joint ventures (not accounted for using the equity method on the basis of section 311 (2) HGB[4])	1)		
FUNDINGPORT GmbH, Hamburg		1 Jan. – 31 Dec.	40.00
6. Foreign associates/joint ventures (not accounted for using the equity method on the basis of section 311 (2) HGB[4])	1)		
FUNDINGPORT SOFIA EOOD, Sofia, Bulgaria		1 Jan. – 31 Dec.	40.00

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) Profit and loss transfer agreement
3) in liquidation
4) The Bank exercises the option of not including companies in consolidation where they are of only minor importance to the net assets, financial position and results of operations of the Group.

The companies consolidated are shown in the list of shareholdings. Accordingly, the separate lists of shareholdings and companies consolidated have been dispensed with in the interests of greater clarity.

(27) Related-party transactions

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

(28) Derivative financial instruments not measured at fair value

Group:

30 June 2024 in € million	Nominal	Fair value Positive	Negative	Book value Assets	Equity and liabilities
Interest-related derivatives	12,321.9	534.4	622.3	52.9	35.7
Currency-related derivatives	238.8	0.4	2.2	0.4	2.2
Derivatives assigned to several categories	101.7	2.8	23.9	2.7	21.3
Total	**12,662.4**	**537.6**	**648.4**	**56.0**	**59.2**

IKB AG:

30 June 2024 in € million	Nominal	Fair value Positive	Negative	Book value Assets	Equity and liabilities
Interest-related derivatives	12,321.9	534.4	622.3	52.9	35.7
Currency-related derivatives	238.8	0.4	2.2	0.4	2.2
Derivatives assigned to several categories	101.7	2.8	23.9	2.7	21.3
Total	**12,662.4**	**537.6**	**648.4**	**56.0**	**59.2**

(29) Unrealised gains and losses

The table shows the unrealised gains and losses for the following material financial balance-sheet items and off-balance sheet derivatives of the IKB Group. In addition, it includes the unrealised net gains and losses on credit default swaps, which are accounted for in the same way as loan collateral provided.

Group	30 June 2024			31 Dec. 2023		
in € million	**Book value**	**Fair value**	**Difference**	**Book value**	**Fair value**	**Difference**
Receivables from banks	969.1	969.4	0.3	2,255.1	2,257.4	2.3
Receivables from customers	8,549.0	8,448.7	-100.3	8,562.1	8,503.0	-59.1
Bonds and other fixed-income securities	3,348.5	3,055.5	-293.0	3,098.0	2,884.4	-213.6
Equities and other non-fixed- income securities	299.0	298.4	-0.6	301.8	305.7	3.9
Derivative financial instruments not measured at fair value	56.0	537.6	481.6	57.0	551.9	494.9
Credit default swaps recognised as loan collateral pledged	16.0	26.2	10.2	18.3	27.0	8.7
Subtotal	**13,237.6**	**13,335.8**	**98.2**	**14,292.3**	**14,529.4**	**237.1**
Liabilities to banks	7,369.6	7,121.0	248.6	8,508.1	8,261.7	246.4
Liabilities to clients	4,005.7	3,958.5	47.2	3,947.4	3,901.1	46.3
Securitised liabilities	13.3	13.0	0.3	19.2	18.7	0.5
Subordinated liabilities	538.7	482.5	56.2	546.2	438.6	107.6
Derivative financial instruments not measured at fair value	59.2	648.4	-589.2	60.3	678.7	-618.4
Credit default swaps recognised as loan collateral pledged	3.1	0.3	2.8	5.2	0.9	4.3
Subtotal	**11,989.6**	**12,223.7**	**-234.1**	**13,086.4**	**13,299.7**	**-213.3**
Total			**-135.9**			**23.8**

The unrealised gain or loss is calculated by comparing the net book value and the fair value. The recognition of specific valuation allowances has no influence on unrealised gains or losses, as specific valuation allowances recognised are also taken into account in the calculation of fair value. The book value is treated as being equal to fair value for receivables and liabilities repayable on demand and prepaid expenses/deferred income.

The fair values of receivables that are calculated for reporting in the notes are calculated using the discounted cash flow method. Fair value is calculated using assumptions that would arise when market prices are determined between independent business partners who use similar parameters for their purchase price calculation. The future cash flows of the loans are recognised taking into account value contributions from floor agreements. The measurement model for floating rate loans takes into account assumptions concerning unscheduled payments. Discounting is carried out using term-differentiated swap rates on the reporting sheet date plus a credit spread derived using IKB's internal risk measurement methods. The credit spread for a loan fluctuates according to changes in the measured standard risk costs, which are determined by the customer's internal rating, the collateral situation and the expected remaining term of the loan on the measurement date. Moreover, pre-tax returns of third parties derived from balance-sheet equity, IKB's administrative expenses and the funding costs that are observed on the market for banks with an A or AA rating are also taken into account.

Receivables from development loans, which are matched by individual refinancing loans on the liability side of the balance sheet, are measured without taking funding costs into account. The present value of individual refinancing loans on the liability side of the balance sheet is calculated by discounting the interest and principal repayment cash flows using matched-term, risk-free swap rates.

Securities (including securitised subordinated liabilities) are measured at the stock-exchange or market price on the reporting date if a liquid price is available. A stock-exchange or market price is considered to be liquid if the number of available price quotations exceeds a minimum number defined in accordance with an analysis based on statistical methods. This applies to both traded and non-traded observable prices. If no prices are available at the reporting date, the fair value is calculated on the basis of price information from market data providers and tested for plausibility using suitable methods. If no stock-exchange prices or price information from contractual providers are available for securities, the value is calculated on the basis of the Bank's own measurement models by discounting expected cash flows. The discount rate is calculated using the risk profile of similar securities. Parameters not observed on the market are also used for this. The fair values for the fund units recognised in the IKB Group correspond to the net asset value attributable to the fund units held.

The fair value of derivatives in the non-trading book is calculated in accordance with the measurement hierarchy set out in section 255 (4) HGB. The fair values of derivatives not traded on stock exchanges are determined on the basis of mathematical measurement models and market data (including interest rates, interest-rate volatilities and exchange rates). Future cash flows are derived using currency-specific and tenor-specific swap curves. The amount, timing and certainty of cash flows depend on, among other things, the development of interest rates and exchange rates, contractual regulations on payment dates for the derivative and the credit quality of the counterparty. Secured derivatives are discounted using the currency-based overnight index curve.

To calculate the fair values for liabilities to customers and banks, the contractual cash flows are discounted using a matched-term swap rate plus the funding costs specific to IKB. The funding costs are derived from the costs of comparable issues.

(30) Significant events after 30 June 2024

There were no significant events after 30 June 2024.

(31) Executive bodies

Board of Managing Directors

Dr Michael H. Wiedmann (Chairman)

Dr Patrick Alfred Trutwein

Steffen Zeise

Supervisory Board

Dr Karl-Gerhard Eick (Chairman), management consultant

Claus Momburg (Deputy Chairman), independent gentleman

Sven Boysen[1)], employee representative (until 14 March 2024)

Franziska Engel[1)], employee representative (from 14 March 2024)

Paxton W. Flesher, Managing Director of Hudson Advisors UK Limited

Dr Lutz-Christian Funke, Director of KfW

Evgeniy Kazarez, Director of Hudson Advisors Portugal, LDA

Arndt G. Kirchhoff, Chairman of the Advisory Board of KIRCHHOFF Automotive Holding Verwaltungs GmbH

Jörn Walde[1)], employee representative

Dr Jan Wisser[1)], employee representative

1) Elected by the employees

Notes on segment reporting

Segment reporting is based on the internal income statement, which forms part of IKB’s management information system. It is presented in accordance with internal management reporting, which is used by the Board of Managing Directors to assess the performance of the segments and to allocate resources. Segment reporting is prepared in accordance with the guidance contained in DRS 28

and is based on the Bank’s product units. Each segment is treated as an independent entity responsible for its own profit and loss and the requisite capitalisation.

Segmentation

Reporting is based on a product approach with the following business segments:

- Public Programme Loans
- Corporate Bank
- Corporate Centre.

The Public Programme Loans segment includes income and expenses from development loans granted to mid-cap customers as well as consulting services for obtaining and applying for development loans.

The Corporate Bank segment is composed of the services provided in connection with internally financed corporate banking business. In addition to financing and advisory services in traditional lending business, this also includes supporting customers in capital market activities.

The income and expense items from Funding & Asset Liability Management and the investment portfolio are reported in the Corporate Centre. Non-attributable costs of other central functions are also allocated to this segment.

Segment results and key figures

The segments are treated as independent entities with their own capital. Capital is allocated on the basis of the risk-weighted assets with a calculatory CET 1 ratio of 12% derived from the minimum requirements for regulatory own funds plus a capital buffer. Income and expenses are allocated to the segments in accordance with their responsibility for profit and loss. In line with standard industry practice, interest income and expense are reported on a net basis, as net interest income is a key performance indicator for assessing the segment's profitability. In the Public Programme Loans segment, interest income on loans is compared with the funding expenses of the development banks. Actual funding costs arising from private and corporate client deposits are netted between the Corporate Centre segment and the Corporate Bank segment. The return on allocated own funds is also transferred from the Corporate Centre and distributed across the Public Programmes Loans segment and the Corporate Bank segment. The interest margin is the ratio of net interest income and risk costs in the Public Programme Loans and Corporate Bank segments to the corresponding volumes of the loan book. Risk costs equal the quotient of net risk provisioning and the applicable average value of the loan book.

The personnel and administrative expenses of the central units are allocated to the segments in accordance with their origin and by means of transfer pricing. Project costs are allocated to the segments if the projects are directly related to these segments. Administrative expenses for projects and corporate functions with a corporate or regulatory background are reported in the Corporate Centre.

The risk provisions reported in the segments equal the net additions to and reversals of allowances for losses on loans and advances and recoveries on loans and advances previously written off.

The tax result is calculated in the Corporate Bank and Public Programme Loans segments on the basis of a notional tax rate of 10.9% (previous year: 12.5%) specific to IKB. This figure is reconciled with the Group tax result in the Corporate Centre.

The performance of a segment is measured on the basis of net profit after tax, the cost/income ratio and the return on equity. The cost/income ratio is calculated as the quotient of administrative expenses and gross income (net interest income and net fee and commission income). The return on equity is calculated as the ratio of earnings after taxes to income to average allocated equity derived from a 12-percent imputed capital charge for risk-weighted assets in accordance with the CRR.

Segment report

Table: Segment reporting – Group

in € million	Public Programme Loans		Corporate Bank		Corporate Centre		IKB	
	Jan 1 – June 30 2024	Jan 1 – June 30 2023	Jan 1 – June 30 2024	Jan 1 – June 30 2023	Jan 1 – June 30 2024	Jan 1 – June 30 2023	Jan 1 – June 30 2024	Jan 1 – June 30 2023
Net interest income	37	37	54	63	17	7	107	107
Net fee and commission income	2	2	4	5	2	2	7	9
Gross income	**38**	**40**	**58**	**68**	**19**	**9**	**115**	**116**
Administrative expenses	-18	-22	-22	-21	-26	-34	-66	-77
Operating profit before risk provisions	**20**	**18**	**36**	**47**	**-7**	**-25**	**49**	**39**
Provisions for possible loan losses	-7	5	-7	-17	0	0	-13	-12
Operating profit	**13**	**22**	**29**	**30**	**-7**	**-25**	**35**	**28**
Net other income	0	0	0	0	-4	9	-4	9
Income before taxes	**13**	**22**	**29**	**30**	**-11**	**-16**	**32**	**36**
Tax expense/income	-1	-3	-3	-4	6	6	1	0
Consolidated net result	**12**	**19**	**26**	**26**	**-5**	**-10**	**33**	**36**
New business	404	631	641	935	-	-	1,045	1,565
Loans outstanding as of the reporting date	4,875	5,021	4,104	4,321	5,950	7,538	14,929	16,880
Risk-weighted assets	2,565	2,510	3,098	3,266	1,539	1,695	7,201	7,471
Average CET 1 capital at 12%	312	305	369	404	185	205	866	914
Interest margin (%)	1.46	1.47	2.64	2.91			1.99	2.13
Cost/income ratio (%)	46.9	55.3	38.3	31.1			57.6	66.3
Risk costs (%)	0.28	-0.18	0.32	0.76			0.29	0.25
Return on equity (%)	7.6	12.8	13.9	13.0			7.6	7.9

Any differences in totals are due to rounding effects.

Performance of the segments

The Public Programme Loans segment, which includes income and expenses from IKB's activities in connection with the grant of public programme loans to mid-cap customers and the provision of advice on obtaining and applying for such loans, generated net profit after tax of €12 million (previous year: €19 million). The new business volume was at €0.4 billion, compared with €0.6 billion in the previous year. The return on equity in the segment decreased to 7.6% (previous year: 12.8%) due to the higher risk provisioning. The cost/income ratio dropped to 46.9%, down from 55.3% in the previous year, due to lower administrative expenses.

The Corporate Bank segment, which combines our financing and advisory services in traditional lending business with support for our customers in capital market activities, generated net profit after tax of €26 million (previous year: €26 million). The new business volume was at €0.6 billion (previous year: €0.9 billion). The return on equity in the segment widened from 13.0% in the previous year to 13.9%, primarily as a result of the lower equity allocated. Gross income dropped from €68 million to €58 million particularly as a result of higher funding costs for customer loans. Consequently, the cost/income ratio climbed from 31.1% in the previous year to 38.3%.

The Corporate Centre, which includes profit and loss from our funding operations and asset/liability management and the investment portfolio as well as company-related costs (e.g. for the external audit of the annual financial statements and, in the previous year, the EU bank levy) and the unallocated costs of central functions, reported a net loss after tax of €5 million (previous year: net loss of €10 million). Lower administrative expenses resulting from the discontinuation of the EU bank levy contribution were offset by the lower net other income from derivative positions in the banking book, among other factors.

Düsseldorf, 8 August 2024

IKB Deutsche Industriebank AG

The Board of Managing Directors

Dr Michael H. Wiedmann	Dr Patrick Trutwein	Steffen Zeise

Note on forward-looking statements

This report contains forward-looking statements. Forward-looking statements are statements that do not describe past events; they also include statements on IKB's assumptions and expectations. These statements are based on the planning, estimates and forecasts currently available to the management of IKB. Forward-looking statements therefore apply only on the day on which they are made. IKB does not assume any obligation to update such statements in light of new information or future events.

By their nature, forward-looking statements contain risks and uncertainty factors. A large number of important factors could cause actual results to differ significantly from forward-looking statements. Such factors include economic developments, the condition and development of the financial markets in Germany, Europe, the US and other places where IKB generates income from securities trading, the possible default of borrowers or counterparties in trades, the implementation of our management agenda, the reliability of risk management policies, procedures and methods, and the liquidity situation.

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(Only the German version of this report is legally binding.)