Annual Report 2024

(1 January – 31 December 2024)

IKB Deutsche Industriebank

IKB Group key figures

Income statement (in € million)	1 Jan – 31 Dec 2024	1 Jan – 31 Dec 2023
Net interest income	205	224
Net fee and commission income	16	20
Gross income	220	244
Administrative expenses	-139	-147
Operating profit before risk provisions	81	97
Net risk provisioning	-45	-34
Net other income	20	0
Income before taxes	56	63
Tax expense/income	5	3
Consolidated net result	61	65
Interest margin on loan book (%)	1.90	2.22
Cost of risk of loan book (%)	0.50	0.37
Return on equity (%)	7.2	7.3
Cost/income ratio (%)	63.2	60.1
Adjusted cost/income ratio[1)] (%)	58.0	52.3

Balance sheet (€ million)	31 Dec 2024	31 Dec 2023
Own funds component CET 1 (fully phased)	1,236	1,215
Total assets	14,075	14,498
Loan book	8,515	9,019
Loan to deposit ratio (%)	98	101

Regulatory key figures (%)[2)]	31 Dec 2024	31 Dec 2023
RWA (€ billion, fully phased)	6.7	7.2
CET 1 ratio (fully phased)	18.5	16.8
Tier 1 ratio (fully phased)	18.5	16.8
Own funds ratio (fully phased)	23.3	22.5
NPA ratio in the loan book	2.3	1.9
Leverage ratio (fully phased)	7.6	7.2
Liquidity coverage ratio	366	249

Employees	31 Dec 2024	31 Dec 2023
Full-time employees (FTE) on the reporting date	592	568

Any differences in totals are due to rounding effects.

1) Adjusted for one-off operating expenses, in particular for projects in the regulatory environment, in the amount of €11 million (previous year: € 9 million) and one-off effects in pension expenses in €10 million in the previous year.

2) Disclosures taking into account the phase-in and phase-out provisions of the CRR; the CET 1 ratios were calculated in accordance with the current legal status of the CRR as at the respective reporting date and the known interpretations of the supervisory authorities and their interpretation. It cannot be ruled out that EBA/ECB standards/interpretations or other supervisory actions may retroactively lead to a different CET 1 ratio.

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Letter from the Chairman of the Board of Managing Directors

Ladies and Gentlemen,

In the financial year 2024, we celebrated our 100th anniversary together with our customers and employees: 100 years of banking history, in which we have evolved from a traditional bank to a modern and forward-looking company since our foundation in 1924 as a bank for German industrial bonds. Every challenge has taught us that together we bear responsibility for our future – equal opportunities, sustainable growth and individual development have become our guiding principles. Our anniversary celebrations in the branches have once again made us realise how closely our mid-cap customers are connected to IKB and how strongly we are anchored in the German mid-cap sector. This deep relation with us is a strong asset – both on the customer side and on the employees side. IKB is more than just a bank, it is a driver of change and can be a partner for a better future.

In the financial year 2024, we generated income before taxes of €56 million, which was influenced by a tense economic and political environment. In other areas we are on track. We have our cost structures under control, maintained our high-risk standards and modernised our IT infrastructure. Our capital position is comfortable, and we have sufficient liquidity.

New business in the 2024 financial year was €2.2 billion, down on the previous year's figure of €2.7 billion. The main influencing factors were the increasing reluctance of German mid-cap to invest in the political and economic environment and IKB's selective lending policy. IKB anticipates an increase in new business for credit products in 2025 and is convinced to be well positioned with its mid-cap customers for climate protection financing solutions. Impressive evidence of this is the successful arrangement of a syndicated green loan facility in early 2025 in the amount of €1 billion for Eurogrid GmbH and its transmission system operator 50Hertz. IKB acted as sole bookrunner, mandated lead arranger, KfW coordinator and facility agent for this transaction. The projects to be financed will connect offshore wind farms with a total capacity of 4,000 MW to the onshore 50Hertz transmission grid. Total investment requirements were financed via the KfW programme "Climate protection offensive for companies" to promote the green transformation in Germany. IKB was the guarantor for the rapid realisation of this complex project together with 11 banks.

IKB has gained a further partner in the European Investment Bank with the signing of a guarantee facility to secure a credit volume of €400 million. This agreement strengthens IKB's position as a transformation financier in the mid-cap sector. The guarantee facility will be used to finance projects to improve the carbon footprint in particular for 2025.

Consolidated net income before taxes totalled €56 million in the reporting period and was below the forecast of around €70 million. The main influencing factors were lower net interest and commission income as well as credit spread-related price developments for AAA-rated bonds, particularly in the fourth quarter, and higher than expected individual provisions for possible loan losses. In contrast, a partial withdrawal of the fund for general banking risks was recognised in the income statement.

At €220 million, cumulative net interest and commission income was below the previous year's figure of €244 million. On the market side, higher refinancing expenses for private and corporate customer deposits due to competition were responsible for the decline. This was exacerbated by the increasingly restrained willingness to invest by German mid-cap companies. IKB also continued its highly selective lending practices. Net fee and commission income also declined as a result of lower new lending business and reduced capital market activities on the part of customers. Due to the ongoing uncertainties resulting from the economic and geopolitical environment, we expect net interest and commission income to be moderately lower in 2025 than in the previous year.

Administrative expenses decreased from €147 million in the previous year to €139 million in the reporting period. This includes one-off effects, particularly for projects in the regulatory environment, in the amount of €11 million. This was due to the decline of personnel expenses from €83 million to €76 million. Other administrative expenses as well as amortisation, depreciation and write-downs on intangible and tangible assets remained unchanged at €63 million. For the financial year 2025, the Bank expects administrative expenses to be at the level of 2024. The Bank is aiming for administrative expenses of around €115 million.

Net risk provisioning of €45 million was above the expected level of €35 million due to an individual case in a challenging environment. Total loan book remained robust, however. 90% of new customers are investment grade. No negative credit rating migrations were observed across the portfolio. Non-performing assets changed from €172 million in the previous year to €195 million and remained relatively stable; the ratio of non-performing assets remained low at 2.3% (previous year: 1.9%) with a declining loan book. IKB believes that its loan book is robustly positioned thanks to the consistent focus on good credit ratings in its new business over the past few years. We therefore anticipate lower provisions for possible loan losses of €-25 million in 2025. The consistent risk policy is flanked by active portfolio and risk management. In order to better compensate for future market fluctuations, the Bank will continue to review measures for active investment portfolio management or risk reduction in the financial year 2025, the implementation of which could have an impact on the total.

At 63% the cost/income ratio was slightly higher than the previous year's figure of 60% and was influenced by lower income from net interest and commission income while costs fell. Despite the decline in gross profit, we expect the cost/income ratio to be below 70% in 2025. At 7.2%, the return on equity was slightly below the previous year's figure of 7.3%.

With the increase in the CET 1 ratio from 16.8% to 18.5%, IKB significantly exceeded its expectations of maintaining the ratio at the previous year's level in the financial year 2024. The main factor here was the decline in risk-weighted assets. The effects of the anticipated negative credit rating migrations in the credit portfolio due to the economic situation were lower than expected, which improved the credit rating structure. There was also a reduction in new business.

IKB finds itself in an increasingly challenging regulatory and economic environment. It is remarkable how well our bank has held its own in this volatile environment and has successfully positioned itself strategically. It is thanks to the high level of expertise and commitment of the whole IKB team that we have been able to navigate safely through difficult phases. This profound expertise and the flexibility of our employees are the foundation of our company. On behalf of the Board of Managing Directors, we would like to express our sincere thanks for this. We support our mid-cap customers in their operational business as they realise their transformation investments in order to improve their competitiveness and resilience in difficult times.

Düsseldorf, March 2025

M. Wiedmann

Dr Michael H. Wiedmann

Report of the Supervisory Board

In the financial year 2024, the Supervisory Board fulfilled the duties and obligations incumbent upon it in accordance with law, regulations, Articles of Association, and its rules of procedure. The Supervisory Board supervised management by the Board of Managing Directors and advised it on the management of the company. The Supervisory Board was involved in all decisions of fundamental importance to the bank.

Overview

In its supervisory and advisory activities, the Supervisory Board received regular, timely, and on specific occasions comprehensive reports, from the Board of Managing Directors, in both oral and written form. The Board of Managing Directors informed the Supervisory Board continuously of the business operations and the economic and financial development of the IKB Group and IKB AG. Other focal points of reporting were the general development of IKB, the development of the Group’s risk situation as well as the processing of the findings from the follow-up audit conducted by the Bundesbank pursuant to Section 44 (1) of the German Banking Act (KWG). Furthermore, the Supervisory Board addressed Group planning and the actual development of business in the financial year 2024. The Chairmen of the Supervisory Board and the Board of Managing Directors also consulted regularly on key developments and decisions.

Reports by the Board of Managing Directors on the business situation and on specific issues were supplemented by written presentations and documentation which each member of the Supervisory Board received for preparation purposes prior to the meeting. The members of the Supervisory Board were also provided with the annual financial statements and consolidated financial statements, the combined management report, the dependent company report, and the auditors’ reports in due time prior to the meeting convened to review the annual financial statements. The members of the Risk and Audit Committee and the Supervisory Board plenary meeting also received the half yearly financial report and quarterly reports in due time for preparation purposes.

A total of 21 meetings of the Supervisory Board and its committees were held. Where necessary, individual resolutions were passed by circular between meetings. If members of the Supervisory Board were unable to attend the meetings, they were absent with valid excuse.

Topics of the Supervisory Board plenary meeting

The Supervisory Board held six meetings in the financial year 2024. In addition to the meetings were held in January, March, May, August, and November a constitutive meeting of the Supervisory Board took place in March after the Annual General Meeting.

Throughout the financial year, the Board of Managing Directors kept the Supervisory Board continuously informed about the Bank's current business performance and overall bank management in a macroeconomic and geopolitical environment that continues to be challenging overall and, in particular, presented and explained the Bank's liquidity, risk and earnings position in detail. The development of the investment portfolio and related efforts to further minimize risk and reduce complexity were also presented. The Board of Managing Directors was also in close contact with the Chairman of the Supervisory Board on specific occasions.

At all regular Supervisory Board meetings in the financial year 2024, the Supervisory Board was able to form a detailed opinion on the general development of the bank based on written and oral reporting by the Board of Managing Directors. The Board of Managing Directors also informed the Supervisory Board about current supervisory and regulatory developments, e.g. with regard to ESG and in particular with regard to the IT requirements of DORA and presented the related project activities and the integration with the project to change IT provider. The Board of Managing Directors also explained to the Supervisory Board how the Group's new business volume and earnings had developed. It also went into more detail on the performance of the individual business segments and reported on the capital and financial position including taxes and the Group risk. The Supervisory Board was continuously informed by the Board of Managing Directors about the regulatory capital situation of the IKB Group and the status of significant legal disputes.

At the meeting in January 2024, the Supervisory Board especially addressed Group planning for 2024 and set the targets for the members of the Board of Managing Directors for the financial year 2024.

At its meeting convened to review the annual financial statements in March 2024, the Supervisory Board examined inter alia the annual financial statements and consolidated financial statements, the combined management report and the dependent company report prepared by the Board of Managing Directors for the past financial year 2023. The Board of Managing Directors also gave a comprehensive written and oral explanation of the risk situation of the IKB Group including the recovery indicators defined in the recovery plan. Group Internal Audit gave its annual report for the financial year 2023. EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft („EY“), Stuttgart, reported on the audit findings, and the Chairman of the Risk and Audit Committee reported on the preparation for auditing the annual financial statements and consolidated financial statements as of 31 December 2023 together with the combined management report and dependent company report for the financial year 2023. The annual financial statements and consolidated financial statements were adopted resp. approved by the Supervisory Board. No objections were raised to the declaration of the Board of Managing Directors in the closing statement of the dependent company report. The Supervisory Board also examined the Board of Managing Directors’ proposal for the appropriation of profits. In this context, it assessed in particular the situation of the Bank, also taking into account the measures resulting from processing of the findings of the audit pursuant to Section 44 (1) of the German Banking Act (KWG) and the overall political and economic uncertainties and raised no objections. The report of the Supervisory Board for the financial year 2023 was also approved. The agenda also included the verification of the target achievement and corresponding determination of the variable remuneration for the individual members of the Board of Managing Directors for the financial year 2023, as well as the verification and decision on the granting of the retained variable remuneration for the members of the Board of Managing Directors for past financial years. The Supervisory Board approved the determination of the total amount of variable remuneration for the financial year 2023, taking into account the requirements of Section 7 of the InstitutsVergV.

The members of the Supervisory Board also examined and reviewed the combined separate non-financial report for the financial year 2023 prepared by the Board of Managing Directors. Following the final result of the Supervisory Board's own review of the combined separate non-financial report for the financial year 2023, no objections were raised. The report was published on IKB's website on 30 April 2024.

At its following meetings in May, August and November 2024, the Supervisory Board deliberated respectively on the business development and Group risk including the recovery indicators stipulated in the recovery plan and also addressed in this context the regulatory capital position, especially with respect to the further supervisory requirements. The meetings in each case also addressed the quarterly Internal Audit report. The Board of Managing Directors informed the Supervisory Board on all these topics both in written and oral form.

The Board of Managing Directors provided the Supervisory Board with comprehensive information on business policy and fundamental management issues in a timely manner, both in writing and oral, including the strategic development of IKB, including the discussion of the business and risk strategy with the consistent IT strategy, including the newly introduced AI strategy, as well as the outsourcing strategy and the DOR strategy (strategy for digital operational resilience), which was also newly developed as further sub-strategies of the business and risk strategy 2025.

The Board of Managing Directors informed the Supervisory Board continuously about the status of the follow-up audit of the Bundesbank and the processing of the resulting findings and corresponding further developments in risk management.

The Supervisory Board also dealt with the annual efficiency review for the Board of Managing Directors and the Supervisory Board. It took note of the Remuneration Officer's report and dealt with the bank's remuneration systems.

In addition, the Supervisory Board dealt with the Annual General Meeting of IKB in March 2024 and adopted the respective resolution proposals of the Supervisory Board to the Annual General Meeting. It dealt, among other topics, with the proposed resolutions for the forthcoming elections to the Supervisory Board.

IKB's Advisory Board, which was formed to provide business advice and to engage in a close exchange of ideas on economic and economic policy issues, was re-appointed by the Supervisory Board until the end of the financial year 2027. Due to the non-implementation of the CSRD into national law, the responsibility for deciding on the performance of an external audit of non-financial reporting in 2024 remained with the Supervisory Board. The Supervisory Board has again decided not to have a voluntary external audit carried out of the combined separate non-financial report prepared by the Board of Managing Directors for the financial year 2024. The Supervisory Board continues to support the mandating of a specialized auditing company to provide advice on the preparation of the non-financial report for the financial year 2024 in accordance with the regulations. The Board of Managing Directors has received appropriate advice.

Activities of the Committees

The Supervisory Board has formed various committees to perform its duties efficiently: the Supervisory Board Executive Committee, the Risk and Audit Committee, the Remuneration Control Committee and the Nomination Committee. The committees prepare the deliberations and resolutions in plenary sessions. In addition, the committees have also been assigned their own decision-making responsibilities. The Supervisory Board Executive Committee held five meetings in the financial year 2024 and the Risk and Audit Committee held six meetings, one of which was a joint meeting. The Remuneration Control Committee and the Nomination Committee each met three times, with one meeting also being held as a joint meeting.

The Supervisory Board Executive Committee mainly prepared the meetings of the Supervisory Board. In particular, current economic, supervisory and regulatory developments and strategic objectives were discussed. Management measures requiring approval, such as a major loan resolution, were also the subject of discussions and resolutions by the Supervisory Board Executive Committee. In addition, the Supervisory Board Executive Committee and the Risk and Audit Committee held a joint meeting to discuss Group planning for 2024 as well as quantitative and qualitative personnel planning.

The work of the Risk and Audit Committee focused on monitoring the accounting process, the effectiveness of the internal control system, risk management, the internal audit system, the risk strategy and compliance as well as the audit of the financial statements, in addition to the topics discussed jointly with the Supervisory Board Executive Committee. The annual financial statements and the consolidated financial statements and the appointment of the auditor were discussed in detail. The Risk and Audit Committee issued the audit mandate to the auditors and agreed the fee with them. One focus was on reviewing the independence of the auditor, the quality of the audit and the additional services provided by the auditor. In addition to monitoring the audit fees, the committee again approved a catalog of permissible non-audit services (pre-approval catalog), which may be provided by the auditor without further prior approval from the Risk and Audit Committee. In addition, the Risk and Audit Committee granted the auditor pre-approval in accordance with the IESBA for non-audit services to companies that control IKB. The Compliance Officer explained her annual report for the past reporting year, which was made available to all members of the Supervisory Board. The annual report of Internal Audit for the financial year 2023 was also explained to the Risk and Audit Committee.

The Remuneration Control Committee addressed the bank’s remuneration systems, especially the remuneration system of the Board of Managing Directors and reviewed their principles for adequacy. The Remuneration Control Committee also prepared the resolutions of the Supervisory Board relating to remuneration. It also had the Remuneration Officer explain the Remuneration Control Report to it.

The Nomination Committee discussed the proposals to the Supervisory Board for the election of Supervisory Board members by the Annual General Meeting on 14 March 2024. It also performed the tasks incumbent upon it in accordance with Section 25d (11) KWG and dealt in particular with the regular efficiency review of the Board of Managing Directors and Supervisory Board.

The members of the committees also consulted with each other outside of meetings and were in contact with the Board of Managing Directors.

The plenary meetings were regularly provided with accounts of the activities of the Committees.

Audit of the annual financial statements and consolidated financial statements

Acting on the proposal of the Supervisory Board, the Annual General Meeting appointed EY as auditors for the annual financial statements for the financial year 2024 and the consolidated financial statements and for any reviews or any audits of all other interim financial statements resp. interim consolidated financial statements and interim management reports resp. interim Group management reports which are prepared prior to the Annual General Meeting for the financial year 2025. EY audited the annual financial statements of IKB AG and the Group and the combined management report for IKB AG and the Group and issued unqualified audit opinions. The audits of and deliberation on the annual financial statements, the consolidated financial statements and the relevant combined management report and the related written audit reports of EY for the financial year 2023 by the Risk and Audit Committee and the plenary meeting of the Supervisory Board took place on 12 and 13 March 2025. The auditors participated in these deliberations. At the meeting of the Supervisory Board on 13 March 2025, they reported on the key findings of their audit, including findings in respect of the internal control and risk management system of the Bank relating to the accounting process, answered questions and provided additional information. There were no circumstances which gave reason to doubt the impartiality of the auditors. The auditors furthermore informed the Supervisory Board of all additional services provided by them.

The Supervisory Board approved the results of the audit at its meeting on 13 March 2025. Based on the final result of the Supervisory Board's own examination of the annual financial statements and the consolidated financial statements and the combined management report, there are no objections to be raised. The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Board of Managing Directors on 25 February 2025 at its meeting on 13 March 2025. The annual financial statements for the financial year 2024 have, therefore, been adopted.

The Supervisory Board also examined the proposal for the appropriation of profits submitted by the Board of Managing Directors. In this context, it particularly assessed the company's situation, also taking into account the continuation of the measures resulting from the review in accordance with Section 44 (1) of the German Banking Act (KWG) and the existing overall political and economic uncertainties. The Supervisory Board agrees with the Board of Managing Directors' proposal for the appropriation of profits.

Review and approval of the dependent company report

The report on business relationships with affiliated companies for the financial year 2024 (dependent company report) which was presented by the Board of Managing Directors was also examined by the auditors. The dependent company report was issued with the following unqualified audit opinion: "Having duly examined and assessed this report, we confirm that the factual statements made in the report are correct, the company's consideration with respect to the legal transactions listed in the report was not inappropriately high, and there are no circumstances that indicate a materially different assessment of the measures listed in the report from that given by the Board of Managing Directors."

At the meetings held on 12 and 13 March 2025, first the Risk and Audit Committee and then the Supervisory Board also deliberated on and reviewed the dependent company report. The members of the Supervisory Board resp. Committees received both the dependent company report and the related audit report of the auditors in good time before the respective meeting, enabling them to address the respective contents intensively. The auditors also participated in the deliberations on the dependent company report of the Supervisory Board and the Risk and Audit Committee. At the meeting of the Supervisory Board on 13 March 2025, they reported on the result of their audit and were available to answer questions. The Supervisory Board approved the result of the dependent company report at its meeting on 13 March 2025.

In accordance with the result of its own review by the Supervisory Board, no objections were raised against the declaration of the Board of Managing Directors at the end of the dependent company report for the financial year 2024.

Personalia – Supervisory Board

Mr Paxton Flesher and Mr Claus Momburg were re-elected to the Supervisory Board as shareholder representatives by resolutions of the Annual General Meeting on 14 March 2024.

In the election held on 21 February 2024, with effect from the end of the Annual General Meeting on 14 March 2024, Mr Jörn Walde was re-elected and Ms Franziska Engel was elected for the first time as employee representatives to the Supervisory Board; Mr Sven Boysen's mandate ended at this time.

At the constitutive meetings following this Annual General Meeting, Mr Momburg was re-elected as Deputy Chairman of the Supervisory Board and as a member 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.

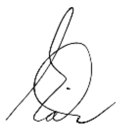
Personalia – Executive Board

There were no personnel changes on the Board of Managing Directors of IKB in the reporting period. At the meeting of the Supervisory Board on 25 January 2024, Mr Zeise was reappointed as a member of the Board of Managing Directors until 31 March 2027.

The Supervisory Board thanks the members of the Board of Managing Directors and all employees of the IKB Group for their personal commitment and contributions in the past financial year.

Düsseldorf, 13 March 2025

The Supervisory Board



Dr Karl-Gerhard Eick

Chairman

Business highlights

- Consolidated profit before taxes of €56 million below previous year (previous year: €63 million)
- Return on equity (RoE) after taxes at 7.2% (previous year: 7.3%)
- Administrative expenses reduced to €139 million (previous year: €147 million)
- Adjusted cost/income ratio at 63% (previous year: 60%), adjusted 58%
- Higher provisions for possible loan losses of €45 million (previous year: €34 million) with a lower NPA ratio of 2.3% (previous year: 1.9%) in the loan book
- Common Equity Tier 1 ratio (fully phased) improved from 16.8% to 18.5%

Combined management report for the 2024 financial year

1. Basic information on the Group

The business model of IKB Deutsche Industriebank AG (IKB as a synonym for the Group and IKB AG for the individual company) is geared towards the upper mid-cap market in Germany. These include companies with an annual turnover of more than €100 million, which generally are well capitalized and have ample liquidity and particularly low default rates. Since its foundation in 1924, IKB has seen itself as a partner to German mid-caps and has stable customer relationships for many years. The Bank is characterised by a deep understanding of mid-cap issues and the needs of its customers. Expertise and mutual trust form the basis of this close cooperation and the corporate values "professional", "committed" and "reliable" are the standards by which IKB measures itself.

Product segments, sales structure and range of services

IKB's product units are divided into three segments:

- The Public Programme Loans segment includes income and expenses from promotional loans granted to mid-cap customers as well as advice on accessing and applying for public programme loans.
- The Corporate Bank segment combines services from the self-funded corporate client business, including financing and advisory services in the traditional lending business and support for capital market activities.
- Income and expense items from funding & asset liability management and the investment portfolio are presented in the Corporate Centre segment.

As of 31 December 2024, IKB employed around 592 employees (full-time equivalents). With an integrated approach comprising regional sales, sector and product groups, IKB ensures needs-based and solution-orientated support for its customers. Personalised local support is made possible by a sales network with six locations in different regions. IKB's range of services comprises credit and structuring advice, including capital market products. In doing so, IKB ensures a disciplined credit pricing policy and an appropriate risk/return profile. In addition, the Bank develops financing solutions for its clients that can be utilised independently of the Bank's own balance sheet. This includes supporting companies on the capital market, for example by issuing promissory notes or bonds.

As part of a joint venture with Hypoport SE, IKB also holds a 40% stake in FUNDINGPORT GmbH and operates its own platform sales organisation, IKB Finanzierungsmarktplatz. Since 1 January 2022, it has been financing projects from customers with annual revenue of between €10 million and €100 million to financing Banks via the FUNDINGPORT GmbH platform.

Funding expertise and ESG focus

Public programme loans are an important product focus. IKB's customer advisors have in-depth expertise in this area and can advise their customers on tailored promotional product solutions. IKB has a market share of 17.05% (31 December 2024) in relevant KfW Bankengruppe (KfW) promotional loan programmes. IKB's competitors are large universal banks and some larger institutions from the public banking sector. IKB's many years of expertise in public programme loans play a key role in the ESG (environmental, social, governance) strategy in particular.

For IKB, it is an essential part of its corporate identity to make a relevant contribution to protecting the environment and society and to promoting a sustainable economy. For this reason, sustainable action is a key component of the corporate strategy. IKB pursues the goal of a sustainable range of products and services and thus play an active role in the “green transformation”.

Liquidity and risk management

As part of its liquidity management, the Bank invests in capital markets securities with good credit ratings as well as in standard derivatives, which are generally concluded with central counterparties to manage the portfolio risk. The focus of liquidity investments is on short and medium-term maturities. For long and ultra-long maturities, the Bank aims to reduce the portfolio over time.

IKB has a solid core capital base. The Bank can draw on a stable and diversified deposit base for refinancing. Private customers and corporate clients are offered the opportunity to contribute to the financing of German mid-caps with their investments. In addition, there is the use of public programme loans for mid-caps, which does not require any further refinancing activities on the part of IKB. The dependence on the capital market is therefore low.

Regulatory requirements

IKB is supervised by the German supervisory authorities, i.e. the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank. IKB is not currently categorised as a potentially systemically important institution.

Regulation results in framework conditions that can also influence the business model: Regulatory requirements now affect almost all areas and processes or are part of the overall organisational and operational structure. A high level of cost discipline, close management of risk-weighted assets and the anticipation of possible future regulations therefore remain highly relevant for IKB's business model. IT security also plays an important role. IKB is currently working on optimising its IT architecture in order to further increase the Banks's operational efficiency. In addition to the implementation of regulatory requirements, the continuous modernisation of the core banking systems is also important for the digitalisation of business processes and further strategic development.

2. Economic report

Macroeconomic and industry-specific conditions

Global economic growth was slightly below its long-term average over the course of 2024, with the global economy supported primarily by the services sector. Inflation has been falling in the major economies since 2022, although the decline slowed in 2024.

The central banks of the major economies began to loosen their monetary policy in 2024. The European Central Bank (ECB) lowered the deposit rate four times from June by 25 basis points each time to a level of 3.0%. The Federal Reserve followed suit in September 2024 with a rate cut of 50 basis points and in November and December by 25 basis points to a target corridor of 4.25% to 4.75%. These interest rate adjustments mark the first cuts since the start of monetary policy tightening in 2022, meaning that monetary policy is likely to have a less restrictive effect on financial conditions.

Growth in the US economy remained robust in 2024 at 2.7%. In China, on the other hand, the crisis on the property market persisted and continued to impact private consumption. As domestic demand weakened, the importance of exports for the economy increased. Economic activity in the eurozone has gained some momentum in recent quarters. Price momentum continues to slow, and the inflation rate is approaching the ECB's inflation target. As a result, average inflation was 2.2% and gross domestic product (GDP) grew by 0.8%.

The weak phase of the German economy continues. It has been treading water since the start of the Russian war of aggression against Ukraine in spring 2022. German industry in particular finds itself in a difficult environment and is under great pressure to adapt to changing structural conditions at its domestic production site and on the global markets. It must adapt to the longer-term effects of the Energy price shock – triggered by the Russia-Ukraine war – as well as cope with numerous other challenges, such as the green transformation to a CO_2-free production method, demographic change and increasing competition from economies such as China.

In this environment, German economic output contracted slightly by 0.2% in 2024, which was weak by international standards. Private consumption lacked momentum, although real incomes increased. Exports shrank despite growing sales markets. This reflected the reduced competitiveness of the German economy. Against this backdrop and in view of declining production and very weak capacity utilisation in industry, companies significantly reduced their investments, while residential construction investments also fell. In addition, the persistently higher financing costs had a negative impact on companies' investment activity.

The downturn on the commercial property markets continued over the course of 2024, albeit with less momentum. The emerging trend on the residential property market points to slowly receding risks. Residential property prices rose in the second quarter of 2024 compared to the previous quarter for the first time in two years.

Corporate insolvencies continued to rise in 2024. After the number of corporate insolvencies fell sharply in 2020 and 2021 due to government support programmes and the suspension of the obligation to file for insolvency, it has increased significantly again since 2022. By October 2024, insolvencies were 24% higher than in the same period of the previous year. In a long-term comparison, however, the number of corporate insolvencies was not significantly higher. However, the expected insolvency claims increased significantly. Since October 2023, insolvency claims against retail companies in particular have been very high. Receivables from property and housing companies and various service industries are also substantial, but somewhat lower.

The economic environment in 2024 was therefore also challenging for German Banks. Corporate demand for credit remained at a weak level. This focused primarily on refinancing existing loans, while investments and the associated demand for financing for transformation projects played only a minor role.

According to the ECB survey, Banks in Germany tended to remain cautious when granting loans in 2024, particularly to companies. The difficult economic situation, which has persisted for some time now, and company-specific factors have led to a higher risk assessment.

Important events during the reporting period

Changes in the Group

IKB NewCo 3 GmbH was sold and transferred from IKB AG to IKB Invest GmbH effective 6 February 2024. IKB NewCo 3 GmbH was subsequently merged on IKB Invest GmbH effective 16 April 2024.

Effective 27 May 2024, IKB Beteiligungsgesellschaft 3 mbH's equity interest 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 AG published an offer to acquire the Trust Preferred Securities of IKB Funding Trust I. The offer was extended until 21 February 2024 and Trust Preferred Securities with a nominal amount of €4.6 million were tendered as part of the offer. Effective 23 February 2024, all tendered Trust Preferred Securities were acquired at a price of 69.5% of the nominal amount.

Pension claims were asserted against IKB from a previous employment relationship in an actuarially calculated single-digit million amount.

Personalia

Supervisory Board

Mr Paxton Flesher and Mr Claus Momburg were to the Supervisory Board as shareholder representatives by resolution of the Annual General Meeting on 14 March 2024. The employee representatives elected at the Mr Jörn Walde was re-elected to the Supervisory Board on 21 February 2024 with effect from the end of the Annual General Meeting on 14 March 2024 and Ms Franziska Engel was elected for the first time; Mr Sven Boysen's term of office ended on this date.

At the constituent meetings following this Annual General Meeting, Mr Momburg 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 Jan Wisser to the Risk and Audit Committee.

Board of Managing Directors

At the meeting of the Supervisory Board on 25 January 2024, Mr Steffen Zeise was reappointed as a member of the Board of Managing Directors until 31 March 2027.

Results of operations, asset position and financial situation

IKB continues to find itself in a challenging economic environment. There was a marked reluctance to invest among German mid-caps due to the current political environment. The high level of uncertainty on the capital markets, which was driven by widening credit spreads in the wake of sell offs of AAA-rated euro Sovereign bonds, also had a negative impact in the final months of the 2024 financial year.

Business performance

New business was €2.2 billion in the 2024 financial year (previous year: €2.7 billion) and thus significantly below the forecast, which envisaged a moderate increase in new business compared to the previous year's figure of €2.7 billion. The deviation from the forecast was due to the reluctance of German mid-caps to invest as a result of the current political and economic conditions. In addition, IKB continued its highly selective lending policy with a focus on good credit ratings. 90% of all new business payouts were investment grade. This is also reflected in the CET 1 ratio (fully phased-in), which increased from 16.8% to 18.5% for the Group.

Results of operations

In the 2024 financial year, the Group generated net income before taxes of €56 million, which was significantly below the forecast (around €70 million) (previous year: €63 million). The shortfall compared to the forecast was due to a lower than expected net interest and commission income due to higher refinancing expenses and volume- and interest rate-induced deviations from plan in new lending business. In addition, there were market developments particularly in the fourth quarter of 2024, which were mainly driven by credit spread widening for AAA-rated bonds and higher than expected provision for possible loan losses due to an individual case. Furthermore, one-off income originally expected for the financial year 2024 did not materialise at Group level. Contrarily a partial reversal of the fund for general banking risks was recognised in profit or loss. The public programme loans segment contributed €38 million to earnings (previous year: €48 million), the Corporate Bank segment €17 million (previous year: €54 million) and the Corporate Centre segment €1 million (previous year: €-38 million).

At IKB AG, net income before taxes of €52 million (previous year: €42 million) was in line with the earnings forecast of around €50 million, taking into account the partial reversal of the fund for general banking risks.

in € million	Group 1 Jan 2024 to 31 Dec 2024	Group 1 Jan 2023 to 31 Dec 2023	IKB AG 1 Jan 2024 to 31 Dec 2024	IKB AG 1 Jan 2023 to 31 Dec 2023
Net interest income	**205**	**224**	**205**	**225**
Net fee and commission income	**16**	**20**	**16**	**20**
Gross Income	**220**	**244**	**221**	**245**
Administrative expenses	**-139**	**-147**	**-139**	**-146**
Personnel expenses	-76	-83	-75	-83
Other administrative expenses	-64	-63	-63	-63
Operating profit before risk provisions	**81**	**97**	**82**	**99**
Net risk provisioning	**-45**	**-34**	**-45**	**-34**
Operating profit	**36**	**63**	**37**	**65**
Net other income	**20**	**0**	**15**	**-23**
Income before taxes	**56**	**63**	**52**	**42**
Tax expense/income	**5**	**3**	**5**	**3**
Consolidated net result	**61**	**65**	**57**	**45**

Any differences in totals are due to rounding effects.

Other key figures	Group 1 Jan 2024 to 31 Dec 2024	Group 1 Jan 2023 to 31 Dec 2023
New business (€ billion)	**2.2**	**2.7**
of which corporate loans	1.3	1.5
of which public programme loans business	0.9	1.2
Interest margin on loan book (%)[1)]	**1.90**	**2.22**
Cost of risk of loan book (%)[2)]	**0.50**	**0.37**
Cost/income ratio (%)[3)]	**63.2**	**60.1**
Adjusted cost/income ratio (in %)[3) 4)]	**58.0**	**52.3**
Return on equity (%)[5)]	**7.2**	**7.3**

1) The Interest margin corresponds to the ratio of net interest income in the Public Proramme Loans and Corporate Bank segments to the corresponding volumes in the loan book.
2) The cost of risk corresponds to the ratio of the net risk provisioning of the Public Proramme Loans and Corporate Bank segments to the corresponding volumes of the loan book.
3) The Cost/income ratio is calculated by dividing administrative expenses by gross income (net interest and commission income).
4) Adjusted for one-off operating expenses, in particular for projects in the regulatory environment, in the amount of €11 million (previous year: €9 million) and special effects on pension expenses in the amount of €10 million in the previous year.
5) Return on equity is calculated from the ratio of net income for the year to the average allocated equity, which results from a 12 per cent imputed capital backing of risk-weighted assets in accordance with CRR.

Net interest and commission income

Net interest income includes interest income and expenses, current income from shares and other non-fixed-income securities, equity investments and shares in affiliated companies as well as Income from profit pooling, profit transfer or partial profit transfer agreements. Net fee and commission income is the balance of commission income and expenses.

Contrary to the forecast of slightly higher net interest and commission income, cumulative net interest and commission income was down significantly on the previous year at €220 million (previous year: €244 million) in the Group and €221 million (previous year: €245 million) at IKB AG. This was due to the fact that refinancing expenses for private and corporate customer deposits were higher than expected in a highly competitive environment. In addition, there were volume- and interest rate-induced deviations from plan in new lending business due to the increasing reluctance of German mid-caps to invest, higher KfW refinancing interest rates and the continuation of IKB's highly selective lending practices. Net fee and commission income also declined, due in particular to lower new lending business and lower capital market activities on the part of customers.

Net interest income in the Group amounted to €205 million in the 2024 financial year (previous year: €224 million), of which the Public Proramme Loans segment accounted for €72 million (previous year: €78 million), the Corporate Bank segment for €99 million (previous year: €128 million) and the Corporate Centre segment for €34 million (previous year: €18 million).

Interest income from lending and money market transactions increased to €344 million (previous year: €342 million) and interest income from bonds to €72 million (previous year: €49 million). Current income from equities and other non-fixed-income securities decreased to €10 million (previous year: €12 million). Net interest income from derivatives improved to €52 million in income (previous year: €43 million in income), consisting of interest expenses of €66 million (previous year: €215 million) and interest income of €118 million (previous year: €258 million). If the netting of interest payments per derivative had been applied in the financial year 2024, both interest expenses and interest income for the previous year would have decreased by €104 million. Interest expenses for refinancing increased to €273 million (previous year: €222 million).

Net interest income at IKB AG totalled €205 million (previous year: €225 million). Interest income from lending and money market transactions at IKB AG totalled €356 million (previous year: €351 million) and interest income from bonds amounted to €71 million (previous year: €47 million). The income from fund units reported under current income from shares and other non-fixed-income securities fell to €0 million (previous year: €6 million). Interest income from derivatives improved to €52 million in income (previous year: €43 million in income), consisting of interest expenses of €66 million (previous year: €215 million) and interest income of €118 million (previous year: €258 million). Interest expenses for refinancing totalled €274 million (previous year: €222 million).

Net fee and commission income totalled €16 million (previous year: €20 million) in the Group and €16 million (previous year: €20 million) at IKB AG. Within the Group, the Public Proramme Loans segment accounted for €4 million (previous year: €5 million) of net fee and commission income, the Corporate Bank segment for €9 million (previous year: €10 million) and the Corporate Centre segment for €3 million (previous year: €5 million).

Administrative expenses

Administrative expenses comprise the following items: personnel expenses, other administrative expenses and depreciation, amortisation and write-downs of intangible and tangible assets.

In the 2024 financial year, administrative expenses totalled €139 million (previous year: €147 million) in the Group and €139 million (previous year: €146 million) at IKB AG and were therefore as forecasted moderately lower than previous year`s leveled. In the Group, administrative expenses of €37 million (previous year: €44 million) were incurred in the Public Proramme Loans segment, €46 million (previous year: €42 million) in the Corporate Bank segment and €56 million (previous year: €60 million) in the Corporate Centre segment.

Personnel expenses totalled €76 million in the Group (previous year: €83 million) and €75 million at IKB AG (previous year: €83 million). The decline in personnel expenses is due in particular to the discontinuation of non-recurring effects from pension expenses. Other administrative expenses as well as depreciation, amortisation and impairment losses on intangible and tangible assets remained almost unchanged at €64 million (previous year: €63 million) in the Group and €63 million (previous year: €63 million) at IKB AG. This was due to higher project costs and infrastructure investments, which more than compensated for the discontinuation of contributions to the EU bank levy.

Loan-loss provisions in lending business

Provisions for possible loan losses (hereinafter referred to as net risk provisioning) comprise write-downs and value adjustments on receivables as well as additions to provisions and write-ups of receivables and reversals of provisions in lending business.

In accordance with the internal management system, reversals of write-downs and write-ups on securities in the liquidity reserve are not recognised in net risk provisioning, but in net other income (see "Net other income" section).

Net risk provisioning amounted to an expense of €45 million in the Group in the 2024 financial year (previous year: expense of €34 million) and an expense of €45 million at IKB AG (previous year: expense of €34 million). This corresponds to risk costs of 50 basis points (previous year: 37 basis points) in relation to the loan book. Net risk provisioning was therefore significantly higher than the forecast figure of €35 million due to an individual case. Despite the ongoing challenging economic environment, the average credit rating improved. In the Group, the Public Proramme Loans segment accounted for €1 million in expenses (previous year: €8 million income), the Corporate Bank segment for €44 million in expenses (previous year: €42 million expenses) and the Corporate Centre segment for €0 million in expenses (previous year: €1 million in expenses).

Supplementary information on Provisions for possible loan losses can be found in chapter "3. Report on Risks and Opportunities", table "Risks and Opportunities".

Net other income

Other net income comprises other operating income and expenses, depreciation and write-ups on equity investments, shares in affiliated companies and securities held as current and fixed assets, as well as additions to and reversals of provisions.

Net other income amounted to €20 million in the Group in the 2024 financial year (previous year: €0 million income) and €15 million at IKB AG (previous year: €23 million expense). This is due to the following key factors:

- Securities held as current assets resulted in income of €8 million (previous year: expenses of €4 million) both in the Group and at IKB AG.
- The closing of derivative positions in the banking book to reduce hidden liabilities resulted in net expenses of €28 million both in the Group and at IKB AG compared to net income of €20 million in the previous year.
- Contrarily a partial reversal of the fund for general banking risks amounting to €43 million (previous year: €0 million) was recognised in income in the 2024 financial year.
- The compounding of pension obligations resulted in an expense of €3 million (previous year: expense of €4 million) in both the Group and IKB AG in the period under review, while the performance of the CTA assets generated net income of €10 million (previous year: income of €13 million) both in the Group and at IKB AG.
- Litigation generated income of €1 million (previous year: €5 million) in the Group and €1 million (previous year: €3 million) at IKB AG.
- Net other income also includes legal and project costs and expenses for hedging business risks totalling €13 million (previous year: €23 million) both in the Group and at IKB AG. The decline is due in particular to lower legal costs in connection with legal actions.
- Extraordinary expenses totalled €0 million (previous year: €16 million) both in the Group and at IKB AG. In the previous year, they resulted in particular from an addition to provisions for the inflation-related adjustment of pension obligations, which was brought forward for the financial years 2024 to 2026, and from scheduled restructuring expenses.
- The release of provisions and additions to provisions resulted in net income of €1 million both in the Group and at IKB AG (previous year: income of €5 million).
- In the period under review, net foreign currency income totalled €0 million (previous year: income of €4 million) in the Group and €1 million (previous year: income of €3 million) at IKB AG.
- Expenses of €5 million (previous year: expenses of €17 million) from the measurement of an intra-Group sub-participation or receivable relating to expected compensation payments for pending lawsuits are included in other income at IKB AG (previous year: expenses of €17 million) and expenses of €1 million (previous year: €0 million) in the Group.
- Costs of loss absorption at IKB AG totalled €0 million (previous year: €7 million).

Taxes

In the 2024 financial year, income of €5 million (previous year: income of €3 million) from taxes was recognised both in the Group and at IKB AG. In addition to income from taxes for previous years, this is due to an increase in deferred tax assets recognised in profit or loss. The increase in deferred tax assets was due to a higher than previously planned future utilisation of temporary differences.

Net income

In the 2024 financial year, the Group generated income before taxes of €56 million (previous year: €63 million), which was significantly below the forecast. Net income before taxes at IKB AG was in line with the forecast at €52 million (previous year: €42 million). Consolidated net income for the 2024 financial year totalled €61 million (previous year: €65 million). Net income for the year at IKB AG was €57 million (previous year: €45 million).

Asset position

The Group's total assets declined by €0.4 billion to €14.1 billion in the reporting period (IKB AG: decline of €0.4 billion to €14.1 billion).

Gross credit volume, which also includes off-balance sheet transactions (see also section "3. Risk and opportunities report"), fell from €15.9 billion to €15.4 billion in the Group as at the reporting date (IKB AG: down from €16.1 billion to €15.5 billion). It essentially comprises medium and long-term loans to banks, loans to customers, bonds, the positive fair values of derivatives in the non-trading book and guarantees.

Assets

Receivables from banks in the Group decreased €0.3 billion to €1.9 billion (IKB AG: €0.3 billion to €1.9 billion) as against 31 December 2023, primarily due to a reduction in the deposit facility with the central bank.

Receivables from customers fell to €8.1 billion (previous year: €8.6 billion) in the Group and €8.4 billion (previous year: €8.8 billion) at IKB AG. Due to the lower than forecasted volume of new business, the portfolio could not be maintained at the previous year's level as expected.

The portfolio of Bonds and other fixed-income securities decreased compared to the previous year 31 December 2023 in the Group from €3.1 billion to €3.3 billion (IKB AG: from €3.1 billion to €3.3 billion). Equities and other non-fixed-income securities in the Group increased from €0.3 billion to €0.4 billion (IKB AG: from €0.0 billion to €0.1 billion).

Equity and liabilities

Liabilities to banks fell by €0.3 billion to €8.2 billion (IKB AG: by €0.3 billion to €8.2 billion) due to lower earmarked refinancing via development banks in the Group.

Liabilities to customers in the Group decreased by €0.1 billion to €3.9 billion (IKB AG: by €0.1 billion to €3.9 billion). Business customer deposits declined, while there were shifts from overnight money to term deposits in the stable portfolio of private customer deposits.

Changes in market interest rates, exchange rates and credit ratings resulted in unrealised gains and unrealised losses on financial instruments in the banking book in the form of Securities, derivatives and from non-maturity-matched refinancing of the loan book in the reporting period and in previous financial years. In future financial years, this and changes in regulatory requirements or their interpretation may have a negative impact on the income statement and the present value of the banking book. The loss-free valuation of the banking book in accordance with the IDW RS BFA 3 statement on accounting resulted in the following as of 31 December 2024 no need for provisions.

Subordinated liabilities remained almost constant at €0.5 billion (IKB AG: constant at €0.5 billion).

The fund for general banking risks decreased to €0.1 billion (previous year: €0.2 billion), taking into account the partial reversal recognised in profit or loss.

Equity

Compared with 31 December 2023, the balance sheet equity increased from €1,066 million to €1,127 million in the Group and from €1,087 million to €1,144 million at IKB AG due to the net profit for the year. As forecasted, there was no distribution to the owner.

When calculating regulatory capital, the Fund for general banking risks in the amount of €116 million must be taken into account as Common Equity Tier 1 capital.

Financial position

IKB's liquidity position is stable due to its funding mix. In addition to earmarked refinancing via promotional banks and other collateralised refinancing on the interbank market and refinancing via the ECB, IKB accepts revolving deposits from business and private customers and conducts new lending business on a selective basis.

Please refer to the residual term structure in the appendix for information on the maturity dates of liabilities. For information on the liquidity and financing situation, please refer to chapter "3. Report on Risks and Opportunities".

Financial and non-financial performance indicators

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

Regulatory Tier 1 ratio

As of 31 December 2024, the CET 1 ratios of IKB AG and the IKB Group were well above the statutory minimum requirements.

	IKB Group		IKB AG	
in %	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
CET 1 ratio (transitional)	**19.2**	**16.8**	**19.3**	**17.1**
CET 1 ratio (fully phased)	**18.5**	**16.8**	**18.6**	**17.1**

This means that IKB significantly exceeded the forecast of stabilising the CET 1 ratio and maintaining it at the previous year's level for both the Group and IKB AG. The negative credit rating migrations in the loan portfolio anticipated by the Banks due to the economic situation materialised to a lesser extent than expected. The associated expected negative impact on risk-weighted assets therefore largely failed to materialise. The main reason for the decline in RWA was both the improved credit rating structure compared to planning and the lower volume of new business at IKB.

The Banks does not intend to make any distributions for the 2024 financial year and therefore recognises the retained earnings brought forward in Common Equity Tier 1 capital.

Leverage ratio

The leverage ratio relates the largely unweighted total of on-balance sheet and off-balance sheet transactions to the regulatory Tier 1 capital and has been a binding minimum requirement in accordance with CRR II since 28 June 2021.

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

	IKB Group		IKB AG	
in %	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Leverage ratio (transitional)	**7.6**	**7.2**	**7.8**	**7.4**
Leverage ratio (fully phased)	**7.6**	**7.2**	**7.8**	**7.4**

The statutory minimum ratio is therefore clearly exceeded. The forecast of achieving a leverage ratio of around 8% in the IKB Group was met.

Net income before taxes

At €56 million, the Group's income before taxes was significantly below the forecast (around €70 million). The shortfall compared to the forecast was primarily due to the lower than expected net interest and commission income as a result of higher refinancing expenses and volume- and interest rate-induced deviations from the plan in new lending business. In addition, there were market developments in the 4th quarter of 2024 in particular, which were mainly driven by credit spread widening for AAA-rated bonds and a higher than expected risk provision due to an individual case. In addition, one-off income originally expected for the financial year 2024 did not materialise at Group level. In contrast, a partial reversal of the Fund for general banking risks was recognised in the income statement.

At €52 million, IKB AG's Income before taxes was in line with the earnings forecast of around €50 million, taking into account the partial reversal of the fund for general banking risks.

Cost/income ratio and return on equity

The cost/income ratio shows administrative expenses in relation to the total of net interest and commission income; the ratio 63.2% in the Group in the financial year 2024 (previous year: 60.1%) and therefore moderately higher than forecast (slightly below 60%), as the total of net interest and commission income was significantly below the forecast, while administrative expenses were reduced moderately as forecast.

Return on equity as the ratio of net income for the year to average allocated equity, which results from a 12 per cent imputed capital backing of risk-weighted assets in accordance with CRR, was as follows in the financial year 2024 for the Group was 7.2% (previous year: 7.3%). A figure of around 8% was originally expected, which was not achieved due to the deviation from the forecast for net income for the year. Taking into account the partial reversal of the fund for general banking risks, this is due in particular to higher provisions for possible loan losses in addition to lower net interest and commission income.

Liquidity coverage ratio

The Liquidity coverage ratio (LCR) is the ratio of the portfolio of highly liquid assets (liquidity buffer) to the short-term net liquidity requirement, quantified as the balance of all weighted inflows and outflows (cash flows) over the next 30 calendar days.

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

	IKB Group		IKB AG	
in %	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Liquidity coverage ratio	**366**	**249**	**322**	**232**

As forecast, the ratio was therefore sustainably above the minimum target of over 100%.

Net stable funding ratio

The net stable funding ratio (NSFR) for the IKB Group's medium to long-term liquidity was 125% as of 31 December 2024 (IKB AG: 122%) and was therefore sustainably above the statutory minimum requirement of 100% as forecast.

	IKB Group		IKB AG	
in %	**31 Dec 2024**	**31 Dec 2023**	**31 Dec 2024**	**31 Dec 2023**
Net stable funding ratio[1)]	**125**	**116**	**122**	**114**

1) In the current financial year, the Bank has made an adjustment to the calculation of the NSFR accordance with Art. 428 q) CRR for the cash collateral provided as part of the promotional business. Taking this change into account, the NSFR as of 31 December 2023 would have been 123% for IKB AG and 125% for the IKB Group.

Overall assessment

Consolidated net income before taxes for the 2024 financial year was €56 million and thus significantly below the forecast (around €70 million). Net income before taxes at IKB AG amounted to €52 million and was therefore in line with the forecast (around €50 million).

The financial and asset position is in order. From the Banks's perspective, business development was satisfactory against the backdrop of the persistently challenging business environment.

Combined separate non-financial report

IKB intends to publish the non-financial Group report for the 2024 financial year pursuant to section 340i (5) of the German Commercial Code (HGB) in conjunction with section 315b of the German Commercial Code (HGB), which is combined with the parent company's non-financial report pursuant to section 340a (1a) of the German Commercial Code (HGB) in conjunction with section 289 of the German Commercial Code (HGB) on its website at https://www.ikb.de/en/investor-relations/reports-and-presentations at the end of April 2025.

3. Report on Risks and Opportunities

In order to fully and properly process all findings from the audit of the risk management system conducted by BaFin in the 2023 financial year in accordance with section 44 (1) of the German Banking Act (KWG), adjustments were made to the risk management processes and methods and to the determination of risk-bearing capacity with external support in the 2024 financial year. A regulatory review of the implemented adjustments began in the first half of 2025. This review has not yet been completed. Depending on the review's result, there may be a negative impact on risk-bearing capacity and related issues in particular.

Risk-management organisation

Taking into account the Minimum Requirements for Risk Management (MaRisk) and other relevant announcements by the supervisory authorities, the Banks operates a risk management system that covers the entire Group and risk types in all segments. As part of the annual risk inventory, the Bank obtains an overview of the risk situation of the Bank, all subsidiaries and significant outsourced activities and assesses concentrations of risk and earnings. The impact of environmental, social and governance (ESG) risk drivers on the established risk types is analysed in an annual ESG risk driver analysis. In addition to the risk types that are material for the Bank according to the risk inventory, the ESG risk driver analysis also includes Reputation risks and Strategic risks that are classified as immaterial for the Bank. The risk management system, including the tasks and areas of responsibility, is documented in the Banks's written organisational structure.

The business and risk strategy and the measures derived from it are set out in the business and risk strategy.

The entire Board of Managing Directors of IKB AG is responsible for risk management. Based on the strategic business orientation and risk-bearing capacity, it defines the risk policy principles which, together with the limit structure, are reflected in the business and risk strategy and the so-called limit Book. Special committees support the Board of Managing Directors in risk management and decision-making. The Board of Managing Directors discusses the Bank's risk situation and risk management with the Supervisory Board at its quarterly meetings. In addition, the business and risk strategy is discussed with the Supervisory Board at least once a year following regular updates and also on an ad hoc basis, e.g. in the event of adjustments during the year.

Risk management at IKB follows the principle of "three lines of defence", whereby each individual unit (front office, back office, central divisions and staff departments) forms the "first line of defence" as part of its operational responsibility.

The "second line of defence" serves to control and monitor the risk management functions of the "first line of defence". This includes defining methods and procedures for risk management as well as monitoring risks identified as material and reporting to the Board of Managing Directors. The second line of defence includes the tasks of risk controlling and management, information risk management and information security management and the data protection officer. The second line of defence also includes the compliance function in accordance with MaComp, the compliance function in accordance with MaRisk, the officer for the protection of financial instruments and customer funds and the money laundering function/central office. The independent portfolio-related monitoring of counterparty default, market price and liquidity risks as well as non-financial risks by risk controlling and the compliance functions are the responsibility of Dr Trutwein. The monitoring of earnings management and capitalisation is the responsibility of Dr Wiedmann. The Management Board as a whole is responsible for managing risks relating to the strategic business orientation and Reputation risks.

The "third line of defence" of risk management at IKB is the Internal Audit department. Internal audit is an independent, process-independent and neutral monitoring unit within the IKB Group. It works on behalf of the entire Board of Managing Directors and reports directly to the Board of Managing Directors. Dr Wiedmann is responsible for the internal audit department. Based on risk-oriented process audits, all relevant activities of the committees and processes throughout the Group are examined and the functionality of the internal control system (ICS) is reviewed. The processes and activities of the committees outsourced by IKB to other service providers are monitored as part of ongoing outsourcing controlling and by internal audit's own audit activities at the outsourcing companies. In quarterly reports and an annual report, internal audit informs the Board of Managing Directors and the Supervisory Board in summarised form about, among other things, the material and serious audit findings, the measures agreed in this regard and the status of their implementation, as well as providing an accentuated report on the audits performed and compliance with the audit plan. In addition, the Board of Managing Directors is informed continuously and in detail about the respective audit results on the basis of the audit reports prepared for all audits. Independently of this, the Chairman of the Supervisory Board, with the involvement of the Chairman of the Executive Board and the Chairman of the Risk and Audit Committee, can obtain information directly from the Head of Internal Audit.

Regulatory capital resources and risk-bearing capacity

Regulatory capital

The Banks calculates its regulatory capital in accordance with the Capital Requirement Regulation (CRR). Since 2019, the Bank has been authorised to use the Internal Ratings Based Approach (IRB approach) for counterparty default risk and has fully completed its introduction. The Banks uses the standardised method to determine the credit valuation adjustment charge, the basic indicator approach for operational risk and the standardised method prescribed by the supervisory authorities for market price risk. The Banks also uses the regulatory netting approach to determine the net measurement basis for derivatives, taking into account existing netting agreements. The following tables provide an Overview of the regulatory risk positions, capitalisation and ratios (transitional and fully phased), as they become effective with the resolution of the Annual General Meeting on the appropriation of profits. The CRR contains various regulations that will only be fully phased in over time. In the regulations, "transitional" refers to the perspective taking into account the regulations applicable on the respective reporting date and fully phased taking into account a full phasing-in.

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

	31 December 2024		31 December 2023	
Figures in € million	**transitional**	**fully phased**	**transitional**	**fully phased**
Counterparty default risk (including CVA charge)	5,887	6,124	6,727	6,727
Market risk equivalent	109	109	88	88
Operational risk	435	435	435	435
Total risk-weighted assets (RWA)	**6,431**	**6,668**	**7,250**	**7,250**
Common Equity Tier 1 (CET 1)	**1,236**	**1,236**	**1,215**	**1,215**
Additional tier 1 (AT 1)	0	0	0	0
Total tier 1 (T 1)	**1,236**	**1,236**	**1,215**	**1,215**
Tier 2 (T 2)	317	317	413	413
Own funds	**1,553**	**1,553**	**1,628**	**1,628**
CET 1 ratio (%)	**19.2**	**18.5**	**16.8**	**16.8**
T1 ratio (%)	19.2	18.5	16.8	16.8
Own funds ratio (in %)	24.2	23.3	22.5	22.5

Any differences in totals are due to rounding effects.

1) Disclosures taking into account the phase-in and phase-out rules of the CRR; the CET 1 ratios were determined in accordance with the current legal status of the CRR as of 31 December 2024 and 31 December 2023 and the known interpretations of the supervisory authorities and their interpretation. It cannot be ruled out that future EBA/ECB standards/interpretations or other supervisory actions may retroactively lead to a CET 1 ratio.

2) Values resulting from the resolution on the appropriation of profits by the Annual General Meeting; no distributions are planned for the 2024 financial year.

Table: Regulatory capital situation at individual institution level under CRR II[1)2)]

	31 December 2024		31 December 2023	
Figures in € million	**transitional**	**fully phased**	**transitional**	**fully phased**
Counterparty default risk (including CVA charge)	5,978	6,206	6,796	6,796
Market risk equivalent	109	109	87	87
Operational risk	409	409	366	366
Total risk-weighted assets (RWA)	**6,495**	**6,723**	**7,249**	**7,249**
Common Equity Tier 1 (CET 1)	**1,253**	**1,253**	**1,236**	**1,236**
Additional tier 1 (AT 1)	0	0	0	0
Total tier 1 (T 1)	**1,253**	**1,253**	**1,236**	**1,236**
Tier 2 (T 2)	317	317	413	413
Own funds	**1,571**	**1,571**	**1,649**	**1,649**
CET 1 ratio (%)	**19.3**	**18.6**	**17.1**	**17.1**
T1 ratio (%)	19.3	18.6	17.1	17.1
Own funds ratio (in %)	24.2	23.4	22.7	22.7

Any differences in totals are due to rounding effects.

1) Disclosures taking into account the phase-in and phase-out rules of the CRR; the CET 1 ratios were determined in accordance with the current legal status of the CRR as of 31 December 2024 and 31 December 2023 and the known interpretations of the supervisory authorities and their interpretation. It cannot be ruled out that future EBA/ECB standards/interpretations or other supervisory actions may retroactively lead to a CET 1 ratio.

2) Values resulting from the resolution on the appropriation of profits by the Annual General Meeting; no distributions are planned for the 2024 financial year.

At 19.2% at Group level and 19.3% at individual bank level, IKB's CET 1 ratios (transitional) are well above the statutory minimum requirements for CET 1, including the capital conservation buffer and countercyclical capital buffer, as well as the SREP capital requirements set by BaFin as part of its Supervisory Review and Evaluation Process (SREP).

The following table provides an overview of IKB's capital requirements at individual bank and Group level.

Table: Regulatory capital requirements

Ratios	31 December 2024 Common Equity Tier 1 capital	Tier 1 capital	Total capital	31 December 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)	0.70	0.94	1.25	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)	0.78	0.78	0.78	0.73	0.73	0.73
Total for group of institutions	**8.48**	**10.22**	**12.53**	**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	**9.61**	**11.72**	**14.53**	**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)	19.30	19.30	24.18	17.06	17.06	22.75
MDA surplus	969 bps	758 bps	965 bps	680 bps	445 bps	702 bps
Capital ratios – IKB Group						
Current capital ratio (transitional)	19.22	19.22	24.15	16.77	16.77	22.46
MDA surplus	1,074 bps	900 bps	1,162 bps	763 bps	566 bps	873 bps

1) only individual institution

The Pillar II capital requirements consist of the so-called SREP capital requirements and the capital surcharge in accordance with section 10 (3) sentence 1 KWG. With the decision of December 2024, the SREP capital surcharge was halved both at the level of the individual institution and at the level of the group of institutions.

The MDA (Maximum Distributable Amount) surplus in the relevant perspective is therefore 758 bps in the core capital of IKB AG.

Minimum requirements for eligible liabilities (MREL)

BaFin did not require IKB to meet any MREL ratio requirements over and above the existing Pillar I requirements, i.e. no recapitalisation amount within the meaning of Article 2 of Delegated Regulation (EU) 2016/1450 was set.

Risk-bearing capacity

To ensure risk-bearing capacity in accordance with the Guidelines on the Supervisory Assessment of banks' internal risk-bearing capacity concepts, the bank considers two perspectives that are intended to ensure both the continuation of the company and the protection of creditors: a normative perspective and an economic perspective.

The normative perspective serves to ensure compliance with the regulatory and supervisory minimum requirements as part of the annual multi-year bank planning. This includes the increased capital requirements in accordance with section 10 (3) or (4) KWG (German Banking Act) and the combined capital requirement in accordance with section 10i (1) KWG, including the increase in the countercyclical capital buffer from 1 February 2023. In addition, all structural requirements must be complied with.

In addition to the planning scenario, an adverse scenario is considered as part of bank planning, which serves to ensure compliance with the increased capital requirements in accordance with section 10 (3) or (4) KWG.

The IKB scenario of a "severe economic slump" with its effects on capital planning was defined as the adverse scenario for the normative perspective. In this scenario, which can be regarded as an extreme stress scenario about economic growth with a low probability of occurrence, transitory climate and environmental risks are also taken into account.

In both the planning scenario and the adverse scenario, all regulatory requirements for the normative perspective are met over the total planning period.

In addition to the normative perspective, the Bank also analyses the overall risk position and the risk coverage potential in terms of an economic perspective, which is monitored monthly.

The risk coverage potential in the economic perspective results from all capital components serving the Bank, including the fund for general banking risks (section 340g HGB (German Commercial Code)), which are available in the risk horizon, less deferred tax assets and intangible assets. At the same time, hidden liabilities/reserves from loans, securities, derivatives and pension obligations are taken into account. As a result of the processing of findings from the audit conducted in the financial year 2023 in accordance with section 44 (1) KWG, methodological adjustments were made to the quantification of risks and the calculation of risk coverage potential.

The table below compares the capital requirements from an economic perspective, which could arise to cover the unexpected losses in one year (Value at Risk) at a confidence level of 99.9 %, with the risk coverage potential that will be available in the next twelve months.

Table: Capital requirements – economic perspective

	31 Dec 2024 in € million	31 Dec 2024 in %	31 Dec 2023 in € million	31 Dec 2023 in %
Credit risk	481	59	545	60
Market price risk	258	32	271	30
Operational risk	47	6	71	8
Refinancing cost risk	25	3	21	2
Total	**810**	**100**	**908**	**100**
less diversification effects	-106		-96	
Overall risk position	**704**		**812**	
Risk coverage potential	**899**		**1,035**	

Any differences in totals are due to rounding effects.

With almost the same utilisation of risk coverage potential, both the risk coverage potential and the risk position have decreased compared to the previous year. The decline in risk coverage potential is mainly the result of changes in the hidden result, triggered by widening spreads on top-rated European Sovereign bonds and methodological adjustments. The total of individual risks and the overall risk position decreased compared to the previous year due to declines in credit risk and market price risk because of position adjustments as well as declines in operational risk due to parameter updates.

Risk-bearing capacity is given for the next twelve months.

Forecast calculations and stress tests

With a view to macroeconomic and regulatory developments, the Bank prepares various forecasts for the expected utilisation of risk-bearing capacity for the next two financial years in the economic perspective and for five financial years in the normative perspective. These forecasts are based on the Banks's planning scenario with current expectations of macroeconomic developments. In addition, the Banks carries out various stress tests of varying severity on a quarterly and event-driven basis analysing macroeconomic and historical stress scenarios across all risk types as well as specific stress events. In the economic and normative perspective, transitory climate and environmental risks are considered as influencing factors in existing macroeconomic stress scenarios. In the economic perspective, transitory and physical climate and environmental risks are also considered as separate ESG stress events. Results show that if the planning scenario materialises in the normative perspective, all regulatory requirements will be met and the risk coverage potential will cover the capital requirements for unexpected risks in the economic perspective, while in individual stress scenarios and stress events, the risk coverage potential would not be sufficient to fully cover the corresponding overall risk position in a static view without countermeasures. These stress scenarios are scenarios with aggravated stress assumptions and for this reason are currently only assessed with a "low" probability of occurrence.

Results from the stress tests are presented to the Board of Managing Directors and Supervisory Board and the resulting recommendations for action are discussed.

Risk strategy

The overall risk strategy is part of the integrated business and risk strategy and covers all risk types identified as material (counterparty default risks, market price risks, liquidity risks, non-financial risks in various forms and business risks) and risk concentrations to which the Bank is exposed. It is further detailed for the main risk types and defines the risk strategy guidelines for IKB's business activities. In particular, ESG and sustainability are also analysed and taken into account as risk drivers for the risk types. A key cornerstone of the Risk strategy is the risk culture in the sense of the totality of all norms, attitudes and behaviours of the Banks and its employees with regard to dealing with risks. In the financial year 2024, all parts were reviewed, taking into account the current business orientation, regulatory developments and the economic situation, and adjusted where necessary.

Counterparty risk strategy (credit risk strategy)

In the lending business, the Banks endeavours to limit the overall risk, risk-weighted assets and risk provisioning. In addition to limiting new business to good credit ratings in order to improve or stabilise the average credit rating over time, this includes limiting concentration risks at individual borrower and borrower group level and taking into account possible credit rating migrations due to economic developments.

Due to its core business, the regional focus of IKB's corporate finance business will remain in Germany in future. The associated concentration of risk is accepted in the pursuit of the Bank's business objectives.

Industry diversification is also important with regard to the target customers of the upper German mid-cap sector. When setting limits, the Banks takes into account both the importance of the sector for the German economy and the assessment of the sector with regard to its expected development. Environmental, climate, social and governance (ESG) aspects are taken into account when assessing the expected development of the sector. With a few exceptions, IKB does not exclude any sectors from financing, but instead pursues a best-in-class approach and focuses on (potential) borrowers in a sector with sound economic conditions and a sustainable and forward-looking strategic orientation.

The portion of the credit portfolio attributable to outside Germany mainly relates to bonds and protection seller credit default swaps in the financial and public sector, which the Bank holds as part of its investment portfolio for diversification purposes and for liquidity investment.

Market price risk strategy

The Market price risk strategy describes the risk profile that IKB accepts when assuming market price risks and the measures taken to avoid undesirable risks. The main risk drivers here are credit spread and interest rate risks and changes in the corresponding volatilities.

In the area of conflict between achieving stable and adequate net interest income and the bank's fundamental willingness to take market price risks, it is necessary to minimise market price risks in a manner that takes into account the bank's risk profile. It is planned to continue the de-risking achieved through risk-reducing effects from changes in the portfolio, among other things, in the coming financial year.

Liquidity strategy

In addition to the refinancing of development loans with matching maturities by the development banks, the current liquidity management is largely based on the collection of customer deposits guaranteed by the Deposit Protection Fund (ESF) and the Compensation Scheme of German Banks (EdB), borrowing on the Interbank market in collateralised form and refinancing via the ECB. In addition to ensuring the Bank's solvency at all times, the aim of liquidity management is to secure access to favourable and sufficiently diversified refinancing options at all times in order to minimise refinancing cost risk. A diversified portfolio of ECB-eligible liquid securities serves as a liquidity reserve.

Strategy for non-financial risks

The aim of managing non-financial risks is to achieve a balance between risk acceptance and the costs associated with risk reduction or avoidance and to reduce the losses resulting from non-financial loss events. Based on the data from the business impact analysis, contingency plans have been drawn up for all processes categorised as "business-critical" taking into account the risks.

Strategy for sustainability risks

As a nationally operating credit institution, IKB shares responsibility for combating climate change and contributes to promoting the transition to a low-carbon economy and a more socially responsible society with its financing solutions. The Banks therefore considers environmental and social factors to be part of responsible corporate behaviour and incorporates them into its lending decisions when developing traditional financing solutions. The integration of ESG risks into the risk management cycle is being continuously developed and expanded as part of a multi-year project.

Counterparty default risks

IKB distinguishes between credit risk and counterparty default risk in accordance with the provisions of the Capital Requirements Regulation (CRR, Article 5) and the Minimum Requirements for Risk Management (MaRisk, AT 2.3). Risks from equity investments, derivatives and country risks are therefore part of the counterparty default risk if they can be allocated to individual loans or counterparties. Migration risks are also taken into account in the Risk-bearing capacity.

Credit approval process and individual exposure monitoring

Key tasks as part of the credit approval process (market-independent creditworthiness analysis, cash flow analysis, voting) and exposure monitoring (including intensive support, problem loan processing) to review and continuously monitor the ability to service debt are carried out by the market-independent credit risk and contract management division and are therefore separated from the market functions (acquisition and business initiation), as required by regulatory law.

Credit and individual collateral agreements and their subsequent amendments are drawn up by lawyers from the same division. Collateral agreements are drawn up on the basis of sample contracts by the operations division's employees, who act independently of the market, with the involvement of lawyers from the Credit Risk and Contract Management division in more complex individual cases. Every credit decision is based on a risk-oriented credit analysis, which analyses and evaluates the information required for the decision and documents it in a decision document. In addition to analysing the economic circumstances of the borrower, in particular the ability to service the debt, on the basis of annual financial statements, budget figures and liquidity planning, the assessment of the sales and procurement markets, the positioning of the borrower in the relevant market and the creditworthiness of the borrower are also taken into account. The future prospects, including sustainability aspects, play a key role in the credit analysis. At the same time, emphasis is placed on ensuring that loans can be syndicated and placed.

Existing credit exposures are reviewed by credit risk and contract management every twelve months and on an ad hoc basis, together with the associated processes and approval procedures. In addition, the individual sub-portfolios and significant individual exposures are analysed annually with regard to their risk situation and exposure strategies are derived.

Rating process and systems

To assess creditworthiness, IKB has rating systems tailored to the respective customer segment or specific type of financing, the development, maintenance and operation of which are outsourced in part to external service providers. The individual credit ratings are assigned probabilities of default based on historical default rates. Since 21 March 2019, the "Corporate Rating" rating system has been approved for the internal ratings-based approach ("IRB approach"). The banks and country and transfer risks rating systems were approved for the IRB approach in notices dated 25 March 2022 and 10 May 2022 respectively. In addition, the Real estate rating system was approved for the IRB approach in a decision dated 31 March 2024.

Quantifying credit risk

The quantification of counterparty default risk is based on a default-based credit portfolio model using a simulation approach. In addition to the individual loan/investment information (loan/investment amount, collateralisation, term, sector affiliation, Group affiliation), this model incorporates a large number of statistical variables, such default probabilities, fluctuation ranges of the statistical default probabilities, collateral recovery rates and sector/asset correlations based on internal bank experience or external reference variables.

To quantify the present value migration risk resulting from rating migrations, IKB uses a simulation approach that takes into account expected and simulated lifetime expected credit losses (expected present value losses over the remaining term of the positions) in particular. In addition to individual transaction information, default and migration probabilities, sector/ asset correlations are also taken into account.

As part of validation and benchmarking processes, the systems for internal credit assessment, the risk models and the authorisation, monitoring and control processes in the lending business are put to the test every year.

Portfolio monitoring and control

Portfolio monitoring focuses on the analysis of the total loan portfolio. Sector and market changes are monitored by specialised units in the back office. In addition, experts from the front office are involved in portfolio management to round off the overall picture. The aim here is to recognise and limit sector risks in the lending business, taking expected developments into account.

The loan portfolio is also monitored with regard to special economic situations such as the unchanged uncertain overall geopolitical situation. This also includes the systematic analysis of individual exposures.

Structure of the counterparty default risk

The credit volume as of 31 December 2024 is made up as follows:

Table: Credit volume

in € million	Group			IKB AG		
	31 Dec 2024	31 Dec 2023	Change	31 Dec 2024	31 Dec 2023	Change
Balances with central banks	22	30	-8	22	30	-8
Receivables from banks	1,944	2,255	-311	1,941	2,252	-311
Receivables from customers	8,094	8,562	-468	8,381	8,849	-468
Bonds and other fixed-income securities without own bonds	3,313	3,069	244	3,344	3,098	246
Equities and other non-fixed-interest securities	435	302	133	136	2	134
Subtotal: Assets recognised on the balance sheet	**13,808**	**14,218**	**-410**	**13,824**	**14,231**	**-407**
Contingent liabilities[1)]	975	1,033	-58	1,050	1,108	-58
Positive fair values of derivatives in the non-trading book[2)]	496	579	-83	496	579	-83
Write-downs	102	140	-38	102	133	-31
Long future	140	-	140	-	-	-
Securities lending	-	20	-20	-	20	-20
Non-consolidated IKB balances in non-fixed income securities	-80	-79	-1	-4	-	-4
Gross credit volume	**15,441**	**15,911**	**-470**	**15,468**	**16,071**	**-603**
For information: other significant counterparty default risks outside the gross credit volume						
Irrevocable loan commitments	428	599	-171	462	633	-171
Shares in associated and affiliated companies[3)]	0	0	-	42	43	-1

Any differences in totals are due to rounding effects.

1) before deduction of provisions for possible loan losses

2) Including €28 million (31 December 2023: €27 million) in positive fair values from protection seller CDSs, the nominal volumes of which are recognised as even liabilities are recognised.

3) IKB AG: including equity investments

Total gross credit volume in the IKB Group decreased by €0.5 billion to €15.4 billion as of 31 December 2024 compared to 31 December 2023. The decline is due to lower central bank balances, which are mainly reported under loans and advances to banks, as a result of a decrease in cash collateral provided (see table on segment structure) and a reduction in the swap portfolio and thus the positive fair values of derivatives. Loans and advances to customers also fell by around €0.5 billion in a persistently challenging market environment due to the lower than forecast volume of new business.

By contrast, debt securities and non-fixed-interest securities increased due to portfolio reorganisations. In addition, a long future position on German government bonds had to be taken into account in the credit risk as of 31 December 2024.

At IKB AG, the picture is comparable to that of the IKB Group in all elements of credit volume, which also applies to the following structural tables.

Segment structure

Table: Credit volume by segment – Group

	31 Dec 2024 in € million	31 Dec 2024 in %	31 Dec 2023 in € million	31 Dec 2023 in %
Loan book	**8,515**	55%	**9,019**	57%
of which Corporate Bank	3,792	25%	3,975	25%
of which public programme loans	4,723	31%	5,044	32%
Corporate Centre	**6,926**	45%	**6,892**	43%
of which liquidity book[1)]	3,567	23%	3,227	20%
of which protection seller CDSs[2)]	724	5%	721	5%
of which money market products[3)]	2,628	17%	2,915	18%
of which balances with central banks[4)]	937	6%	1,221	8%
Total	**15,441**	**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 CDS in the loan book
3) including call accounts, loan deposits and derivatives with a positive fair value
4) In addition to the balance sheet item "Balances with central banks", balances with central banks also overnight transactions, which are recognised under the balance sheet item "Receivables from banks".

The loan book declined due to the lower than forecast volume of new business in the past financial year, both in the equity-financed business (Corporate Bank) and in the development funds business. Total credit volume in the Corporate Centre remained unchanged. Here, declines in balances at the Deutsche Bundesbank in the money market products and an increase in the securities portfolio in the liquidity book almost offset each other.

Size category structure

Table: Credit volume by size – Group

	31 December 2024					31 December 2023			
	in € million	in %	Number[1)]	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
Under €5 million	249	2%	151	233	3%	290	2%	252	3%
€5 million to under €10 million	661	4%	89	650	8%	622	4%	612	7%
€10million to under €20 million	1,612	10%	113	1,552	18%	1,673	11%	1,617	18%
€20 million to under €50 million	4,359	28%	140	4,005	47%	3,890	24%	3,660	41%
Over €50 million and larger	7,990	52%	52	1,505	18%	8,726	55%	2,168	24%
Subtotal	**14,871**	**96%**	**545**	**7,945**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[2)]	570	4%	-	570	7%	710	4%	710	8%
Total	**15,441**	**100%**	**545**	**8,515**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) Borrower units in accordance with section 19 KWG
2) Hermes guarantees, indemnifications, risks transferred

The decline in credit volume primarily affects the size category "€50 million and larger".

The size classes below €50 million are predominantly in the loan book, which shows an increase in the "€20 million to under €50 million" size class in its overall structure.

Collateral and risk transfers

Table: Credit volume by type of collateral – Group

	31 December 2024				31 December 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
Property liens and charges[1)]	1,957	13%	1,957	23%	2,075	13%	2,075	23%
Transfer of ownership[1)]	268	2%	268	3%	302	2%	302	3%
Other collateral[1) 2)]	3,767	24%	3,767	44%	3,547	22%	3,547	39%
Collateralised[1)]	491	3%	17	0%	573	4%	16	0%
Secured credit volume	**6,483**	**42%**	**6,009**	**71%**	**6,497**	**41%**	**5,940**	**66%**
Without collateral[3)]	8,388	54%	1,936	23%	8,704	55%	2,369	26%
Subtotal	**14,871**	**96%**	**7,945**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[4)]	570	4%	570	7%	710	4%	710	8%
Total	**15,441**	**100%**	**8,515**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) including loan components outside the collateral values
2) e.g. assignment of receivables, participation rights, assignment of shares, declaration of ownership, subordination, positive/negative declarations
3) including collateral provided by the Banks in the Interbank market in the form of overnight and term deposits for derivatives and bonds (including Pfandbriefe)
4) Hermes guarantees, indemnifications, risks transferred

IKB uses traditional collateral (property liens and charges, transfers of title and other collateral) to secure its lending business. The proportion of the credit volume secured in this way amounts to 42% and 71% respectively in the loan book and has therefore hardly changed or increased compared to the previous year (31 December 2023: 41% respectively 66%). The "Collateralised" item relates to the lower positive fair values of derivatives and has decreased in the Group from 4% as of 31 December 2023 to 3%. Without collateral, the Corporate Centre accounts for the majority (€6.5 billion, 31 December 2023: €6.3 billion). Where the banks provides collateral for derivatives on the Interbank market in the form of overnight and term deposits, these are also recognised under "without collateral".

Risk transferred to third parties continued to decline due to the decline in public guarantees as part of the coronavirus pandemic (KfW funds from the special Covid-19 programme). Risk transferred to third parties was 73% (31 December 2023: 80%) for sub-participations by banks and 27% (31 December 2023: 20%) for public guarantees (mainly Hermes cover).

Geographical structure

The credit volume is broken down by region as follows:

Table: Credit volume by region – Group

	31 December 2024				31 December 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	10,815	70%	7,058	83%	11,340	71%	7,432	82%
Outside Germany	4,056	26%	887	10%	3,861	24%	877	10%
Western Europe	3,136	20%	784	9%	2,744	17%	696	8%
of which France	694	4%	65	1%	588	4%	50	1%
of which EU[1]	686	4%	-	0%	663	4%	-	0%
of which Austria	313	2%	204	2%	207	1%	207	2%
of which Spain	307	2%	45	1%	301	2%	47	1%
of which Belgium	289	2%	19	0%	246	2%	19	0%
Eastern Europe	553	4%	43	1%	678	4%	55	1%
of which Poland	215	1%	43	1%	248	2%	55	1%
of which Romania	137	1%	-	0%	138	1%	-	0%
of which Bulgaria	100	1%	-	0%	100	1%	-	0%
North America	352	2%	45	1%	420	3%	107	1%
Other countries	15	0%	15	0%	19	0%	19	0%
Subtotal	**14,871**	**96%**	**7,945**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[2]	570	4%	570	7%	710	4%	710	8%
Total	**15,441**	**100%**	**8,515**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) European Commission, ESM, Council of Europe Development Bank and European Investment Bank

2) Hermes guarantees, indemnifications, risks transferred

Credit volumes Outside Germany increased, primarily due to bond purchases in Western Europe in the Corporate Centre segment.

In the loan book, the share of loans outside Germany remained stable at 10%.

Sector structure

Table: Credit volume by sector – Group

	31 December 2024				31 December 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	7,281	47%	7,239	85%	7,536	47%	7,471	83%
Energy supply	770	5%	770	9%	769	5%	769	9%
Paper industry	577	4%	577	7%	537	3%	537	6%
Mechanical engineering	522	3%	522	6%	566	4%	566	6%
Chemical and pharmaceutical industry	499	3%	470	6%	507	3%	480	5%
Metal production and processing	469	3%	469	6%	409	3%	409	5%
Food industry	437	3%	437	5%	409	3%	409	5%
Automotive	429	3%	429	5%	528	3%	528	6%
Retailers (excluding automotive, filling stations)	429	3%	428	5%	477	3%	476	5%
Medical, measuring, Taxes and control systems optics	345	2%	342	4%	325	2%	322	4%
Metal products	294	2%	294	3%	353	2%	353	4%
Other industrial sectors	2,510	16%	2,501	29%	2,656	17%	2,622	29%
Real estate	602	4%	602	7%	727	5%	727	8%
Financial sector	298	2%	80	1%	270	2%	93	1%
Banks	3,745	24%	22	0%	3.903	25%	16	0%
Public sector	2,945	19%	2	0%	2.765	17%	2	0%
Subtotal	**14,871**	**96%**	**7,945**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[1)]	570	4%	570	7%	710	4%	710	8%
Total	**15,441**	**100%**	**8,515**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) Hermes guarantees, indemnifications, risks transferred

The degree of diversification in the industrial sectors remains high – no industrial sector accounts for more than 5% of the portfolio. Other industrial sectors account for 26 other industry clusters. The real estate credit volume was reduced by 17% to €602 million in 2024. The Real estate loan volume consists predominantly of property development financing in Germany, which fell by 4% from €524 million to €505 million in 2024.

Credit rating structure

The credit volume is distributed across the internal rating classes as follows:

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

	31 December 2024				31 December 2023			
			in € million	in %			in € million	in %
	in € million	in %	of which loan book	of which loan book	in € million	in %	of which loan book	of which loan book
1-4	7,829	51%	1,343	16%	7,666	48%	1,154	13%
5-7	4,320	28%	4,035	47%	4,578	29%	4,228	47%
8-10	1,972	13%	1,818	21%	2,160	14%	2,134	24%
11-13	378	2%	378	4%	382	2%	381	4%
14-15	177	1%	176	2%	243	2%	242	3%
Non-performing assets[2)]	195	1%	195	2%	172	1%	170	2%
Subtotal	**14,871**	**96%**	**7,945**	**93%**	**15,201**	**96%**	**8,309**	**92%**
Risk transferred to third parties[3)]	570	4%	570	7%	710	4%	710	8%
Total	**15,441**	**100%**	**8,515**	**100%**	**15,911**	**100%**	**9,019**	**100%**

Any differences in totals are due to rounding effects.

1) Declining creditworthiness with rising rating class

2) before specific valuation allowances and provisions in the lending business

3) Hermes guarantees, indemnifications, risks transferred

Despite the persistently difficult macroeconomic environment, the credit rating structure improved in 2024. In the loan book, the proportion of very good and good credit ratings (1-7) increased to 63% (31 December 2023: 60%). This is attributable to new business. At the same time, the share and volume in the medium (8 to 10) and weak credit ratings (14 and 15) declined.

Non-performing assets

Non-performing assets are credit volumes of debtors that show a debtor default in accordance with section 178 of the Capital Requirements Regulation (CRR). Debtor default exists if insolvency proceedings have been opened, interest or capital repayments are in arrears for more than 90 consecutive days, specific risk provisions have been recognised or there are other clear indications that the debtor will not be able to meet its contractual obligations. Securities are allocated to non-performing assets if the Banks considers a permanent impairment to be probable.

Exposures without borrower default that are managed by the Bank's units specialising in restructuring measures are not considered non-performing assets but are nevertheless subject to intensive monitoring together with the non-performing assets. Total non-performing assets and other exposures managed by the Bank's units specialising in restructuring measures remained unchanged at €0.5 billion as of 31 December 2024 compared to 31 December 2023.

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

	31 Dec 2024 in € million	31 Dec 2023 in € million	Change in € million	Change in %
Assets with single loan loss allowances	190	164	26	16%
Non-impaired	5	8	-3	-38%
Total	**195**	**172**	**23**	**13%**
Percentage of total loans	1.3%	1.1%		
Percentage of total loans in the loan book	2.3%	1.9%		

Any differences in totals are due to rounding effects.

1) Before specific valuation allowances or provisions for the lending business, before write-downs to the lower of cost or market securities

Not classified as non-performing assets:

- €26 million (31 December 2023: €15 million) risk transferred to third parties that are attributable to non-performing assets but have been taken over by other Banks or public-sector entities and are therefore assigned to the transferees (change in credit rating).
- €3 million (31 December 2023: €4 million) in undrawn commitments to debtors whose residual exposure classified as non-performing assets.

In a persistently tense macroeconomic environment, the volume of non-performing assets rose to €195 million (31 December 2023: €172 million) or from 1.9% to 2.3% in relation to the declining loan book of €8,515 million (31 December 2023: €9,019 million). In total, the increase in non-performing assets was limited by, among other things, the utilisation of the single loan loss allowances.

The coverage ratio for non-performing assets with single loan loss allowances, provisions and portfolio loan loss allowances attributable to non-performing assets is 28% (31 December 2023: 42%).

Provisions for possible loan losses

If, as part of its case-by-case review, the Banks comes to the conclusion that it is highly unlikely that the contractual obligations can be recovered through subsequent payments or the realisation of collateral, the receivable is classified as permanently impaired and a provision for possible loan losses is recognised in the form of a specific valuation allowance or provision. When calculating the amount of the specific risk provision, IKB takes into account the liquidation value of the available collateral in addition to any future debt service payments expected from the borrower.

Loan-loss provisions in lending business are recognised in the form of specific valuation allowances in the event of acute default risk. Provisions are recognised for contingent liabilities in the event of imminent utilisation. Provisions for possible loan losses are also in the form of a provision for permanent impairment of CDSs. See also the explanations in Appendix (6) "Provisions for possible loan losses".

Table: Provisions for possible loan losses – Group

	31 Dec 2024 in € million	31 Dec 2023 in € million	Change in %
Development of single loan loss allowances/provisions[1)]			
Opening balance	70.8	61.8	15%
Utilisation	-90.4	-28.1	>100%
Reversal	-16.5	-21.4	-23%
Unwinding	-2.9	-1.7	71%
Additions to single loan loss allowances/provisions	92.0	60.2	53%
Total single loan loss valuation allowances/provisions	**53.0**	**70.8**	**-25%**
Portfolio loan loss allowances[2)]			
Opening balance	72.9	76.0	-4%
Addition/reversal	-22.0	-3.1	>100%
Total portfolio loan loss allowances	**50.9**	**72.9**	**-30%**
Total provisions for possible loan losses (including provisions)	**103.9**	**143.7**	**-28%**

Any differences in totals are due to rounding effects.

1) excluding Portfolio loan loss allowances for contingent liabilities recognised as provisions

2) including Portfolio loan loss allowances for contingent liabilities recognised as provisions

Additions to single loan loss allowances/provisions decreased by a total of €18 million in 2024 due to higher utilisation with higher additions and lower reversals.

Total portfolio loan loss allowances including country risk provisions for receivables from customers, from credit institutions, contingent liabilities and Irrevocable loan commitments decreased by €22 million in the 2024 financial year. This is due to the improved rating structure, particularly in the loan book, and the decline in credit volume. In addition, the additional portfolio loan loss allowances recognised at the end of 2023 to cover increased latent risks in the acquisition financing and real estate portfolio in the amount of €6 million were reversed.

For information on the accounting policies for possible loan losses, see also Note (6) in the appendix.

Net risk provisioning in relation to the average credit volume in the loan book was 50 basis points (financial year 2023: 37 basis points) due to a single corporate case.

Liquidity book[1)] by asset structure

Table: Volume by assets – Group

	31 Dec 2024 in € million	31 Dec 2024 in %	31 Dec 2023 in € million	31 Dec 2023 in %
Sovereign bonds	1,821	51%	1,783	55%
Covered bonds	587	16%	250	8%
Financial senior unsecured bonds	231	6%	288	9%
EU and supras	687	19%	663	21%
Corporate bonds	124	3%	118	4%
Agencies and government-guaranteed bonds	118	3%	125	4%
Total	**3,567**	**100%**	**3,227**	**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 not including own issues and securities in the loan book; excluding non-consolidated IKB balances in non-fixed-income securities

Liquidity book[1)] by geographical structure

Table: Volume by countries – Group

	31 Dec 2024 in € million	31 Dec 2024 in %	31 Dec 2023 in € million	31 Dec 2023 in %
Germany	1,155	32%	991	31%
EU[2)]	687	19%	663	21%
France	337	9%	257	8%
Belgium	221	6%	182	6%
Poland	172	5%	193	6%
Other countries	996	28%	941	29%
Total	**3,567**	**100%**	**3,227**	**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; excluding non-consolidated IKB balances in non-fixed-income securities.

2) European Commission, ESM and European Investment Bank

Liquidity book[1)] by credit rating structure

Table: Volume by credit ratings – Group

	31 Dec 2024 in € million	31 Dec 2024 in %	31 Dec 2023 in € million	31 Dec 2023 in %
1-4	3,176	89%	2,919	90%
5-7	254	7%	298	9%
8-10	138	4%	10	0%
11-13	-	0%	-	0%
14-15	-	0%	-	0%
Non-performing assets	-	0%	-	0%
Total	**3,567**	**100%**	**3,227**	**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; excluding non-consolidated IKB balances in non-fixed-income securities.

Risk reporting

All relevant information from lending transactions is prepared in detail by the risk controlling department as part of quarterly credit risk reports at Group level and presented and explained to the Board of Managing Directors. In addition, the Board of Managing Directors is informed on a monthly basis about monitoring and reporting in relation to customer credit risk issues in order to ensure that measures are taken promptly as part of active risk management. The Supervisory Board and the supervisory authorities receive a quarterly risk report containing all key information on the Group's overall risk position.

Liquidity risk

IKB defines liquidity risk as the components of refinancing cost risk and insolvency risk.

The basis for identifying and analysing the liquidity risk in terms of the risk of insolvency is the expected deterministic cash flows of the business already contracted and the supplementary stochastic cash flows in the form of modelling, the liquidity measures and new business planning as well as the liquidity reserves (borrowing options at the ECB and Cash on hand). The future liquidity balances determined in this way are reduced using additional stress modelling. The stressed balances are limited. The aim of limiting is to ensure that the Banks has a sufficiently high liquidity reserve to endue the negative effects on liquidity of a combined stress scenario for defined 3-month period. Liquidity risk monitoring at IKB is supplemented by an early warning system based on leading indicators, which are intended to provide early warning of developments that could have a negative impact on liquidity.

In addition, the Banks' refinancing cost risk is calculated on a monthly basis. This is the risk that the Banks can only close both existing liquidity gaps and potential additional liquidity gaps at increased costs.

Treasury is responsible for the operational management of liquidity risks within the limits proposed by risk management and approved by the Board of Managing Directors. In addition, the liquidity situation is regularly presented to the asset liability committee of the Bank.

Liquidity situation

Taking into account new lending business, the Banks anticipates a funding requirement of €0.8 billion over the next twelve months, the same as in the previous year.

IKB has a liquidity contingency plan for potential liquidity bottlenecks, which describes a set of measures and a defined procedure responding in the event of a liquidity bottleneck.

As of 31 December 2024, the minimum liquidity balance of around €0.3 billion (previous year: €0.4 billion) is slightly below the previous year's level. Taking into account the legal maturity dates of asset and liability items, borrowing options at the central bank and on the collateralised Interbank market and excluding the planned new lending business, the time to wall ceteris paribus (assuming constant fair values) is 6 months (previous year: 6 months). The Banks has a free liquidity reserve in the amount of €1.1 billion (previous year: €1.4 billion).

The minimum requirement for the liquidity coverage ratio and the net stable funding ratio (NSFR) is 100%. The minimum requirements were met at all times in the 2024 financial year. The LCR was 366% (previous year: 249%) for the IKB Group and 322% (previous year: 232%) for IKB AG as of 31 December 2024. The NSFR as of 31 December 2024 was 125% (previous year: 116%) for the IKB Group and 122% (previous year: 114%) for IKB AG. The refinancing cost risk as of 31 December 2024 amounts to €25 million (previous year: €21 million).

Funding situation

The main components of IKB's refinancing are programme loans from public development banks, secured financing on the Interbank market (Eurex repo transactions/bilateral repo transactions), refinancing via the ECB and the deposit business with private customers secured under the Deposit Protection Fund (ESF).

As of 31 December 2024, the loan to deposit ratio (LtD ratio) was 98% (31 December 2023: 101%) – calculated as the corporate bank's credit volume according to segment reporting in relation to the consolidated balance sheet item liabilities to customers.

Details can be found in the following list:

Funding source (HGB book values including deferred interest)	31 Dec 2024 in € million	31 Dec 2023 in € million
Customer deposits	**3,734**	**3,801**
Retail customer deposits	3,200	3,192
Business customer deposits	533	608
Secured funding	**8,111**	**8,400**
Development loans	4,718	5,035
Interbank market	2,292	1,952
of which Eurex	2,026	1,843
of which other	266	109
ECB	1,101	1,414
of which TLTRO	0	513
of which open market	1,101	900
Unsecured funding	**141**	**161**
of which bearer bonds (including buybacks)	10	19
of which senior preferred	-	-
of which senior non-preferred	10	19
of which promissory note loans	132	142
of which senior preferred	15	15
of which senior non-preferred	117	127
of which other	0	0
Subordinated/hybrid funding	**563**	**566**
of which subordinated	488	491
of which hybrid (funding trust)	75	75
Equity	**1,242**	**1,225**
of which own funds	1,126	1,066
of which fund for general banking risks	116	159
Total	**13,792**	**14,153**

Market price risk

IKB's market price risk results from the risk factors interest rates, credit spreads, inflation, FX (foreign exchange) rates, gold, equity indices and their volatilities. Almost all positions are liquid. Risks arising from low market liquidity are taken into account using alternative pricing methods (e.g. benchmark bonds) in idiosyncratic credit spread modelling. IKB does not maintain a trading book, meaning that all market price risks are recognised in the banking book.

Market price risks are managed operationally within the VaR limits proposed by risk controlling and approved by the Board of Mancging Directors. In addition, the market price risk situation is regularly presented to the banks'saAsset liability Committee.

IKB assumes interest rate risks in the form of interest rate adjustment and interest rate structure risks.

IKB's credit spread risk identified and quantified as part of market price risk results from securities and credit derivatives as well as loans and promissory note loans whose borrowers have issued securities on the capital market. Securities credit spread risks are managed/hedged selectively depending on the respective market environment through the targeted reduction of positions or the conclusion of risk-reducing derivatives.

Quantification and assessment of market price risks

Market price risks are measured daily at IKB using a value at risk (VaR) approach for all portfolios. The VaR is determined on the basis of a historical simulation. The historical simulation takes into account a full valuation approach that includes all relevant risk factors such as interest rates, credit spreads, inflation, FX rates, gold, equity indices and their volatilities.

In addition, components of market price risk that are not fully taken into account in the model are covered by a risk buffer in the economic perspective.

For the economic perspective of the risk-bearing capacity calculation, the market price risk is determined with a risk horizon of one year and a confidence level of 99.9%. A mathematical procedure is used to generate a one-year market price risk distribution from the one-day observations of the historical simulation. The market price risks of the pension obligations are integrated in the economic perspective. The relevant period used in the historical simulation to measure the economic market price risk is determined using the maximum on the basis of the last 250 daily scenarios and on the basis of a long time series since 2008.

In addition to the VaR in the economic perspective, IKB uses an operational VaR with a risk horizon of one day and a confidence level of 99% for the operational fine-tuning of the portfolio. IKB also uses stress tests and scenario analyses to assess its market price risks. "Historical stress tests", "Hypothetical stress tests" and "Macroeconomic stress tests" are used for this purpose.

The models used are validated annually. Identified model weaknesses and their materiality are reported to the Board of Managing Directors as part of the validation activities. The validation is based on the daily backtesting of the VaR forecasts. In addition, the backtesting results are analysed at risk factor level, among other things.

Market price risk management and hedging

The main task of market price risk management is to manage the market price-sensitive positions assumed by the individual business segments. IKB uses a combination of risk indicators, earnings figures and other indicators such as interest rate and credit spread sensitivities to manage market price risks.

Daily reporting to the Board of Managing Directors and Treasury includes the valuations of all positions, market price risk, net interest income and limit utilisation. In addition, the Board of Managing Directors is informed on a monthly, quarterly and event-driven basis about relevant market developments, changes in the portfolio, portfolio valuation, earnings performance and the market risk profile. The Supervisory Board is informed about market price risks on a quarterly basis as part of the overall risk reporting.

Year-on-year comparison of market price risk profile

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

Table: Market price risk profile

in € million	Value at 31 December 2024	Value at 31 December 2023
Interest rate basis point value (BPV)	**-0.6**	**-0.5**
Credit spread BPV	**-3.5**	**-3.6**
VaR - interest rate and volatility	137	86
VaR - credit spread	203	223
VaR - FX and volatility	23	10
VaR - other	81	37
Correlation effect	-215	-135
Risk buffer	30	50
Total VaR	**258**	**271**

Any differences in totals are due to rounding effects.

Market price risk remains at a comparable level to the previous year. The slight reduction is due to changes in the portfolio and the development of market data.

Non-financial risks

Banks subsumes all risk types outside of credit, market and liquidity risks under the term non-financial risks (NFR). These are initially operational risks (NFR in the narrower sense) in accordance with the regulatory definition. Non-financial risks such as legal risks, taxes IT risks, personnel risks etc. are also operational risks but are managed separately. Reputation risks, business risks and strategic risks are also part of non-financial risks. Non-financial risks are quantified together as operational risks in the risk-bearing capacity using a loss database enriched with external data, regularly updated expert estimates and separately modelled special risks. These special risks represent circumstances that cannot be adequately taken into account as part of the other quantification components.

Internal control system

The management of the internal control system (ICS) is closely linked to non-financial risk. For this reason, a central coordination function ("ICS centre") was created within the Banks's Risk Controlling department. An ICS control loop including standardised assessment methods and specifications for modelling controls for risk mitigation has been defined for non-financial risks inherent in the process. An annual risk and control self-assessment of key controls is implemented within the ICS control loop for the regular management and monitoring of the ICS. In addition, an annual independent control test of the key controls is carried out by the ICS centre as well as annual reporting to the Board of Managing Directors and the Risk and Audit Committee with the net income from the assessment of the appropriateness and effectiveness of the ICS.

Operational risks

Operational risk is the risk of loss from inadequate/unsuitable or failed internal processes, people and systems or from external events outside the Banks's sphere of influence. Operational risks are quantified using an internal model. The model is based on a loss distribution approach and determines the risk value at a 99.9% quantile. The economic capital tied up as a result is taken into account as part of the regular risk-bearing capacity calculation.

Operational risk management of non-financial risks is the responsibility of the individual divisions and subsidiaries. Non-financial risks controlling ("NFR Centre"), which is part of the Risk Controlling division, is responsible for harmonising methods for identifying and assessing non-financial risks, reporting on all non-financial risk types in the IKB Group as uniformly and centrally as possible and training decentralised oprisk officers. All material loss events that have occurred or almost occurred as well as specific impending losses in an individual case where the loss has not yet occurred are collated in a central loss database and analysed for their causes and effects. The Board of Managing Directors is informed about operational risks and the loss situation on a quarterly basis. In the event of significant losses, an ad hoc report is made to the entire Management Board.

The gross loss volume determined in the 2024 financial year at Group level and at the level of IKB AG totalled €1.13 million (previous year: €0.53 million[1]). In individual cases, the loss figures are based on estimates, some of which can only be specified with a time lag on the basis of updated information.

Legal risks

Non-financial risks also include legal risks, i.e. the risk of losses due to changes in the legal framework, new legal regulations and changes or interpretations (e.g. supreme court decisions) of existing legal regulations that are unfavourable to the Bank. Legal risks also include liability risks resulting from contractual agreements.

Legal risks are managed by the Governance and Legal division. The taxes team in the finance division is responsible for managing legal tax risks. If necessary, external law firms are called in to provide support.

1) Excluding boundary events; previous year's figure was based on updated findings.

In the lending business and credit-related business, model contracts and standard texts are used for the most part. In the event of deviations from these standard/model texts and in the case of individually drafted contracts and transactions, they are reviewed and approved by the central legal resources of the governance and legal division or by the decentralised legal resources in the credit risk and contract management division, which are managed under the specialist responsibility of the Head of Governance and Legal. All contract templates are continuously reviewed to determine whether adjustments are necessary due to legislative changes or changes in case law. When new business is entered into, the legal design and evaluation of the new products are supported by the governance and legal department itself or under its specialist responsibility as part of the new business process.

In addition, legal developments that are of importance to the Bank's business are accompanied in part by participation in internal and external bodies and committees of the supervisory authorities and the Association of German Banks.

As a further measure, the Governance and Legal department coordinates the Legal Development working group in order to identify regulatory and banking supervisory developments and coordinate their effects and the resulting implementation requirements for the Banks.

In legal disputes, the Governance and Legal department ensures that the legal positions of IKB AG and the Group are protected.

With regard to tax law issues, the Taxes team ensures that declarations are made in accordance with the law and that tax positions are defended against the tax authorities. If necessary, external tax advisors or lawyers are also called in. At the level of IKB AG or its subsidiaries, additional tax expenses could arise for assessment periods that have not yet been audited. The last completed tax audit for the Germany tax group covered the assessment periods up to and including 2016 (sales tax up to 2015). In the current financial year, the audit was continued for the assessment periods 2017 to 2020. IKB is in the situation of a continuous follow-up audit.

IKB and companies belonging to the Group are involved in legal proceedings. Provisions are generally recognised for these proceedings to the extent that the resulting obligations are sufficiently probable and the amount of the obligations can be determined with sufficient accuracy. As the development of these proceedings is subject to considerable uncertainty, it cannot be ruled out that provisions may have to be recognised or adjusted in the course of the proceedings. This may affect IKB's net income and cash flow in a particular reporting period.

Significant pending proceedings involving IKB and/or companies belonging to the Group are as follows: In relation to structured credit products, IKB is litigating several cases in the United States. A decision unfavourable to IKB was issued in one case. The proceedings are being continued. One case was concluded in the reporting period. In addition, pension claims were asserted against IKB from a previous employment relationship in an actuarially calculated single-digit million amount.

Information and Communication Technology (ICT) Risk

ICT risk refers to the potential for events or actions within the information and communication technology environment to hinder an organizational unit from achieving its objectives or successfully implementing its strategies. Beyond the core protection goals of information security—confidentiality, integrity, and availability—key risk drivers also encompass the attainment of quality objectives, resource availability, process stability, agility, and future security. The Bank has developed a strategy with specific targets and measures to enhance IKB's digital operational resilience (the "DOR strategy") in managing ICT risks. This strategy complies with the regulatory framework established by Regulation (EU) 2022/2554 on digital operational resilience in the financial sector, commonly known as the Digital Operational Resilience Act (DORA). The DOR strategy is designed to effectively and efficiently reduce the risks associated with the use of digital information and communication technologies and to ensure stable ICT operations.

Regarding the primary subgroup of information security risks, the Bank adheres to the international standard ISO/IEC 27001. Based on this standard, an annual assessment of protection requirements is conducted for all IKB processes. The existing Information Security Management System (ISMS) and ICT risk management are overseen by the Chief Information Security Officer (CISO), who serves as the "second line of defence." The risk management system addresses ICT risks in compliance with regulatory requirements, including the "Minimum Requirements for Risk Management (MaRisk)" and the "Banking Supervisory Requirements for IT (BAIT)," as well as the mandates of the German Banking Supervision Act (BaFin). Final preparations for the necessary extensions of ICT risk management, in accordance with the "Digital Operational Resilience Act," were completed on 17 January 2025.IT Security Management is responsible for the Bank's operational IT security within the IT division, acting as the "first line of defence." The division establishes measures in coordination with the involved cross-divisional departments and supports their implementation, continuous improvement, and adaptation to current and future IT security and compliance requirements. System and network security are adjusted based on the evolving threat landscape based via the contractual agreements with service providers. These agreements mandate the use of the latest hardware and software technologies and require service providers to ensure regular patch management. To minimize risks to the availability of the IT infrastructure, the bank's internal IT operations are distributed across two separate data center locations. ICT risks arising from the outsourcing of key IT services are integrated into ICT risk management. Risk management measures are verified through audits conducted by the CISO and emergency drills led by the central Business Continuity Management (BCM) team.IKB plans to switch to a new IT infrastructure service provider in the first half of 2025. This transition project may result in additional financial expenses to ensure ongoing and future operations.

Compliance risks

As IKB's business activities give rise to statutory follow-up obligations for the handling of compliance-relevant information for transactions involving financial instruments and for the provision of securities services and ancillary securities services, IKB is subject to a large number of statutory and regulatory requirements. The measures taken by the Compliance Functions established for this purpose are designed to ensure compliance with these requirements. The corresponding behavioural requirements and process specifications are set out in the banks's written binding regulations. In addition, the principles and values set out in IKB's Code of Conduct requirements for the behaviour of all employees of the Group. These employees are regularly trained to ensure that they are fully aware of all relevant requirements and regulatory developments. Compliance-related technical advice and support for the divisions and the implementation of monitoring activities are provided preventively and during the process by (1) the Compliance Function in accordance with the Minimum Requirements for the Compliance Function (MaComp) and (2) the Compliance Function in accordance with MaRisk and (3) the Single Officer.

Reporting by the Chief Compliance Officer in accordance with MaComp, MaRisk and the Single Officer and the Money Laundering Officer/Central Office is made annually and on an ad hoc basis to the Board of Managing Directors and also to the Supervisory Board for the Compliance Function in accordance with MaComp, MaRisk and the Single Officer.

The Compliance Function in accordance with MaComp, MaRisk and the Single Officer carry out risk analysis on a regular basis (at least annually), from which the respective monitoring plan is derived.

IKB AG has implemented internal policies, procedures and controls relating to combat money laundering/terrorist financing, criminal offences and compliance with financial sanctions. Employees receive training every two years or as required in relation to typologies, current methods of money laundering/terrorist financing, criminal offences and financial sanctions. In addition, all new employees receive separate initial training. The anti-money laundering reporting officer/central office carries out a Group-wide risk analysis on an annual basis or event driven for the prevention of money laundering/terrorist financing, criminal offences and compliance with financial sanctions. The risk of money laundering and the risk of criminal offences and financial sanctions are assessed on the basis of the risk analysis and taking into account the defined safeguards. The effectiveness of the safeguards derived from the risk analysis is reviewed at least once a year and adjusted if necessary. The current situation in Ukraine and the associated Russia/Belarus financial sanctions are being closely monitored. Various safeguards have been implemented to ensure compliance with applicable sanctions (including screening of the customer base and real-time screening of payment transactions against sanctions lists, monitoring of sanctions law requirements, and the identification of sanction risks among IKB customers).

Personnel risks

The management of Personnel risks the responsibility of the individual central and backoffice departments and market units in cooperation with the Human Resources department. This includes maintaining the necessary knowledge and experience of employees that they need to fulfil their tasks and responsibilities. IKB continuously invests in its training and development management to ensure a high level of qualification among its workforce.

The number of in-house redundancies does not currently pose a personnel risk, as they can either be compensated for internally or temporarily via an external service provider, or they can be replaced. There is also no increased risk of staff leaving the company.

IKB is investing in the training of young professionals, trainees and dual students in order to be able to meet future personnel requirements, also in view of demographic developments.

For information on IKB's remuneration system, refer to the Disclosure Report.

Reputation risks

Reputational risk is the risk of a negative perception of IKB by the Bank's stakeholders (e.g. customers, investors, regulatory authorities), which may impact Income, capital or liquidity by, for example, jeopardising the Bank's ability to conduct existing or new business, maintain customer relationships or use of refinancing sources is currently or in the future adversely affected. The probability of a reputational risk materialising or the consequences of its occurrence cannot generally be quantified.

The management of reputational risk at IKB is the responsibility of the Board of Managing Directors. The methodology is largely based on the management of non-financial risks. Responsible communication with all stakeholders is a high priority in the management of Reputation risks. Reputational risks often arise from other operational risks and are monitored accordingly.

Strategic risks

Strategic risks jeopardise the Bank's long-term corporate goals and sustainable success as a result of unexpected developments. These can arise as a result of changes in the legal, regulatory or social environment as well as changes in market, competitive and refinancing conditions. Geopolitical and trade policy risks (war in Ukraine and the Middle East, political unrest, increased protectionism) are constantly monitored and analysed with regard to strategic risks and the associated potential threats to the Banks' long-term success.

As there are no regularities for strategic risks, they are difficult to record quantitatively as special risks in an integrated system and are assessed qualitatively. They are therefore continuously monitored by the Board of Managing Directors. This includes the annual and ad hoc review of the business strategy by the Board of Managing Directors, taking into account the implications for the strategic and operational planning process.

In addition to the annual and event-driven review of the business strategy, the business strategy objectives, measures and risks are continuously reviewed as part of the Strategy and Risk Committee and the Executive Board meetings. This results in strategic initiatives and optimisation measures.

Participation risks

As the individual material counterparty default, market price, liquidity, business and non-financial risks in the investment portfolio are already taken into account in the individual risk types, the investment risk (in the sense of dividend default, write-downs on carrying amounts, losses on disposals and a decline in hidden reserves) is not classified as a material risk type in its own right.

Business risks

The company defines business risk as unexpected negative deviations from plan in interest and commission income and in operating Expenses as a result of deteriorating market conditions, changes in the competitive position or customer behaviour as well as changes in economic or legal conditions. Business risk is quantified in particular with the help of scenario calculations as part of the normative perspective.

The operational management of business risk – i.e. reducing the risk of a negative change in the Results of Operations within the business strategy agreed with the Board of Managing Directors – is the responsibility of each individual business division, central division and subsidiary. As part of earnings controlling, the Finance department prepares monthly statements of existing and new business results and submits weekly management reports to the Board of Managing Directors in which deviations between planned and actual income and assets are identified and analysed. This enables the Board of Managing Directors to introduce risk-mitigating measures.

Opportunities

IKB has focused its business model on services for companies in the upper mid-cap market with comprehensive advisory and financing requirements.

IKB sees business potential in the sustainable transformation of the German economy. Considerable investments are required to achieve these climate targets, which is why IKB supports its customers with sustainable loans and advisory services. IKB is active in KfW's pass-through business and has significant market shares in various complex promotional programmes that also aim to reduce carbon dioxide emissions. At the balance sheet date, around 55% of IKB's loan book was based on promotional funding programmes, which are predominantly attributable to KfW promotional funding programmes.

IKB sees the implementation of artificial intelligence (AI) as an opportunity to increase efficiency and reduce costs. IKB therefore developed an AI strategy in 2024. The AI strategy pursues the objectives of expanding knowledge, increasing efficiency and improving the transparency and efficiency of decision-making processes in order to ensure sustainable success. IKB has therefore introduced initiatives, conducted workshops with AI experts and trained employees. Furthermore, use cases have been identified and implemented as part of the AI strategy. The Bank is currently identifying further use cases for implementation.

Furthermore, the cost situation will continue to improve following the implementation of the current cost reduction and optimisation measures.

Overall, IKB sees the opportunity to generate increasing net income for the year with growing profitable new business and falling administrative costs. The resulting improved external perception of creditworthiness could lead to further positive feedback for IKB’s business activities.

IKB expects RWA relief on the basis of CRR III. On a pro forma basis, this will result in a strengthening of the CET 1 ratio of around +2 percentage points as of 31 December 2024, taking into account the core components of the new regulations.

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

A potential sale of IKB by its owner, Lone Star, could positively impact the company's future business performance. The Board of Managing Directors of IKB remains open to the realisation of this project. This includes the acquisition of further investors. Inorganic growth also offers the opportunity to further optimise the business model, tap into new market opportunities and promote sustainable growth.

Overall assessment of risk situation

Measured against the regulatory capital and liquidity ratios, IKB continues to be adequately equipped overall. All capital ratios are above the regulatory capital requirements as of 31 December 2024 and on the basis of the normative perspective of risk-bearing capacity, meaning that there is sufficient scope to implement the planned activities of the Committees. Any known changes to the regulatory minimum requirements have been taken into account accordingly. This also applies taking into account the additional temporary capital requirements in accordance with section 10 (3) sentence 1 KWG.

With a lower risk position and simultaneously decreasing risk coverage potential, the risk-bearing capacity in the economic perspective is not only given for the next 12 months, but also for a period of at least two years beyond that on the basis of the Bank's planning.

For both perspectives of risk-bearing capacity, regulatory and supervisory changes as well as changes in supervisory interpretations have an impact on the Bank's risk situation in addition to risk development.

In a challenging market environment due to political conditions, with weak economic growth and a low willingness to invest, inflation rates above the target corridor and a monetary policy that is only slowly easing, which continues to be characterised by high economic and geopolitical uncertainty, net risk provisioning was above the planned level due to individual cases. Non-performing assets, on the other hand, remained at a low level with little change at the end of the financial year. The average creditworthiness of the portfolio is also virtually unchanged. IKB is maintaining its high lending standards in the current market situation, which continues to be characterised by uncertainty. The influencing factors mentioned above, with their unforeseeable consequences for economic growth, among other things, may have an impact on credit risks and, in particular, lead to rising non-performing assets and increased risk provisioning expenses for the Banks.

Despite the onset of monetary easing and the resulting fall in interest rates, the past financial year continued to be characterised by stress, particularly in the case of top-rated European Sovereign bonds in the form of widening credit spreads, and corresponding volatility on the capital markets. In this challenging environment, the fair values of the corresponding papers in the investment portfolio were therefore negatively impacted. In contrast, the market price risk position was further reduced in the past financial year through appropriate measures. Due to the continuing uncertainty about future economic and inflation trends and the resulting reactions of central banks, the investment portfolio may be adversely affected.

In view of the aforementioned uncertainties, IKB continuously monitors economic developments, central banks' monetary policy responses and market reactions and analyses their impact on IKB's risk position and possible stress scenarios in order to actively manage and limit IKB's risks. The implementation of possible measures for active portfolio management or risk reduction can have an impact on Net income.

IKB continues to see business potential in the sustainability transformation of the German economy. IKB supports its customers with sustainable loans and advisory services and contributes to financing the green transformation of the German mid-cap sector. To this end, products that IKB classifies as sustainable are offered and successively expanded. In Total, IKB sees this as an opportunity to generate increasing net income for the year with growing profitable new business, driven by transformation financing among other things, and falling administrative costs.

4. Material characteristics of the internal control and risk management system relevant for the accounting and financial reporting process

In accordance with section 315 (4) of the German Commercial Code (HGB), the Group management report must also address the key features of the internal control and risk management system with regard to the accounting process if a company included in the consolidated financial statements is capital market oriented. Due to the inclusion of IKB Funding Trust I in the consolidated financial statements of IKB AG, the Banks has been subject to such a reporting obligation since the 2023 financial year.

Definition, objectives and limits of the internal control system in the accounting process

The company's accounting-related internal controls and the risk management system, in relation to the accounting process, aim to ensure the correctness and reliability of the accounting and the financial statements and their components subject to mandatory publication in compliance with the applicable accounting regulations standards.

The company's internal controls include principles and procedures designed to ensure that records are kept in which all of the company's business transactions are recorded in sufficient detail, accurately and correctly, that business transactions are recorded, processed, documented and evaluated in accordance with statutory regulations as well as the articles of association and the general and special rules of management, that the necessary disclosures are made in the summarised notes to the financial statements the consolidated financial statements and management report/group management report and that financial statements are prepared in accordance with the provisions of the German Commercial Code (HGB) and disclosed in a timely manner.

Internal controls can ensure reasonable, but not absolute, assurance in the fulfilment of this objective. The limits are determined by the cost/benefit ratio of the controls. There is also the possibility of errors in the execution of activities or errors in estimates or the exercise of measurement latitude as well as fraudulent behaviour. Due to these limits, misstatements in the financial statements cannot be detected or prevented with absolute certainty.

Responsibility for the internal control system in the accounting process (ICSA)

The Board of Managing Directors of IKB is responsible for the establishment, development, adjustment and effectiveness of accounting-related internal controls and the accounting-related risk management system. The accounting and the preparation of the annual and consolidated financial statements and the combined management report/Group management report are the responsibility of the Board of Managing Directors. The Supervisory Board is responsible for monitoring the effectiveness of the ICSR. To fulfil this task, the Supervisory Board has formed a Risk and Audit Committee. The Supervisory Board is also responsible for adopting the annual financial statements/approving the consolidated financial statements, commissioning the audit of the annual and consolidated financial statements, approving the auditor's compliance with non-audit services and complying with the upper limit for fees for non-audit services. At their meetings, the Risk and Audit Committee and the Supervisory Board familiarised themselves with the ICSR on the basis of the documents submitted and supplementary explanations provided by the Board of Managing Directors.

The effectiveness of the ICSR is regularly audited internally by internal audit and externally by the responsible auditors. Based on a multi-year audit plan, the audit focuses on the functionality, effectiveness and appropriateness of the ICSR, compliance with legal and regulatory requirements and other regulations relating to the accounting process.

The Supervisory Board has commissioned EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft to audit the annual financial statements/group financial statements and the management report/group management report. The task of the auditors is to provide an assessment of the annual financial statements/group financial statements and the management report/group management report on the basis of their audit.

Organisation of the accounting system

IKB's accounting is essentially centralised at the main office in Düsseldorf in the finance division. The finance division is responsible for preparing the annual and consolidated financial statements of IKB AG. General ledger accounting and accounts receivable accounting performed by the finance division. Accounts payable and asset accounting at IKB are handled by an auditing company. Transactions in lending, securities and derivatives are recorded in the sub-ledger by the Operations division and are generally automatically transferred to the general ledger; the sub-ledger for retail customer deposits at IKB AG is managed by an external service provider. The plausibility of the transferred transactions is checked by the finance division. The finance division is supported by other divisions of the Banks in the performance of certain tasks in preparation of the annual financial statements. The taxes team in the finance division is responsible for handling all of the Bank's tax matters and calculating current and deferred taxes. The risk controlling department calculates write-downs and provisions in connection with the lending business and measures financial instruments that are not part of the lending business. The human resources department calculates personnel-related provisions and reconciles the data for pension provisions with the actuary. Provisions for pensions and similar obligations are calculated by an (external) actuary. Current tax matters relating to outside Germany (foreign branches, foreign subsidiaries, foreign associated companies) and domestic subsidiaries are handled by external tax consultants and auditing firms, which also calculate current taxes and prepare the tax data; the Taxes team in the finance division reviews the tax calculations, tax data and tax returns. The preparation of the management report/Group management report is the responsibility of the economics, communications and marketing department with the assistance of other departments of the Banks.

The accounting of the German subsidiaries included in the consolidated financial statements is carried out by an auditing company. Accounting services are provided by external service providers for individual subsidiaries and special purpose entities included in the consolidated financial statements. The external auditing company or external service providers transmit the accounting information from the prepared financial statements to the finance department for the preparation of the consolidated financial statements, which checks the plausibility of the transmitted data. If these subsidiaries are of material importance, the annual financial statements of the consolidated companies are audited by the local auditor of the respective company.

Organisation and function of the ICSA

IKB's internal control system is designed in accordance with the requirements of the framework for internal controls adopted by the Committee of Sponsoring Organisation of the Treadway Commission (COSO Framework). The COSO framework represents a recognised orientation framework for the design of the internal control system. In addition, the requirements for the ICSR were observed on the basis of the minimum requirements for risk management under banking regulations.

The core element of the ICSR is the control environment. It is characterised by the attitude, problem awareness and behaviour of management. In the Code of Conduct for Employees of IKB AG, the Bank's Board of Managing Directors has identified competence and responsibility and lawful and responsible behaviour as key requirements for the Bank's business activities. These requirements are supported by internal regulations and organisational measures.

Another element of the ICSR is risk assessment. The Banks assesses potential risks of error in relation to the accounting process and the annual and consolidated financial statements. The scope of control activities and quality assurance measures in relation to individual transactions, balance sheet items or reporting in the Appendix and Management Report is determined on the basis of this risk assessment.

Controls are methods and measures that are defined in the processes to detect errors in accounting. They are performed before, during or after the work process. The scope of the controls ranges from an analytical review and random checks to a complete review of all incidents in a matter. The checks are carried out in the form of automatic (programmed) checks or manual checks.

IT systems in the accounting process and corresponding controls

The accounting-related processes are carried out with the help of various IT systems (key systems: Murex, FIS-KORDOBA, KreDa, the ERP system SAP-FI, SAP HCM and the consolidation software SAP SEM-BCS). The Board of Managing Directors ensures that the IT systems used for accounting comply with legal requirements and general regulations and are appropriate to the scope of business. This in addition, the Board of Managing Directors ensures that the structural and process organisation in accounting, the scope of controls and the design of the IT systems are appropriate for the respective scope of business. This includes the systematic selection of systems, system introduction and system adaptation on the basis of clearly defined processes, regular external and internal audits and ensuring appropriate functional rigour through corresponding authorisation concepts. The dual control principle is part of the internal application control system. Employees work properly with the systems on the basis of comprehensive system documentation and regular training measures.

Internal controls in connection with the accounting process

There are clear accounting instructions on accounting, valuation, disclosure and posting rules for business transactions as well as the necessary disclosures in the appendix and management report. These rules are set out in accounting manuals that are available to Employees in the Finance department and supporting units. There is a clearly defined process for preparing and revising the accounting manuals. Based on the changes to the accounting standards and pronouncements of the Institute of Public Auditors in Germany (IDW) and the German Accounting Standards Committee (DRSC), the effects on IKB are already analysed on the basis of draft legislation and draft accounting standards and incorporated into the accounting manuals once they come into force.

The accounting effects of new types of business transactions and their proper mapping in the accounting system are analysed by carrying out a new business process or, if no new business process is required, on request by reviewing and coordinating with the relevant specialist departments on the proper handling of the business transaction. Charts of accounts and position plans and workflows in the accounting process are regularly modified and optimised in order to increase transparency and traceability.

The recording of all business transactions is ensured by clearly defined workflows in the accounting department. Initial entry and processing are largely standardised in accordance with the dual control principle (separate entry and approval), which are technically stored in the accounting systems and can therefore be clearly traced.

In the lending business, all life cycles of a loan, from application, review and approval to repayment and refinancing of Liabilities, are mapped in a computerised sub-ledger system. Subsequent verification of the entries in the systems and checking of the contract data by the back office ensures that this contract data is recorded correctly and completely in the systems. Write-downs are determined by the risk controlling department and recorded in the accounting system. Transactions are posted using fixed posting and valuation rules for the product type and the transfer to the general ledger is largely automated. This ensures that the business transactions are recognised correctly and completely.

Similarly, the purchase and sale of Securities and other financial instruments is processed, and the portfolio is managed. The transactions are automatically transferred from the trading system to the sub-ledger system. Subsequent manual and automatic checks ensure that the data has been transferred to the sub-ledger accounting system completely and correctly. In addition, the balances of Banks and nostro accounts as well as securities accounts are regularly reconciled with the accounting balance.

The transactions are valued using valuation runs stored in the system. In addition, procedures have been implemented to ensure that financial instruments can be identified for which no prices can be derived on active markets. For Securities, the amount impairment is determined by the Risk Controlling department and recognised in the systems.

For payment transactions, payroll accounting, asset accounting and the procurement process, there are defined - in some cases system-supported - workflows that ensure that transactions are carried out in full (e.g. plausibility checks, compliance with the dual control principle). Asset and accounts payable accounting are outsourced to an external service provider. The tasks to be performed and the delimitation of the activities of the service provider and the banks are contained in service level agreements and are monitored by the Bank's employees as part of outsourcing management.

In the case of retail customer deposits, transactions are recorded in the sub-ledger by an external service provider, transferred from the sub-ledger to the general ledger on the same day and reconciled daily by the banks with regard to turnover and balances and regularly with regard to interest accruals.

The other business transactions are imported into the general ledger from the subledger systems on the same day. The accuracy and completeness of the entries are ensured by precisely defined interfaces and daily reconciliation between the general ledger and the sub-ledgers.

The data required for the preparation of the consolidated financial statements is prepared by the Finance division for IKB AG as the parent company and the subsidiaries included in the consolidated group and imported into the consolidation system. Data is generally collected by external service providers using reporting packages specified by the banks and transferred to the unit responsible for Group accounting in the finance division. The data is checked by means of automatic plausibility checks and a critical review of the transmitted data by Group accounting.

Structural and procedural organisation of the consolidated and annual financial statements process

The tasks and processes in connection with the preparation of the annual financial statements/ consolidated financial statements are documented in corresponding organisational guidelines/manuals and are monitored with IT support. A SharePoint platform is used to exchange information between the persons and organisational units involved in the preparation of the annual financial statements/ consolidated financial statements and the management report/Group management report.

In addition to the daily work processes, analytical control procedures, allocation procedures (especially for Provisions) and obtaining balance confirmations are used in particular to ensure that the business transactions have been recorded in full. The entries in the annual financial statements are evidenced by accounting records and the accounting records are approved in accordance with the dual control principle and evidence of this control action is documented. If the valuation was carried out with the involvement of external experts, e.g. in the case of Pension provisions, the valuations are checked for plausibility before being recognised.

The annual financial statements/ consolidated financial statements and management report/group management report are checked for plausibility, completeness and consistency using a clearly defined quality assurance process. The procedures and measures applicable to the process of preparing and auditing the financial statements are applied analogously to the process of preparing the consolidated financial statements.

In addition, condensed interim consolidated financial statements and an interim Group management report are prepared for the first half of the year, which are reviewed at the discretion of the Board of Managing Directors and the Risk and Audit Committee.

5. Outlook

Future general economic conditions

The global economy is likely to remain on its moderate expansionary path in 2025 and inflation should ease in industrialised countries. In the wake of the improved inflation outlook, the European Central Bank (ECB) will lower its key interest rates further. However, it should proceed cautiously in view of the risks that still exist. A further 25 bp interest rate cut is likely to follow in the first half of 2025, meaning that the deposit rate should be 2.0% from summer 2025 on. Monetary policy would then be neutral from mid-2025. As a result, short-term credit and capital market interest rates are likely to become slightly more favourable. At the long end, however, interest rates are likely to remain largely unchanged, as the expected key interest rate cuts are likely to have already been priced in, as indicated by a negative yield curve.

The German economy furthermore has to contend with persistent economic headwinds, but also has to adapt to changing structural conditions. This affects industry in particular and is impacting its export business and investments. The German Bundesbank expects Germany's gross domestic product to grow only slightly by 0.4% in 2025. The German economy should only slowly emerge from stagnation over the course of the year. Firming foreign demand should slowly ensure that exports expand again in 2025, albeit not as strongly as in previous years due to strong competitive pressure. Private consumption will only increase slightly due to the continuing gloomy outlook on the labour market.

According to the Bundesbank, corporate investment is only recovering with a significant delay, as the investment environment remains extremely difficult for German companies. The continuing weakness of the export industry and the subdued domestic demand for capital goods, also as a result of the previous tightening of monetary policy, led to significantly underutilised capacities in the manufacturing. In addition to the economic headwind, structural obstacles are also weighing on the propensity to invest. Commercial investment is likely to continue to decline into 2025. Against this backdrop, lending to companies remains at a low level.

Residential construction investment will recover hesitantly from mid-2025. The fact that the rise in construction costs has slowed considerably and the effective interest rates for residential construction loans have already fallen as a result of monetary easing should contribute to this stabilisation in demand. Lending for Real estate financing is therefore likely to increase somewhat in view of the lower interest rates and improved prospects on the housing market.

Due to the ongoing structural changes and the continuing economic weakness, an increased number of corporate insolvencies can be expected in 2025. Furthermore, insolvencies often follow the economic cycle and can still increase at the start of an economic recovery. The default risks for companies are therefore likely to remain elevated in 2025.

The risks from commercial property loans are also likely to persist. This is reflected, among other things, in the high level of non-performing loans collateralised by commercial property. Open-ended property funds could exacerbate developments on the commercial property market.

The Bundesbank's macroeconomic forecast is subject to a number of uncertainty factors. Increasing geopolitical tensions, such as an escalation of the war between Russia and Ukraine or the conflicts in the Middle East, remain a risk for inflation and the economy. Trade tensions caused by tariff increases in the USA and possible countermeasures pose significant downside risks for German economic output. In addition, financial and economic policy could change significantly as a result of the Bundestag elections.

General information on forecast

The following forecasts are based on a forecast period of one financial year. In addition, medium-term targets are stated for selected key figures that are planned to be achieved within the next five financial years. As the key figures and performance indicators stated in the outlook are the same for the IKB Group and IKB AG, the following statements generally relate to the IKB Group. In case of significant deviations, the figures for IKB AG are also shown in brackets.

Asset position

IKB expects the Group's Common Equity Tier 1 capital ratio (CET 1 ratio) to be significantly higher in the 2025 financial year than in the previous year. The improvement in the CET 1 ratio is primarily due to the first-time application of the new CRR III regulations from 1 January 2025 and the associated transitional options. IKB will fulfil the imposed minimum requirements taking into account institution-specific regulatory capital requirements.

For the 2025 financial year, IKB anticipates a significant increase in the volume of new business for credit products compared with the previous year's new business of €2.2 billion. Due to repayments of a similar amount, IKB expects the volume of loans and advances to customers to be slightly lower than in the previous year.

Financial position

Key components of IKB's refinancing are deposits from private customers, corporate customers and institutional investors as well as collateralised financing. In addition, IKB continues to actively utilise programme loans and global loans from public development banks for its customers. Liabilities in the forecast period will therefore be characterised by a diversified funding mix to refinance assets, as in the previous year. Banks can also utilise the option of issuing bearer bonds, subordinated capital and core capital instruments.

Funds are raised to refinance maturing liabilities as well as for new business. The future liquidity situation also depends on the development of new business, the drawdown behaviour of customers from existing loan commitments and the development of the market value of collateral and derivatives. In addition, the development of the ECB's interest rate policy can have an impact on the investment behaviour of customers, the options for secured funding in the interbank market and with the ECB.

The Bank's business planning and all associated measures depend on the market environment. Significant unexpected losses, stress-like market distortions and additional regulatory requirements as well as other government interventions can have a negative impact on IKB's financial position.

Even taking into account the stress scenarios in corporate planning, IKB has ample liquidity so that the liquidity ratios are always maintained with a buffer over the forecast period. IKB's regulatory liquidity management is based on the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The Bank expects an LCR above 100% at all times during the financial year 2025 and thus binding compliance with the statutory minimum standard. The NSFR serves to reflect the medium- to long-term liquidity and will also remain above 100% at all times in the coming financial year and thus above the statutory minimum standard. IKB expects the group's leverage ratio to be around 8% in the 2025 financial year.

Results of operations

Due to the ongoing uncertainties resulting from the challenging economic and geopolitical conditions and the lower loan volumes in the 2024 financial year, IKB expects net interest and commission income for the 2025 financial year to be moderately lower than in the previous year.

IKB is planning net risk provisioning in the lending business to be around €-25 million for the 2025 financial year.

With regard to pension provisions, IKB assumes that future inflation-related pension adjustments have largely been recognised as expenses. Nevertheless, legal disputes as well as unexpected inflation and cost increase effects may lead to increased expenses. Total administrative expenses in the 2025 financial year are expected to remain at the previous year's level of €139 million. Due to the expected development of gross profit, IKB anticipates a temporary increase in the cost/income ratio – the ratio of administrative expenses to the total of net interest and commission income – to slightly below 70% in the 2025 financial year. From IKB's perspective, improving cost efficiency remains a key success factor. In the medium term, the Bank plans to achieve a cost/income ratio of around 40% by reducing administrative expenses and moderately increasing income while decreasing provisions for possible loan losses.

In addition to cost efficiency, return on equity (RoE) is also important for the Bank's further development. IKB expects a RoE of around 8% after taxes for the 2025 financial year, which is significantly above the previous year's level. In the medium term, the Bank is planning for a RoE of over 10%. This target will be achieved through a combination of reduced administrative expenses and moderate increases in income.

In the financial year 2025 the securities portfolio of IKB is being screened continuously for measures of active portfolio management and risk reduction, the implementation of which could have an impact on total income and capital ratios. Compensation could also come from the release of section § 340g reserves. The Board of Managing Directors of IKB proposes that no distributions be made to the owner for the 2024 financial year. It is still planned to distribute regular dividends of 60% to 80% of consolidated net income after taxes to the owner in the medium term.

Overall assessments

For the 2025 financial year, IKB expects a consolidated net income before taxes of around €60 million (IKB AG: around €60 million).

6. Disclosures in accordance with Section 312 of the German Stock Corporation Act

IKB has prepared a dependent company report in accordance with section 312 AktG (German Stock Corporation Act). The dependent company report is not made public. The final declaration of the Board of Managing Directors of Banks in the dependent company report reads: "Our company has received at least appropriate and therefore not disadvantageous consideration for each legal transaction and measure listed in the report on relationships with Affiliated companies according to the circumstances known to us at time the legal transactions were carried out or the measures were taken or omitted, and has not been disadvantaged by the fact that measures were taken or omitted."

7. Declaration on Corporate Governance

In the following declaration, the Management Board reports – also on behalf of the Supervisory Board – in accordance with section 289f (4) German Commercial Code (HGB) on the definition of targets for the proportion of women and deadlines for their achievement in the Supervisory Board, the Management Board and the two management levels below the Management Board.

At its meeting on 18 August 2022, the Supervisory Board of IKB, taking into account the current composition of the Supervisory Board, set the target for the proportion of women on the Supervisory Board at 11.1% (rounded) and on the Board of Managing Directors again at 0% until 18 August 2027. Candidates of the underrepresented gender and of different ages, educational and geographical backgrounds will continue to be included in the selection process. Appointments to the Board of Managing Directors will continue to be made solely on the basis of suitability and quality, regardless of the gender of the candidates. The Supervisory Board believes that the Board of Managing Directors is well positioned in its current composition, meaning that the target of 0% has been maintained.

At its meeting on 8 March 2022, the Board of Managing Directors set targets for the proportion of women in the two management levels below the Board of Directors. The target for the proportion of women in the first management level was set at ≥20% and in the second management level at ≥ 15%, in each case by 31 December 2026.

Combined Financial Statements and Consolidated Financial Statements of IKB Deutsche Industriebank AG for the 2024 Financial Year

Consolidated balance sheet as of 31 December 2024

in € million				31 Dec 2024	31 Dec 2023
Assets					
Cash reserve				**22.2**	**30.2**
a)	Cash on hand			-	-
b)	Balances with central banks			22.2	30.2
		thereof: with Deutsche Bundesbank		22.2	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				**1,943.8**	**2,255.1**
a)	Repayable on demand daily			1,193.8	1,503.5
b)	Other receivables			750.0	751.6
Receivables from customers				**8,093.9**	**8,562.1**
	thereof: mortgage loans			638.9	628.2
	thereof: municipal loans			456.6	605.0
	including: cash collateral			21.1	14.9
Bonds and other fixed-income securities				**3,343.9**	**3,098.0**
a)	Money market securities			-	-
b)	Bonds and notes			3,312.6	3,068.5
	ba)	Public sector issuers		2,323.3	2,405.8
			thereof: eligible as collateral for Deutsche Bundesbank	2,275.4	2,405.8
	bb)	Other issuers		989.3	662.7
			thereof: eligible as collateral for Deutsche Bundesbank	819.5	473.0
c)	Own bonds			31.3	29.5
			Nominal amount	44.2	41.0
Equities and other non-fixed-income securities				**434.5**	**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				**0.6**	**0.9**
a)	Internally generated industrial and similar rights and assets			-	-
b)	Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets			0.6	0.9
c)	Goodwill			-	-
d)	Advance payments made			-	-
Tangible assets				**2.0**	**1.6**
Called unpaid capital				**-**	**-**
Other assets				**82.0**	**88.4**
Deferred income				**26.9**	**33.7**
Deferred tax assets				**120.0**	**119.0**
Excess of plan assets over post-employment benefit liability				**5.3**	**7.0**
Total assets				**14,075.3**	**14,498.2**

in € million		31 Dec 2024	31 Dec 2023
Equity and liabilities			
Liabilities to banks		**8,189.0**	**8,508.1**
a)	Repayable on demand daily	77.7	107.6
b)	With agreed term or notice period	8,111.4	8,400.5
Liabilities to clients		**3,869.9**	**3,947.4**
a)	Savings deposits	-	-
b)	Other liabilities	3,869.9	3,947.4
	ba) Repayable on demand daily	882.0	1,174.1
	bb) With agreed term or notice period	2,988.0	2,773.3
Securitised liabilities		**9.6**	**19.2**
a)	Bonds issued	9.6	19.2
b)	Other securitised liabilities	-	-
Other liabilities		**74.5**	**74.2**
Deferred income		**18.6**	**23.2**
Deferred tax liabilities		**-**	**-**
Provisions		**128.0**	**154.6**
a)	Provisions for pensions and similar obligations	90.3	109.6
b)	Tax provisions	1.8	4.0
c)	Other provisions	35.9	41.1
Subordinated liabilities		**542.8**	**546.2**
	thereof: due within two years	8.0	5.0
Fund for general banking risks		**116.0**	**159.0**
	thereof: Special items in accordance with Section 340e (4) German Commercial Code (HGB)	-	-
Equity		**1,126.8**	**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	215.6	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	213.2	162.2
d)	Difference in equity from currency translation	-	-
e)	Net retained profits/net accumulated losses	163.3	153.8
f)	Non-controlling interests	-	-
Total equity and liabilities		**14,075.3**	**14,498.2**

Contingent liabilities		**974.7**	**1,031.5**
a)	Contingent liabilities from rediscounted and settled bills of exchange	-	-
b)	Liabilities from guarantees and indemnity agreements	974.7	1,031.5
c)	Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations		**428.0**	**599.2**
a)	Repurchase obligations from non-genuine repurchase agreements	-	-
b)	Placement and underwriting obligations	-	-
c)	Irrevocable loan commitments	428.0	599.2

Balance sheet of IKB Deutsche Industriebank AG as of 31 December 2024

in € million				31 Dec 2024	31 Dec 2023
Assets					
Cash reserve				**22.2**	**30.2**
a)	Cash on hand			-	-
b)	Balances with central banks			22.2	30.2
		thereof: with Deutsche Bundesbank		22.2	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				**1,940.5**	**2,252.2**
a)	Repayable on demand daily			1,190.5	1,500.6
b)	Other receivables			750.0	751.6
Receivables from customers				**8,380.9**	**8,849.2**
	thereof: mortgage loans			638.9	628.2
	thereof: municipal loans			456.6	605.0
	including: cash collateral			21.1	14.9
Bonds and other fixed-income securities				**3,345.7**	**3,101.4**
a)	Money market securities			-	-
b)	Bonds and notes			3,343.7	3,098.1
	ba)	Public sector issuers		2,323.5	2,406.0
			thereof: eligible as collateral for Deutsche Bundesbank	2,275.6	2,406.0
	bb)	Other issuers		1,020.2	692.1
			thereof: eligible as collateral for Deutsche Bundesbank	821.1	502.3
c)	Own bonds			2.0	3.4
			Nominal amount	2.0	3.4
Equities and other non-fixed-income securities				**135.8**	**1.7**
Equity investments				**0.2**	**0.2**
	thereof: banks			0.2	0.2
	thereof: financial services institutions			-	-
Shares in affiliated companies				**42.2**	**42.8**
	thereof: banks			-	-
Intangible assets				**0.6**	**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			0.6	0.9
c)	Goodwill			-	-
d)	Advance payments made			-	-
Tangible assets				**2.0**	**1.6**
Other assets				**95.9**	**107.7**
Deferred income				**26.9**	**33.6**
Deferred tax assets				**120.0**	**119.0**
Excess of plan assets over post-employment benefit liability				**5.3**	**7.0**
Total assets				**14,118.1**	**14,547.5**

in € million	31 Dec 2024	31 Dec 2023
Equity and liabilities		
Liabilities to banks	**8,189.0**	**8,508.1**
a) Repayable on demand daily	77.7	107.6
b) With agreed term or notice period	8,111.4	8,400.5
Liabilities to clients	**3,894.5**	**3,966.4**
a) Savings deposits	-	-
b) Other liabilities	3,894.5	3,966.4
ba) Repayable on demand daily	885.5	1,178.3
bb) With agreed term or notice period	3,009.0	2,788.1
Securitised liabilities	**9.6**	**19.2**
a) Bonds issued	9.6	19.2
b) Other securitised liabilities	-	-
Other liabilities	**76.8**	**82.8**
Deferred income	**18.6**	**23.2**
Deferred tax liabilities	**-**	**-**
Provisions	**126.4**	**155.5**
a) Provisions for pensions and similar obligations	88.9	108.0
b) Tax provisions	1.8	4.0
c) Other provisions	35.6	43.5
Subordinated liabilities	**542.8**	**546.3**
thereof: due within two years	8.0	5.0
Profit participation capital	**-**	**-**
Fund for general banking risks	**116.0**	**159.0**
thereof: Special items in accordance with Section 340e (4) German Commercial Code (HGB)	-	-
Equity	**1,144.4**	**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	215.6	164.6
ca) Legal reserve	2.4	2.4
cb) Reserves for shares in a parent or majority investor	-	-
cc) Statutory reserves	-	-
cd) Other revenue reserves	213.2	162.2
e) Net retained profits/net accumulated losses	180.9	174.7
Total equity and liabilities	**14,118.1**	**14,547.5**

Contingent liabilities	**1,049.7**	**1,106.6**
a) Contingent liabilities from rediscounted and settled bills of exchange	-	-
b) Liabilities from guarantees and indemnity agreements	1,049.7	1,106.6
c) Liability arising from the provision of collateral for third-party liabilities	-	-
Other obligations	**462.0**	**633.2**
a) Repurchase obligations from non-genuine repurchase agreements	-	-
b) Placement and underwriting obligations	-	-
c) Irrevocable loan commitments	462.0	633.2

Consolidated income statement for the period from 1 January to 31 December 2024

in € million				2024	2023
Expenses					
Interest expenses				**-338.9**	**-436.5**
			thereof: positive interest	6.9	15.3
Commission expenses				**-3.3**	**-2.0**
Net trading result				**-**	**-**
General administrative expenses				**-138.3**	**-145.6**
a)	Personnel expenses			-75.5	-83.4
	aa)	Wages and salaries		-64.2	-61.8
	ab)	Social security contributions and Expenses for pensions and support		-11.4	-21.6
			thereof: for pensions	-2.3	-13.5
b)	Other administrative expenses			-62.8	-62.2
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets				**-1.0**	**-1.1**
a)	On lease assets			-	-
b)	On intangible and tangible assets			-1.0	-1.1
Other operating expenses				**-61.3**	**-656.2**
Write-downs of receivables and certain securities and additions to loan loss provisions				**-36.6**	**-37.9**
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**	**-16.1**
Income taxes				**4.9**	**1.5**
Other taxes not reported under "Other operating expenses"				**-0.1**	**1.1**
Net income for the year				**-60.5**	**-65.5**
Total expenses				**-635.1**	**-1,360.5**

in € million		2024	2023
Income			
Interest income from		**534.0**	**648.7**
a)	Lending and money market transactions	461.9	599.5
	thereof: negative interest	-1.1	-2.0
b)	Fixed-income securities and government-inscribed debts	72.2	49.3
	thereof: negative interest	-	-
Current income from		**9.7**	**11.9**
a)	Equities and other non-fixed-income securities	9.7	11.9
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		**18.9**	**21.8**
Net trading result		**-**	**-**
Income from reversals of write-downs on Receivables and certain Securities and from the reversal of Provisions in the lending business		**-**	**-**
Income from reversals of write-downs of equity investments, shares in affiliated companies and securities treated as fixed assets		**0.0**	**0.9**
Other operating income		**29.5**	**677.1**
Income from winding up the fund for general banking risks		**43.0**	**-**
Extraordinary income		**-**	**-**
Income from assumption of losses		**-**	**-**
Net loss for the year		**-**	**-**
Total income		**635.1**	**1,360.5**
Net income/loss for the year		**60.5**	**65.5**
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		**-51.0**	**-53.7**
Replenishment of profit participation capital		**-**	**-**
Net retained profits/net accumulated losses		**163.3**	**153.8**

Income statement of IKB Deutsche Industriebank AG for the period from 1 January to 31 December 2024

in € million	2024	2023
Expenses		
Interest expenses	**-339.7**	**-437.1**
thereof: positive interest	6.9	15.3
Commission expenses	**-3.3**	**-1.9**
Net trading result	**-**	**-**
General administrative expenses	**-137.8**	**-145.0**
a) Personnel expenses	-75.5	-83.3
aa) Wages and salaries	-64.2	-61.8
ab) Social security, post-employment and other employee benefit costs	-11.3	-21.5
thereof: for pensions	-2.3	-13.4
b) Other administrative expenses	-62.3	-61.6
Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	**-1.0**	**-1.1**
Other operating expenses	**-65.7**	**-672.5**
Write-downs of receivables and certain securities and additions to loan loss provisions	**-36.6**	**-37.9**
Depreciation/amortisation/write-downs on equity investments, shares in affiliated companies and securities treated as fixed assets	**-0.8**	**-0.3**
Costs of loss absorption	**-0.1**	**-6.6**
Extraordinary expenses	**0.0**	**-16.1**
Income taxes	**5.0**	**1.4**
Other taxes not reported under "Other operating expenses"	**0.0**	**1.1**
On the basis of a profit pooling agreement, a profit transfer agreement or a Profits transferred under the partial profit transfer agreement	**-**	**-**
Net income for the year	**-57.2**	**-44.8**
Total expenses	**-637.4**	**-1,360.7**

in € million	2024	2023
Income		
Interest income from	**544.6**	**656.5**
a) Lending and money market transactions	474.1	609.2
thereof: negative interest	-1.1	-2.0
b) Fixed-income securities and government-inscribed debts	70.5	47.4
thereof: negative interest	-	-
Current income from	**0.0**	**5.8**
a) Equities and other non-fixed-income securities	-	5.8
b) Equity investments	0.0	-
c) Shares in affiliated companies	-	-
Income from profit pooling, profit-transfer and partial profit-transfer agreements	**0.0**	**0.1**
Commission income	**19.0**	**22.0**
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**	**0.9**
Other operating income	**30.6**	**675.2**
Income from winding up the fund for general banking risks	**43.0**	**-**
Extraordinary income	**-**	**-**
Income from assumption of losses	**-**	**-**
Net loss for the year	**-**	**-**
Total income	**637.4**	**1,360.7**
Net income for the year/net loss for the year	**57.2**	**44.8**
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	**-51.0**	**-53.7**
Replenishment of profit participation capital	**-**	**-**
Net retained profits/net accumulated losses	**180.9**	**174.7**

Consolidated cash flow statement

	in € million	2024
	Net income for the period (consolidated net income/loss for the year including minority interest)	**60.5**
+/-	Amortisation/depreciation and write-downs of receivables and fixed assets and reversals thereof	55.6
+/-	Increase/decrease in provisions	-22.9
+/-	Other non-cash expenses/income	-57.6
-/+	Gain/loss on the disposal of fixed assets	0.1
+/-	Other adjustments (net)	-1.1
+/-	Increase/decrease in receivables from banks	308.8
+/-	Increase/decrease in receivables from customers	415.3
+/-	Increase/decrease in securities (other than long-term financial assets)	-0.8
+/-	Increase/decrease in other assets from operating activities	15.3
+/-	Increase/decrease in liabilities to banks	-308.3
+/-	Increase/decrease in liabilities to customers	-85.4
+/-	Increase/decrease in securitised liabilities	-9.4
+/-	Increase/decrease in other liabilities from operating activities	5.4
+/-	Interest expenses/interest income	-204.8
+/-	Expenses/income from extraordinary items	0.0
+/-	Income tax expenses/income	-4.9
+	Interest and dividends received	539.6
-	Interest paid	-349.1
+	Extraordinary payments received	-
-	Extraordinary payments	-
+/-	Income tax payments	3.7
	Cash flow from operating activities	**360.1**
+	Receipts from the disposal of long-term financial assets	82.2
-	Payments for the acquisition of long-term financial assets	-449.1
+	Receipts from the disposal of tangible assets	0.0
-	Payments for the acquisition of tangible assets	-1.3
+	Receipts from the disposal of intangible assets	-
-	Payments for the acquisition of intangible assets	-0.1
+	Receipts from disposals from consolidated group	-
-	Payments for additions to consolidated group	-
+/-	Change in cash funds from other investing activities (net)	-
+	Receipts from extraordinary items	-
-	Payment for extraordinary items	-
	Cash flow from investing activities	**-368.2**
+	Receipts from equity contributions by shareholders of the parent company	-
+	Receipts from equity contributions by other shareholders	-
-	Payments for equity reductions to shareholders of the parent company	-
-	Payments for equity reductions to other shareholders	-
+	Receipt from extraordinary items	-
-	Payment for extraordinary items	-
-	Dividends paid to shareholders of the parent company	-
-	Dividends paid to other shareholders	-
+/-	Change in cash funds from other capital (net)	-
	Cash flow from financing activities	**-**
	Net change in cash funds	-8.1
+/-	Effect on cash funds of changes in exchange rates and remeasurement	-
+/-	Changes in cash funds due to consolidated group	-
+	Cash funds at beginning of period	30.2
	Cash funds at end of period	**22.2**

Notes to the consolidated cash flow statement

The Consolidated cash flow statement is prepared in accordance with the requirements of German Accounting Standard No. 21 (DRS 21) on cash flow statements published by the Federal Ministry of Justice and Consumer Protection. IKB exercises the option under GAS 21.22 not to disclose the previous year's figures in the cash flow statement.

The cash and cash equivalents of the IKB Group correspond to the balance sheet items "Cash reserve" and "Debt instruments of public sector entities and bills of exchange eligible for refinancing at central banks". Its opening balance for the year is recognised in the cash flow statement by mapping the cash flows from the cash flow statement.

- operating activities,
- investing activities and
- financing activities

the cash and cash equivalents available at the end of the financial year.

Cash flow from operating activities is defined in accordance with the requirements of GAS 21.A2.14 according to the operating activities of the credit institution. It is determined using the indirect method by adjusting the annual surplus for all non-cash income and expenses.

Cash flow from investing activities includes incoming and outgoing payments from items whose purpose is generally based on a long-term investment or utilisation. In the case of banks, this includes in particular incoming and outgoing payments from the sale or acquisition of financial assets and Tangible assets. Additions to and Disposals from the consolidated group are also recognised.

Cash flow from financing activities includes cash flows from transactions with shareholders and other shareholders of consolidated subsidiaries as well as from other capital.

Statement of changes in equity

Group:

in € million	1 Jan 2024	Purchase of treasury shares	Capital reduction due to retirement of shares	Retirement of shares	Total	Transfers to/withdrawals from reserves	Distribution	Currency translation	Other changes	Changes in the consolidated group	Net income/loss for the year	31 Dec 2024
(Corrected) subscribed capital	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Subscribed capital (ordinary shares)	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Treasury shares (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Uncalled unpaid contributions (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	**812.5**	**-**	**-**	**-**	**-**	**51.0**	**-**	**-**	**-**	**-**	**-**	**863.5**
Capital reserves	**647.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**647.9**
in accordance with section 272 (2) no. 1 to 3 HGB	7.6	-	-	-	-	-	-	-	-	-	-	7.6
in accordance with section 272 (2) no. 4 HGB	640.3	-	-	-	-	-	-	-	-	-	-	640.3
Revenue reserves	**164.6**	**-**	**-**	**-**	**-**	**51.0**	**-**	**-**	**-**	**-**	**-**	**215.6**
Legal reserves	2.4	-	-	-	-	-	-	-	-	-	-	2.4
Other revenue reserves[1)]	162.2	-	-	-	-	51.0	-	-	-	-	-	213.2
Difference in equity from currency translation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Retained profits/ accumulated losses brought forward	**153.8**	**-**	**-**	**-**	**-**	**-51.0**	**-**	**-**	**-**	**-**	**60.5**	**163.3**
Parent company's equity	**1,066.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60.5**	**1,126.8**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Consolidated equity	**1,066.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60.5**	**1,126.8**

1) In addition to the €28.6 million as part of the appropriation of profits in accordance with Section 58 (2) AktG, the additions to revenue reserves relate to an allocation of €22.4 million from the previous year's net retained profits resolved by the Annual General Meeting at the proposal of the Board of Managing Directors (Section 58 (3) AktG).

Group:

in € million	1 Jan 2023	Purchase of treasury shares	Capital reduction due to retirement of shares	Retirement of shares	Total	Transfers to/withdrawals from reserves	Distribution	Currency translation	Other changes	Changes in the consolidated group	Net income/loss for the year	31 Dec 2023
(Corrected) subscribed capital	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Subscribed capital (ordinary shares)	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Treasury shares (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Uncalled unpaid contributions (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	**758.8**	**-**	**-**	**-**	**-**	**53.7**	**-**	**-**	**-**	**-**	**-**	**812.5**
Capital reserves	**647.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**647.9**
in accordance with section 272 (2) no. 1 to 3 HGB	7.6	-	-	-	-	-	-	-	-	-	-	7.6
in accordance with section 272 (2) no. 4 HGB	640.3	-	-	-	-	-	-	-	-	-	-	640.3
Revenue reserves	**110.9**	**-**	**-**	**-**	**-**	**53.7**	**-**	**-**	**-**	**-**	**-**	**164.6**
Legal reserves	2.4	-	-	-	-	-	-	-	-	-	-	2.4
Other revenue reserves[1)]	108.5	-	-	-	-	53.7	-	-	-	-	-	162.2
Difference in equity from currency translation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Retained profits/ accumulated losses brought forward	**142.0**	**-**	**-**	**-**	**-**	**-53.7**	**-**	**-**	**-**	**-**	**65.5**	**153.8**
Parent company's equity	**1,000.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**65.5**	**1,066.3**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Consolidated equity	**1,000.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**65.5**	**1,066.3**

1) In addition to the €22.4 million as part of the appropriation of profits in accordance with Section 58 (2) AktG, the additions to revenue reserves relate to an allocation of €31.3 million from the previous year's net retained profits resolved by the Annual General Meeting at the proposal of the Board of Managing Directors (Section 58 (3) AktG).

IKB AG:

in € million	1 Jan 2024	Purchase of treas-ury shares	Capital reduction due to retire-ment of shares	Retire-ment of shares	Total	Trans-fers to/with-drawals from reserves	Distribu-tion	Other changes	Net in-come/ loss for the year	31 Dec 2024
(Corrected) sub-scribed capital	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Subscribed capital (ordinary shares)	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Treasury shares (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Uncalled unpaid contributions (ordi-nary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Ordinary shares	-	-	-	-	-	-	-	-	-	-
Preferred shares	-	-	-	-	-	-	-	-	-	-
Reserves	**812.5**	**-**	**-**	**-**	**-**	**51.0**	**-**	**-**	**-**	**863.5**
Capital reserves	**647.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**647.9**
in accordance with section 272 (2) no. 1 to 3 HGB	7.6	-	-	-	-	-	-	-	-	7.6
in accordance with section 272 (2) no. 4 HGB	640.3	-	-	-	-	-	-	-	-	640.3
Revenue reserves	**164.6**	**-**	**-**	**-**	**-**	**51.0**	**-**	**-**	**-**	**215.6**
Legal reserves	2.4	-	-	-	-	-	-	-	-	2.4
Other revenue reserves[1)]	162.2	-	-	-	-	51.0	-	-	-	213.2
Retained profits/ accumulated losses brought forward	**174.7**	**-**	**-**	**-**	**-**	**-51.0**	**-**	**-**	**57.2**	**180.9**
Equity	**1,087.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57.2**	**1,144.4**

1) In addition to the €28.6 million as part of the appropriation of profits in accordance with Section 58 (2) AktG, the additions to revenue reserves relate to an allocation of €22.4 million from the previous year's net retained profits resolved by the Annual General Meeting at the proposal of the Board of Managing Directors (Section 58 (3) AktG).

IKB AG:

in € million	1 Jan 2023	Purchase of treasury shares	Capital reduction due to retirement of shares	Retirement of shares	Total	Transfers to/withdrawals from reserves	Distribution	Other changes	Net income/loss for the year	31 Dec 2023
(Corrected) subscribed capital	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Subscribed capital (ordinary shares)	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**100.0**
Treasury shares (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Uncalled unpaid contributions (ordinary shares)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	**758.8**	**-**	**-**	**-**	**-**	**53.7**	**-**	**-**	**-**	**812.5**
Capital reserves	**647.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**647.9**
in accordance with section 272 (2) no. 1 to 3 HGB	7.6	-	-	-	-	-	-	-	-	7.6
in accordance with section 272 (2) no. 4 HGB	640.3	-	-	-	-	-	-	-	-	640.3
Revenue reserves	**110.9**	**-**	**-**	**-**	**-**	**53.7**	**-**	**-**	**-**	**164.6**
Legal reserves	2.4	-	-	-	-	-	-	-	-	**2.4**
Other revenue reserves[1)]	108.5	-	-	-	-	53.7	-	-	-	**162.2**
Retained profits/ accumulated losses brought forward	**183.6**	**-**	**-**	**-**	**-**	**-53.7**	**-**	**-**	**44.8**	**174.7**
Equity	**1,042.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**44.8**	**1,087.2**

1) In addition to the €22.4 million as part of the appropriation of profits in accordance with Section 58 (2) AktG, the additions to revenue reserves relate to an allocation of €31.3 million from the previous year's net retained profits resolved by the Annual General Meeting at the proposal of the Board of Managing Directors (Section 58 (3) AktG).

Notes to the financial statements and the consolidated financial statements

Applied accounting principles

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

IKB Deutsche Industriebank AG (IKB AG), Düsseldorf, entered in the commercial register of the Düsseldorf Local Court under HRB 1130, is required to prepare annual financial statements and a management report pursuant to sections 340a and 242 of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with Section 264 HGB and to prepare consolidated financial statements and a Group management report pursuant to Section 340i (1) HGB in conjunction with Section 290ff. HGB.

The consolidated financial statements (Group) and annual financial statements (IKB AG) of IKB Deutsche Industriebank AG for the financial year from 1 January to 31 December 2024 are in accordance with the provisions of the German Commercial Code (HGB) in conjunction with the German Accounting Directive for Banks and Financial Services Institutions (RechKredV) and in compliance with the relevant provisions of the German Stock Corporation Act (AktG). The consolidated financial statements also take into account the standards (DRS) adopted by the German Accounting Standards Committee

(DRSC) and published by the Federal Ministry of Justice in accordance with Section 342 (2) of the German Commercial Code (HGB).

The comparative figures for the previous year have been calculated in accordance with the provisions of German commercial law and are presented in accordance with Section 298 (1) in conjunction with Section 265 (2) of the German Commercial Code, financial year 2024 is comparable to the previous year, with the exception of disclosure of expenses from the adjustments to the consumer price index for pension obligations in extraordinary expenses in the 2023 financial year. In the 2024 financial year, the reductions in the obligations for inflation-related adjustments recognised in profit or loss are included in the measurement of the total portfolio due to changes in assumptions and reported under Personnel expenses.

The balance sheet and the income statement are structured in accordance with the forms provided for banks pursuant to Section 2 RechKredV. The income statement is presented in account form (Form 2 RechKredV).

Disclosures that are to be made either in the (Group) balance sheet or the (Group) income statement or in the (Group) Appendix are largely made in the (Group) Appendix in the order of the items concerned. The amounts are generally stated in millions of euros. Due to rounding, there may be minor discrepancies in the totals in the notes. Amounts of less than €50 thousand and zero values are shown with a dash in the Group and annual financial statements of IKB AG.

The Notes to the financial statements and the consolidated financial statements of IKB AG have been combined in accordance with section 298 (2) German Commercial Code (HGB). Unless otherwise stated, the statements made apply to both the Group and IKB AG. The management report and Group management report are combined in accordance with section 315 (5) German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. § Section 298 (2) German Commercial Code (HGB).

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

(2) Recognition and measurement changes and corrections in the current account

Interest payments on interest rate swaps always consist of an interest payment received and an interest payment made. In the past, accrued interest per interest rate derivative was recognised net in the balance sheet, while interest payments were recognised gross in interest income and interest expense at maturity date. In order to standardise the procedure, interest payments per interest derivative are now also netted and reported in the income statement. As of 31 December 2024, interest income and interest expenses each decreased by €188.7 million. In the previous year, netting the interest payments would have reduced interest income and interest expenses by €103.8 million each.

(3) Consolidated group

In addition to IKB AG, a further 13 (31 December 2023: 13) subsidiaries are included in the consolidated financial statements as of 31 December 2024 by way of full consolidation. In accordance with sections 296 (2) and 311 (2) German Commercial Code (HGB), 7 (31 December 2023: 10) further subsidiaries were not consolidated due to their minor significance for the net assets, financial position and results of operations of the Group. The non-consolidation of these companies does not give a significantly different picture of the Group's economic situation than their inclusion in the scope of consolidation.

The group of fully consolidated subsidiaries included in the consolidated financial statements remained unchanged in the financial year 2024.

For further information, please refer to note (51).

(4) Consolidation principles

The consolidated financial statements are prepared uniformly in accordance with the accounting policies applicable to IKB AG. The annual financial statements of the consolidated subsidiaries that are not credit institutions or financial services providers are reconciled to the classification of the RechKredV forms. There are currently no Group companies with reporting dates that differ from the Group reporting date.

Since the German Accounting Law Modernisation Act (BilMoG) came into force, capital consolidation for companies consolidated for the first time has been carried out using the revaluation method in accordance with Section 301 of the German Commercial Code (HGB). Before the BilMoG came into force, companies consolidated for the first time were consolidated using the so-called book value method.

Increases in shares in subsidiaries are interpreted as a capital transaction within the meaning of DRS 23 – Capital Consolidation and therefore the assets and liabilities are not remeasured. Instead, the acquisition costs of the additional shares are offset against the minority interest in equity at the time of acquisition of these shares. If this offsetting results in a difference, this is recognised directly in consolidated equity.

Assets, liabilities and deferred income as well as expenses and income between the consolidated Group companies are consolidated, provided that this does not conflict with any industry-specific accounting regulations. Interim results from intra-Group transactions are eliminated unless they are of minor significance.

Accounting policies

(5) Receivables

Receivables from customers and banks are recognised at nominal value less specific and general valuation allowances. Differences between the nominal value and the amount paid out (premiums or discounts) are recognised in deferred income and amortised on a straight-line basis if the difference is of an interest nature. Acquired receivables with a creditworthiness-induced purchase price discount are generally recognised at acquisition cost less individual and portfolio loan loss allowances.

(6) Provisions for possible loan losses

Provisions for risks in the lending business include write-downs and provisions for all recognisable credit and country risks as well as for latent default risks.

If the criteria for recognising a write-down or provision are met as part of the individual value adjustment process, the amount is determined from the difference between the current book value and the present value of the expected cash flows. The discount factor is based on the original effective interest rate of the receivable.

Portfolio loan loss allowances and general provisions for receivables from customers and contingent liabilities from guarantees are calculated to estimate the current latent counterparty default risks using a simplified approach in accordance with the IDW Statement on Accounting: provisions for possible loan losses for foreseeable, not yet individually specified counterparty default risks in lending business of credit institutions ("general loan loss provisions" – IDW RS BFA 7).

Portfolio loan loss allowances are recognised for loan exposures for which a balance can be assumed between the expected loss and the corresponding credit premium when the loan is granted.

The amount of the expected loss over an observation period of twelve months without taking bonus premiums into account (1-year expected loss).

For exposures for which such a balance can no longer be assumed, the expected loss is estimated using a mark-up rate of 75% on the 1-year expected loss. This estimate covers at least the calculated lifetime expected loss for these exposures. When determining this calculated premium, historical loss time series were taken into account, taking into account credit rating premiums received and individual exposure categories (normal management with credit rating deterioration of more than one notch, intensive, restructuring and workout management) over a long-term period (starting from March 2011).

The additional portfolio loan loss allowances recognised in the previous year to cover increased risks in the acquisition and property portfolio were reversed.

In order to take account of latent counterparty default risks from Receivables from banks and Irrevocable loan allowances as well as contingent liabilities from protection seller credit default swaps, the Bank applies the method described above analogously for these risks and has also calculated portfolio loan loss allowances and provisions for the lending business.

In accordance with the provisions of IDW RS BFA 7, no portfolio loan loss allowances are recognised for securities held as fixed assets.

To cover country risks, a general valuation allowance is recognised for the credit volume not placed at risk in risk countries outside the European Union with internal ratings from rating class 8. Portfolio loan loss allowances for country risks are recognised at least in the amount of the 1-year expected loss. The Banks examines whether higher country risk provisions appear necessary in individual cases.

Irrecoverable Receivables are derecognised directly. Receivables written off are recognised in the income statement.

The amount is effectively recognised in the income statement under "Loan-loss provisions in lending business".

(7) Securities

Acquired Securities are recognised at acquisition cost in accordance with Section 253 (1) sentence 1 German Commercial Code (HGB). The difference between the acquisition cost and the repayment amount (premiums or discounts) is recognised as an adjustment to net interest income on a pro rata basis over the remaining term.

Securities allocated to fixed assets are subsequently measured in accordance with Section 340e (1) sentence 1 German Commercial Code (HGB) in conjunction with Section 253 (3) sentence 3 of the German Commercial Code (HGB) according to the modified lower of cost or market principle. If the impairment is expected to be permanent, the assets are written down to the lower fair value on the reporting date.

Securities held as current assets are valued in accordance with the strict lower of cost or market principle pursuant to Section 340e (1) sentence 2 German Commercial Code (HGB) in conjunction with Section 253 (4) HGB. German Commercial Code (HGB) at the lower value resulting from a stock exchange or market price on the reporting date. If no closing prices are available, the fair value is determined on the basis of price disclosures from market data providers and checked for plausibility using suitable procedures. If no stock market prices or prices from contractual suppliers for securities are available, the value is determined on the basis of the company's own valuation models by discounting expected cash flows. The discount rate is determined from the risk profile of similar securities. Parameters that are not exclusively observable on the market are also used.

Reversals of impairment losses are recognised in accordance with Section 253 (5) sentence 1 German Commercial Code (HGB) if the reasons for the lower carrying amount no longer apply.

Structured financial instruments are recognised in accordance with the principles of IDW RS HFA 22. Structured financial instruments are characterised by the combination of the underlying instrument with derivatives compared to other assets. Opportunities and risks arise from assets with the nature of receivables and liabilities. The basic principle of uniform accounting is only deviated from if the structured financial instrument has significantly increased or additional risks or opportunities compared to the underlying instrument due to embedded derivatives.

(8) Securities repurchase and lending transactions

In the case of repurchase agreements, the Banks sells securities as the lender and simultaneously concludes a conditional (non-genuine repurchase agreement) or unconditional (genuine repurchase agreement) repurchase agreement for these securities with the borrower.

Securities repurchase transactions are recognised in accordance with the rules of section 340b of the German Commercial Code (HGB), according to which IKB, as the seller, continues to recognise the assets sold in the balance sheet in the case of genuine securities repurchase transactions and simultaneously recognises a corresponding liability to the buyer. Conversely, if IKB acts as the borrower, a receivable from the lender is recognised. In the case of non-recourse repurchase agreements, the assets are not recognised in the balance sheet of the lender but in the balance sheet of the borrower. The pledgor must state the agreed amount in the balance sheet in the event of retransfer.

In securities lending transactions, the lender transfers securities from its portfolio to the borrower for a certain period of time. The borrower undertakes to retransfer ecurities of the same type, quantity and quality after the loan period has expired. The lender of securities remains the beneficial owner of the lent. As a result, borrowed securities are not recognised in the borrower's balance sheet, while lent securities continue to be recognised in the lender's balance sheet due to beneficial ownership.

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

Shares in affiliated companies and investors are recognised at the lower of acquisition cost or fair value. In accordance with Section 340e (1) sentence 1 German Commercial Code (HGB) in conjunction with Section 253 (3) sentence 5 HGB. § Section 253 (3) sentence 5 of the German Commercial Code (HGB) according to the moderate lower of cost or market principle.

Depreciable property, plant and equipment and intangible assets are measured at cost less depreciation and amortisation and any impairment losses. Tangible fixed assets are depreciated on a straight-line basis over their normal useful life. If the fair value of individual Fixed assets is lower than their Book value, impairment losses are recognised if the impairment is expected to be permanent.

No use is made of the option to capitalise internally generated intangible assets in accordance with Section 248 (2) sentence 1 of the German Commercial Code (HGB). Intangible assets acquired from third parties are capitalised at acquisition cost and amortised on a straight-line basis pro rata temporis over their normal useful life.

Other assets are recognised at acquisition cost less any depreciation.

(10) Deferred taxes

If there are differences between the carrying amounts of assets, liabilities and deferred items in the financial statements and their tax carrying amounts that will reverse in subsequent financial years (so-called temporary differences), the resulting total tax burden must be as deferred tax liabilities. Total resulting tax relief can be recognised as a deferred tax asset. Taxes are recognised. Deferred tax assets are recognised for temporary differences or tax loss carryforwards that are expected to be used to offset losses in the next five years. The option to recognise deferred tax assets in accordance with Section 274 (1) sentence 2 German Commercial Code (HGB) is exercised. However, the option to recognise deferred tax assets and liabilities without offsetting them in accordance with Section 274 (1) sentence 3 German Commercial Code (HGB) (gross presentation) is not exercised.

Deferred taxes are measured using the individual tax rates per taxable entity that apply on the balance sheet date or have already been adopted by the legislator and are expected to apply at the time the deferred tax assets and liabilities are realised. Deferred taxes in Germany are calculated on the basis of a corporation tax rate of 15%, a solidarity surcharge of

5.5% on corporation tax and a trade tax rate, taking into account the applicable assessment rates. Deferred taxes for permanent establishments and subsidiaries outside Germany are measured using the tax rates applicable there.

Deferred tax assets and liabilities arising from temporary differences between the tax groups are recognised at the level of the parent company deferred taxes. In the case of parent companies that are also controlled companies, the temporary differences are recognised at the level of the ultimate parent company.

Deferred tax assets or liabilities are recognised for the future tax benefits or burdens resulting from these differences if the consolidation measures lead to temporary differences in the consolidated financial statements. Deferred taxes resulting from consolidation measures in accordance with Section 306 German Commercial Code (HGB) are offset against deferred taxes in accordance with Section 274 HGB.

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

In accordance with Section 246 (2) sentence 2 of the German Commercial Code (HGB), assets that not accessible to all other creditors and serve exclusively to liabilities from pension obligations or comparable long-term obligations are offset against these liabilities. The corresponding expenses and income from the discounting of the obligations and from the assets to be offset are recognised accordingly. The balance of the corresponding expenses and income is recognised in other operating income or other operating expenses, depending on the sign.

Assets outsourced as part of contractual trust arrangements (CTA) are measured at fair value. If the fair value of the assets exceeds the amount of the Liabilities, this amount is recognised in the item "Excess of plan assets over post-employment benefit liability".

The accounting treatment of pension obligations is presented in the accounting policies for provisions (Note (13)).

(12) Liabilities

Liabilities are recognised at their settlement amount. Negative differences to the amount paid in are recognised in deferred income and reversed through profit or loss.

(13) Provisions

Provisions for pensions and similar obligations

Pension obligations are recognised at the settlement amount required according to prudent business judgement. The 2018 G mortality tables are used to determine the necessary settlement amount by Klaus Heubeck. The calculation is based on the projected unit credit method the following valuation assumptions:

Measurement factor	**31 Dec 2024 Assumption**	**31 Dec 2023 Assumption**
Interest rate (7-year/10-year average)	1.96% / 1.90%	1.73% / 1.82%
Salary increases (Board of Managing Directors/non-pay-scale employees/pay-scale employees)	0.0% / 1.25% / 2.5%	0.0% / 1.0% / 1.5%
Pension trend	1.80%	1.80%
Staff turnover rate broken down by age and gender		
Age up to 35 m/f	8.0% / 8.0%	8.0% / 8.0%
Age from 36 to 45 m/f	5.0% / 5.0%	5.0% / 5.0%
Age over 45 m/f	1.5% / 1.5%	1.5% / 1.5%

The calculation of the settlement amount takes into account the estimated expected adjustment of pensions on the balance sheet date due to the development of the consumer price index up to the pension adjustment date in the amount of €4.9 million (previous year: €12.7 million). Provisions for pension obligations are discounted at the average market interest rate of the past ten years in accordance with Section 253 of the German Commercial Code (HGB), which results from a flat-rate remaining term of 15 years (see Note (36)). Similar obligations are discounted using the average market interest rate of the past seven years. The interest rate is announced by the Bundesbank in accordance with the Ordinance on the Determination and Announcement of Rates for Discounting Provisions (Rückstellungsabzinsungsverordnung – RückAbzinsV). In the case of securities-linked commitments, the provisions are recognised at the fair value of the cover assets if a guaranteed minimum amount is exceeded.

To secure the obligations from the pension scheme and similar regulations, assets to fulfil the pension claims were separated from the other company assets and transferred to a company trustee. If the fair value of the transferred assets is less than the associated obligations, a provision for pensions and similar obligations is recognised in the corresponding amount.

Please refer to Note (11) for information on the offsetting requirement for outsourced assets against pension obligations and the accounting treatment of assets.

The Banks is exercising the option of not recognising indirect pension obligations (2015 pension scheme) as liabilities in the balance sheet. In addition, the pension obligations transferred to an external pension fund as of 30 November 2021 are now also not reported in the balance sheet as indirect pension obligations due to the change in the pension path (see also note (36)).

Tax and other provisions

Provisions for taxes and other provisions are recognised in the settlement amount required according to prudent business judgement. The necessary settlement amount includes future price and cost increases. Provisions for impending losses from pending transactions are recognised in the amount of the surplus obligation. Provisions with a remaining term of more than twelve months are recognised in accordance with Section 253 (2) German Commercial Code (HGB), interest is discounted at interest rates appropriate to the term in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). The effect of the compounding of interest in subsequent periods is recognised in Other operating expenses for non-banking transactions. The compounding effect of provisions in connection with banking transactions is recognised in interest expenses.

Restructuring provisions are also recognised other provisions. These are to be recognised as liabilities if the management plans and controls a programme with the aim of significantly changing either the business area covered by the company or the way in which this business is conducted, and which leads to an external obligation or impending losses from pending transactions.

(14) Contingent liabilities and other obligations

These items are recognised at their nominal amount less any provisions recognised in the balance sheet.

(15) Extraordinary result

Pursuant to Section 340a (2) of the German Commercial Code (HGB), extraordinary expenses and extraordinary income must be recognised under the items "Extraordinary expenses" and "Extraordinary income" for banks that are incurred outside the ordinary course of business. Extraordinary income and expenses relating to extraordinary measures such as reorganisation and merger processes, pension adjustments and, in the previous year, the extraordinary increase in the inflation index or restructuring measures are therefore reported under this item (see Note (44)).

(16) Derivatives and fair-value measurement of the banking book

Derivative financial instruments are recognised in accordance with the principles applicable to pending transactions. Premium payments made or received from contingent Forward transactions are recognised in other assets or other liabilities. In the case of unconditional forward transactions, upfront fees paid or received are recognised in prepaid expenses or deferred income and amortised on a straight-line basis over the remaining term in net interest income. On the reporting date, a review is carried out to determine whether a provision for impending losses from pending transactions needs to be recognised.

Provisions for impending losses from pending transactions are recognised for non-compensated futures positions if the fair value is negative.

Interest rate derivatives are measured loss-free together with all other interest-bearing financial instruments in accordance with the principles of the IDW RS BFA 3 accounting standard. The present value of the interest-bearing transaction is compared with the corresponding book values, taking into account administrative and risk costs as well as expected refinancing costs. Future cash flows are discounted for the purpose of loss-free valuation of the banking book using a uniform yield curve for each currency. Notional refinancing costs are determined on the basis of the Banks's refinancing structure as at the balance sheet date, taking into account planned changes if these forms of refinancing are no longer utilised in the longer term. The key parameters for determining the risk costs are the risk-free interest cash values and the loss given default of the interest-bearing assets. The loss-free valuation in accordance with IDW RS BFA 3 results in no need for provisions.

Credit derivatives are recognised in accordance with IDW RS BFA 1. Accordingly, credit derivatives in which IKB is the protection buyer are treated as loan collateral if the credit derivative hedges default risks, there is an intention to hold to maturity and the derivative is objectively suitable as a hedging instrument. These credit derivatives are taken into account in the valuation of the hedged transactions. All other credit derivatives for IKB is the protection buyer are treated as pending transactions. Provisions for impending losses are recognised in the amount of the negative fair values.

Credit derivatives for which IKB assumes the guarantor position are treated as guarantees, provided that only default risks are hedged and the intention to hold to maturity of the credit derivative or until the credit event occurs is given. In the case of credit derivatives that are accounted for as guarantees, provisions are recognised in the amount of the impending utilisation. If the intention to hold to maturity is abandoned over time, the close-out effect is recognised in other operating income. All other credit derivatives for which IKB is the protection seller are treated as pending transactions. Provisions for impending losses are recognised in the amount of the negative fair values.

(17) Currency translation

The so-called modified closing rate method in accordance with Section 308a of the German Commercial Code (HGB) and DRS 25 – currency translation in the consolidated financial statements – is used to translate financial statements in the Group that are denominated in a foreign currency. With the exception of equity, the asset and liability items of a balance sheet denominated in a foreign currency are translated into euros at the mean spot exchange rate on the balance sheet date. Equity is translated into euros at the historical exchange rate. Income statement items are translated into euros at the average exchange rate. Any difference resulting from the translation is recognised within consolidated equity as "Equity difference from Currency translation". No financial statements denominated in foreign currencies were included in the Group as of 31 December 2024.

Assets and liabilities in foreign currencies are translated in the separate financial statements of IKB AG and the other institutions in the Group in accordance with the principles of section 340h German Commercial Code (HGB) in conjunction with section 256a HGB, insofar as special cover is available. Section 256a German Commercial Code (HGB). Assets and liabilities denominated in foreign currencies must be translated at the mean spot exchange rate on the balance sheet date. If the requirements for special cover are not met, currency translation is carried out in accordance with the regulations applicable to all merchants (Section 256a German Commercial Code (HGB)). If the remaining term to maturity is one year or less, unrealised gains from currency translation are recognised in profit or loss. If the residual term of one year is exceeded, the general valuation regulations apply.

According to IDW RS BFA 4, the existence of special cover within the meaning of section 340h German Commercial Code (HGB) can be considered to be fulfilled if the currency risk is managed via a currency position and the individual items are transferred to a currency position. IKB AG generally allocates foreign currency transactions to the currency position of the respective currency and manages them using an authorised limit.

Income from currency translation (translation differences) is recognised in the income statement under "Other operating income" and "Other operating expenses".

If IKB AG's forward exchange transactions are used to hedge interest-bearing assets and liabilities, the forward rate is split and its two elements (spot rate and swap rate) are recognised separately in the calculation of income. The premiums and discounts (deport/report) to the spot rate are recognised pro rata temporis in net interest income. For the aforementioned transactions, a check is carried out to determine whether there is a risk of losses from the closing of the item with matching maturities and whether provisions need to be recognised for this (residual valuation).

Notes to the balance sheet

(18) Cash reserve

The cash reserve is held as a credit balance on the ECB account and amounts to €22.2 million in the Group (previous year: €30.2 million) and €22.2 million at IKB AG (previous year: €30.2 million).

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

in € million	Group 31 Dec 2024	Group 31 Dec 2023	IKB AG 31 Dec 2024	IKB AG 31 Dec 2023
Receivables from banks[1)]	**750.0**	**751.6**	**750.0**	**751,6**
with a remaining term of				
Up to 3 months	29.9	30.5	29.9	30,5
More than 3 months up to 1 year	720.1	721.1	720.1	721,1
More than 1 year up to 5 years	-	-	-	-
More than 5 years	-	-	-	-
Receivables from customers	**8,093.9**	**8,562.1**	**8,380.9**	**8.849,2**
with a remaining term of				
Up to 3 months	661.2	655.6	661.2	655.7
More than 3 months up to 1 year	1,589.4	1,773.3	1,876.4	2,060.3
More than 1 year up to 5 years	5,060.4	5,225.1	5.060,4	5,225.1
More than 5 years	782.9	908.0	782,9	908.0
Liabilities to banks[1)]	**8,111.4**	**8,400.5**	**8.111,4**	**8,400.5**
with a remaining term of				
Up to 3 months	3,315.7	3,061.7	3.315,7	3,061.7
More than 3 months up to 1 year	1,234.6	1,449.0	1.234,6	1,449.0
More than 1 year up to 5 years	2,814.4	3,003.0	2.814,4	3,003.0
More than 5 years	746.6	886.8	746,6	886.8
Liabilities to clients[1)]	**2,988.0**	**2,773.3**	**3.009,0**	**2,788.1**
with a remaining term of				
Up to 3 months	743.4	455.6	756,2	462.3
More than 3 months up to 1 year	853.6	1,000.9	861,8	1,002.0
More than 1 year up to 5 years	1,266.8	1,207.4	1.266,8	1,214.4
More than 5 years	124.1	109.4	124,1	109.4

1) in each case excluding receivables and liabilities repayable on demand

Of the bonds and other fixed-income securities, €156.4 million (previous year: €104.8 million) in the Group and €156.4 million (previous year: €104.8 million) at IKB AG are due in the following year. Of the bonds issued included under securitised liabilities, €6.7 million (previous year: €9.7 million) in the Group and €6.7 million (previous year: €9.7 million) in IKB AG are due in the following year.

(20) Foreign-currency assets

The currency volumes translated into euros and recognised in the balance sheet are shown in the table below:

in € million	Group 31 Dec 2024	31 Dec 2023	31 Dec 2024	IKB AG 31 Dec 2023
Assets	385.3	329.1	399.7	350.9

The differences between assets and liabilities are largely hedged by currency hedges.

(21) Repurchase agreements

As at the reporting date, assets of €2,673.5 million (previous year: €2,328.5 million) in the Group and €2,675.2 million (previous year: €2,331.8 million) in the IKB AG recognised in the balance sheet in genuine repurchace agreements had been transferred as collateral in both the Group and IKB AG.

(22) Receivables from affiliated and other investees and investors

	Group			
	31 December 2024		31 December 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Receivables from customers	-	0.1	-	-

	IKB AG			
	31 December 2024		31 December 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Receivables from customers	287.0	0.1	287.1	-
Bonds and other fixed-income securities	29.3	-	26.1	-
Other assets	14.5	-	20.1	-

The intra-Group sub-participation in expected compensation payments for pending lawsuits included in other assets of IKB AG fell to €14.4 million (previous year: €19.9 million) as a result of measurement.

(23) Fixed assets

Group:

	Intangible assets	Tangible assets	Equity investments	Shares in affiliated companies	Bonds and other fixed-income securities not including own issues	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	1.3	0.0	-	471.3	135.8	608.5
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-	6.5
Disposals	-0.1	-1.0	-	0.0	-97.1	-1.4	-99.6
Cost as of 31 December 2024	**25.4**	**6.6**	**0.6**	**0.1**	**2,626.8**	**434.5**	**3,094.0**
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	-0.3	-0.7	0.0	0.0	-	-	-1.0
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-	-
Disposals from the consolidated group	-	-	-	-	-	-	-
Changes recognised in other comprehensive income [1)]	0.1	0.9	-	0.0	-	-	1.0
Accumulated depreciation/ amortisation and write-downs and reversals thereof up to 31 December 2024	**-24.8**	**-4.6**	**-0.4**	**0.0**	**-**	**-**	**-29.8**
Residual book value as of 31 December 2024	**0.6**	**2.0**	**0.2**	**0.1**	**2,626.8**	**434.5**	**3,064.2**
Residual book value as of 31 December 2023	**0.9**	**1.6**	**0.2**	**0.1**	**2,246.1**	**300.2**	**2,549.1**

Interest accruals for the financial year are included in Additions and those for the previous year are included in Disposals.

1) Changes recognised in other comprehensive income in accumulated write-downs and reversals of write-downs relate to both additions and disposals.

IKB AG:

in € million	Intangible assets	Tangible assets	Equity investments	Shares in affiliated companies	Bonds and other fixed-income securities not including own issues	Equities and other non-fixed-income securities	Total
Cost as of 31 December 2023	**25.4**	**6.4**	**0.2**	**659.1**	**2,249.5**	**0.0**	**2,940.6**
Additions	0.1	1.3	-	0.2	471.3	135.8	608.7
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	6.5	-	6.5
Disposals	-0.1	-1.0	-	0.0	-98.7	-	-99.8
Cost as of 31 December 2024	**25.4**	**6.6**	**0.2**	**659.3**	**2,628.6**	**135.8**	**3,455.9**
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 and write-downs	-0.3	-0.7	-	0.8	-	-	-1.8
Reclassifications	-	-	-	-	-	-	-
Effects of currency translation	-	-	-	-	-	-	-
Changes recognised in other comprehensive income [1)]	0.1	0.9	-	0.0	-	-	1.0
Accumulated depreciation/ amortisation and write-downs and reversals thereof up to 31 December 2024	**-24.8**	**-4.6**	**-**	**-617.1**	**-**	**-**	**-646.5**
Residual book value as of 31 December 2024	**0.6**	**2.0**	**0.2**	**42.2**	**2,626.8**	**135.8**	**2,809.4**
Residual book value as of 31 December 2023	**0.9**	**1.6**	**0.2**	**42.8**	**2,249.5**	**0.0**	**2,295.0**

Interest accruals for the financial year are included in Additions and those for the previous year are included in Disposals.

1) Changes recognised in other comprehensive income in accumulated write-downs and reversals of write-downs relate to both additions and disposals.

Tangible assets exclusively comprise operating and office equipment in the Group in the amount of €2.0 million (previous year: €1.6 million) and at IKB AG in the amount of €2.0 million (previous year: €1.6 million).

The item "Bonds and other fixed-income securities" mainly contains European bonds and other fixed-income securities.

In the Group, the item "Equities and other non-fixed income securities" includes in particular shares in special funds allocated to investment assets. Additions to equities and other non-fixed income securities also relate to units in special funds and result from the issue of fund units in return for the non-cash contribution of current asset bonds by IKB AG.

Total unrealised losses €275.6 million (previous year: €284.0 million) exist in the Group for securities held as fixed assets. These are based on book values of €1,919.1 million (previous year: €1,887.4 million) and fair values of €1,643.5 million (previous year: €1,603.3 million). At IKB AG, unrealised losses on securities held as fixed assets totalled €276.5 million (previous year: €286.2 million). This is based on carrying amounts of €1,972.7 million (previous year: €1,942.4 million) and fair values of €1,696.2 million (previous year: €1,656.2 million).

No impairment losses were recognised for these impairments in the Group and at IKB AG, as the differences between book values and fair values were assessed as probably not permanent within the meaning of section 253 (3) German Commercial Code (HGB).

Impairment losses of €0.0 million (previous year: €0.0 million) were recognised on fixed assets in the Group and €0.8 million (previous year: €0.3 million) at IKB AG in the current financial year due to expected permanent impairment.

The figures shown do not include accrued interest.

(24) Subordinated assets

in € million	Group 31 Dec 2024	Group 31 Dec 2023	IKBAG 31 Dec 2024	IKBAG 31 Dec 2023
Receivables from customers	8.6	9.1	8.6	9.1
Debt securities and other fixed-income securities	29.3	26.1	29.3	26.1
Total	**37.9**	**35.2**	**37.9**	**35.2**

(25) Tradeable securities

Tradeable securities included in the balance sheet items below are classified according to their stock exchange listing as follows:

	Group			IKB AG		
31 December 2024 in € million	**Total negotiable**	**listed**	**not listed**	**Total negotiable**	**listed**	**not listed**
Bonds and other fixed-income securities	3,343.9	3,219.6	124.3	3,345.7	3,221.4	124.3
Equities and other non-fixed-income securities	434.5	-	434.5	135.8	-	135.8

	Group			IKB AG		
31 December 2023 in € million	**Total negotiable**	**listed**	**not listed**	**Total negotiable**	**listed**	**not listed**
Bonds and other fixed-income securities	3,098.0	3,021.4	76.6	3,101.4	3,024.8	76.6
Equities and other non-fixed-income securities	301.9	1.7	300.2	1.7	1.7	0.0

The "Bonds and other fixed-income securities" item includes marketable securities ted toheld as fixed assets in the Group in the amount of €2,626.9 million (previous year: €2,246.1 million) and in IKB AG in the amount of €2,628.6 million (previous year: €2,249.5 million). The "Equities and other non-fixed-income securities" item includes €434.5 million (previous year: €300.2 million) of marketable securities held as fixed assets in the Group and €135.8 million (previous year: €0.0 million) in IKB AG.

(26) Disclosures on investment funds

Investment assets in which consolidated Group companies or IKB AG hold an interest of more than 10% are categorised according to the following investment forms:

in € million	Group Book value 31 Dec 2024	Group Fair value 31 Dec 2024	Group Difference to book value 31 Dec 2024	Group Distribution 2024	IKB AG Book value 31 Dec 2024	IKB AG Fair value 31 Dec 2024	IKB AG Difference to book value 31 Dec 2024	IKB AG Distribution 2024
Mixed funds	207.2	207.2	-	7.6	207.2	207.2	-	7.6
Other special funds	434.5	446.8	12.3	9.7	135.8	144.5	8.7	-
Total	**641.7**	**654.0**	**12.3**	**17.3**	**343.0**	**351.7**	**8.7**	**7.6**

in € million	Group Book value 31 Dec 2023	Group Fair value 31 Dec 2023	Group Difference to book value 31 Dec 2023	Group Distribution 2023	IKB AG Book value 31 Dec 2023	IKB AG Fair value 31 Dec 2023	IKB AG Difference to book value 31 Dec 2023	IKB AG 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 are investments of CTA assets in a special fund in Germany. If the offsetting of the CTA assets against the pension obligations (per pension plan) results in a surplus of CTA assets, this is recognised under the item "Excess of plan assets over post-employment benefit liability". If the offsetting results in an excess of pension obligations, pension provisions are recognised. The fund was primarily made up of investment units and bond funds.

Other special funds are units in foreign special funds that invest in European and North American bonds in particular. Distributions from investment funds are recognised in the income statement under "Current income from Equities and other non-fixed-income securities". Capital distributions are reported as a reduction in the book value. The year-on-year increase in other special assets is due to the issue of fund units in return for the non-cash contribution of bonds held as current assets by IKB AG.

All fund units can be redeemed on any trading day. The management company may suspend the redemption of units if there are exceptional circumstances that make a suspension appear necessary, taking into account the interests of the investors. The management companies have not yet exercised this right.

(27) Other assets

The “Other assets" items include the following:

in € million	Group 31 Dec 2024	Group 31 Dec 2023	IKB AG 31 Dec 2024	IKB AG 31 Dec 2023
Foreign currency adjustment asset	3.1	5.1	3.1	5.1
Receivables from tax authorities	14.2	15.1	13.6	14.6
Deferrals for derivatives	49.5	44.8	49.5	44.8
Trade receivables	0.0	3.6	0.0	3.6
Receivables from affiliated companies	-	-	14.5	20.1
Miscellaneous assets	15.2	19.8	15.2	19.5
Total	**82.0**	**88.4**	**95.9**	**107.7**

Differences from the translation of currency derivatives in the investment book that are included in the special cover in accordance with Section 340h of the German Commercial Code (HGB) are recognised in the foreign currency adjustment assets.

(28) Prepaid expenses

Prepaid expenses are made up as follows:

in € million	Group 31 Dec 2024	Group 31 Dec 2023	IKB AG 31 Dec 2024	IKB AG 31 Dec 2023
Discounts on liabilities recognised at their nominal value	0.1	0.4	0.1	0.4
Accruals for Derivatives and for credit default swaps recognised as guarantees	20.1	25.4	20.1	25.4
Prepaid expenses for invoices paid in advance	6.6	7.9	6.6	7.8
Total	**26.9**	**33.7**	**26.9**	**33.6**

(29) Deferred tax assets

Deferred tax assets are mainly recognised on the basis of differences between the financial and tax baccounts, which are reversed in subsequent years. In particular, the valuation relates to investment fund investments of the domestic tax group and the difference between the financial and tax accounts of current securities and pension provisions. The local tax rates were used as a basis in each case. The resulting tax burden and the resulting tax relief were offset. In the reporting period, the balance sheet disclosure of the surplus of deferred tax assets also increased by €1.0 million as a result of a reversal of write-downs due to the higher planned utilisation of temporary differences both in the Group and at IKB AG.

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

31 December 2024 in € million	Group	IKB AG
Offset assets		
Acquisition cost	255.6	255.6
Fair value	265.0	265.0
Offset liabilities		
Settlement amount	-348.7	-348.7
Excess of plan assets over post-employment benefit liability	**5.3**	**5.3**
Expenses and income offset in the reporting year	**2024**	**2024**
Expenses and income from pension obligations		
Expenses for pension obligations	-2.9	-2.9
Expenses and income from plan assets		
Income from plan assets	10.5	10.5
Expenses from plan assets	-0.6	-0.6
Net income/expense	**7.0**	**7.0**

31 December 2023 in € million	Group	IKB AG
Offset assets		
Acquisition cost	251.8	251.8
Fair value	259.1	259.1
Offset liabilities		
Settlement amount	-360.1	-360.1
Excess of plan assets over post-employment benefit liability	**7.0**	**7.0**
Expenses and income offset in the reporting year	**2023**	**2023**
Expenses and income from pension obligations		
Expenses for pension obligations	-4.3	-4.3
Expenses and income from plan assets		
Income from plan assets	13.1	13.1
Expenses from plan assets	0.0	0.0
Net income/expense	**8.8**	**8.8**

The fair value of the assets outsourced as part of the CTA is derived from the inventory values determined by the investment company as at the balance sheet date.

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

	Group			
	31 December 2024		31 December 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Liabilities to clients	-	-	-	-
Other liabilities	-	-	-	-

	IKB AG			
	31 December 2024		31 December 2023	
in € million	Affiliated companies	Investees and investors	Affiliated companies	Investees and investors
Liabilities to clients	24.5	-	19.0	-
Other liabilities	2.5	-	6.1	-
Subordinated liabilities	75.1	-	75.1	-

(32) Foreign-currency liabilities

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

	Group		IKB AG	
in € million	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Liabilities	309.6	183.1	309.6	183.1

The differences between assets and liabilities are largely hedged by currency hedging transactions.

(33) Securitised liabilities

Securitised liabilities fell to €9.6 million in the Group (previous year: €19.2 million) and to €9.6 million at IKB AG (previous year: €19.2 million). The decline is due to repayments of issued bearer bonds.

(34) Other liabilities

The “Other liabilities" item breaks down as follows:

	Group		IKB AG	
in € million	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Obligations from derivatives	-	1.9	-	1.9
Deferrals for derivatives	23.7	31.0	23.7	31.0
Liabilities to tax authorities	1.8	0.2	1.5	0.0
Deferred income for subordinated liabilities	20.0	20.1	20.0	21.2
Trade payables	5.1	3.2	5.1	3.2
Miscellaneous liabilities	23.8	17.7	26.3	25.4
Total	**74.5**	**74.2**	**76.8**	**82.8**

(35) Deferred income

Deferred income is made up as follows:

in € million	Group 31 Dec 2024	Group 31 Dec 2023	IKB AG 31 Dec 2024	IKB AG 31 Dec 2023
Discounts on receivables recognised at their nominal value	4.1	4.6	4.1	4.6
Deferred income for the derivatives business and for credit default swaps accounted for like guarantees	14.5	18.6	14.5	18.6
Total	**18.6**	**23.2**	**18.6**	**23.2**

(36) Pension provisions

The pension provisions recognised amount to €90.3 million in the Group (previous year: €109.6 million) and €88.9 million at IKB AG (previous year: €108.0 million). The decrease in pension provisions is due to pension and early retirement payments made and a positive development in plan assets.

The indirect pension obligations not recognised in the balance sheet are covered by corresponding plan assets.

The difference in accordance with Section 253 (6) German Commercial Code (HGB) is as follows:

31 December 2024 in € million	Group	IKB AG
Measurement of the obligation at the average market interest rate for the past 10 years	333.1	331.7
Valuation of the obligation at the average market interest rate of the last 7 years	330.7	329.3
Difference in accordance with section 253 (6) HGB	**-2.4**	**-2.4**

(37) Subordinated liabilities

This item includes liabilities which, due to contractual agreements, will only be repaid in the event of insolvency or liquidation after all non-subordinated creditors have been satisfied. An early repayment obligation and a participation in losses from current business are not provided for.

Subordinated liabilities also include the preferred shares (trust preferred securities) issued by IKB Funding Trust I, a US subsidiary established specifically for this purpose, which fall under hybrid capital instruments. In the event of insolvency, these will only be serviced after repayment of all other subordinated liabilities and any profit participation certificate issues. Unlike German preference shares, these preferred shares do not participate in the liquidation proceeds of the issuing companies. In the case of preferred shares, an unlimited term is agreed for the investor.

With the exception of the preferred shares issued by IKB Funding Trust I, interest on all subordinated liabilities is owed and paid irrespective of the Bank's net income for the year. The accrued interest attributable to the subordinated liabilities is recognised under other liabilities.

Subordinated liabilities totalled €542.8 million (previous year: €546.2 million) in the Group and €542.8 million (previous year: €546.3 million) at IKB AG as at the reporting date. Of this amount, €75.1 million (previous year: €75.1 million) is attributable to the outstanding preferred shares. 56% of the nominal amount of the preferred shares is held by IKB AG. Interest expenses for subordinated liabilities including preferred shares totalled €29.3 million (previous year: €28.6 million) in the Group and €29.7 million (previous year: €29.0 million) at IKB AG in the past financial year.

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

Group Year of issue	Book value in € million	Currency	Interest rate in %	Maturity date
2002/2003	75.1	EUR	EURIBOR 3 M+ 1.500%	perpetual
2005/2006	79.7	JPY	2.76	21/07/2035
2017/2018	300.0	EUR	6.53	31/01/2028

IKB AG Year of issue	Book value in € million	Currency	Interest rate in %	Maturity date
2002/2003	75.1	EUR	EURIBOR 3 M+ 2.015%	perpetual
2005/2006	79.7	JPY	2.76	21/07/2035
2017/2018	300.0	EUR	6.53	31/01/2028

(38) Fund for general banking risks

The Fund for general banking risks totalled €116.0 million (previous year: €159.0 million) both in the Group and at IKB AG as at the balance sheet date.

(39) Development of capital

Treasury shares

There were no holdings – neither additions nor realisations – of treasury shares in the 2024 financial year.

Equity

At the end of the reporting period, the share capital consisted of 100,000,000 no-par value shares with a notional value of €1 per share. The share capital amounts to €100,000,000.

Additions to revenue reserves as part of the appropriation of profits

In accordance with section 58 (2) AktG, a partial amount of €28.6 million of IKB AG's net income for the year of €57.2 million was transferred to other revenue reserves as part of the appropriation of profits, leaving net retained profits of €180.9 million.

Proposed appropriation of profits

The Board of Managing Directors recommends that a partial amount of €28.6 million be transferred from IKB AG's net retained profits of €180.9 million to other revenue reserves with the remaining amount of €152.3 million to be carried forward unchanged.

The amounts blocked for distribution are made up as follows:

Group:

31 December 2024 in € million	Gross income	Amount barred from distribution
Unrealized gains on plan assets	9.5	6.5
Recognition of deferred taxes	-	123.0
Total	**9.5**	**129.5**

IKB AG: 31 December 2024 in € million	Gross income	Amount barred from distribution
Unrealized gains on plan assets	9.5	6.5
Recognition of deferred taxes	-	123.0
Total	**9.5**	**129.5**

(40) Contingent liabilities and other obligations

The "Contingent liabilities" item essentially includes credit default swaps (Banks is the guarantor) totalling €942.4 million (previous year: €977.7 million) under guarantees and warranties in both the Group and IKB AG as at the balance sheet date. IKB has assumed the counterparty default risk for a predefined credit event for certain credit portfolios.

In addition, as part of the sale of its limited partner's interest in IKB Projektentwicklung GmbH & Co. KG i.L., IKB AG has assumed indemnification obligations for certain taxes that are payable for periods up to the completion of the sale.

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

As at the reporting date, there were no contingent liabilities to associates.

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

(41) Other financial obligations

Other financial obligations totalled €365.8 million (previous year: €502.2 million) in the Group and €365.8 million (previous year: €502.2 million) at IKB AG as at the reporting date.

An outstanding amount of €315.0 million (previous year: €457.9 million) in loan receivables was transferred as collateral both in the Group and at IKB AG for potential recourse liabilities to the Deposit Protection Fund of the Association of German Banks in connection with Liabilities to clients.

Obligations from IT services increased both in the Group and at IKB AG to €20.0 million (previous year: €14.1 million). The Group and IKB AG have payment obligations of €5.6 million (previous year: €7.3 million) for the lease term under long-term rental agreements. The Bank's branches continue to have rental agreements for the real estate used for banking operations. Provisions are recognised for impending losses from pending transactions in the event that expenses exceed the benefit of the lease. The risk or opportunity lies in the possibility that a rental agreement may be extended or a follow-up rental agreement may be concluded at less favourable or more favourable conditions after the expiry of a fixed-term rental agreement.

As at the reporting date, both the Group and IKB AG had payment obligations to national and international guarantee schemes of the banking system totalling €15.8 million (previous year: €14.4 million). Corresponding collateral was provided for the payment obligations.

The treatment of the irrevocable payment obligation for the bank levy upon surrender of the banking licence is the subject of a legal dispute between an affected foreign bank and the Single Resolution Board (SRB). In 2023, the Court of Justice of the European Union (CJEU) issued a judgement in favour of the bank, which is not yet legally binding. The bank levy is used to finance the Single Resolution Fund, to which the credit institutions must contribute. A certain proportion of these financing contributions can be made in the form of irrevocable payment obligations for which collateral must be provided. The Bank has provided collateral in the same amount for irrevocable payment obligations submitted under the bank levy totalling €8.1 million.

According to the Bank's assessment, the Bank would be called upon from the irrevocable payment obligations if the Single Resolution Fund were to participate in a resolution measure or if the ECJ were to confirm the ruling of the European Court of Justice on the return of the banking licence; the probability of utilisation is considered to be low and therefore utilisation from the cash collateral is not to be expected. It is not necessary to write off the claim against deposit guarantee schemes from the transfer of the cash collateral.

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

Further payment obligations result from purchase obligations in connection with service contracts. In the case of service contracts, there is a risk that the contractual conditions are less favourable than the conditions at the time of contract fulfilment or that the costs associated with the contract exceed the economic benefit.

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

As in the previous year, none of IKB AG's total financial obligations relate to affiliated companies.

(42) Off-balance sheet transactions

In accordance with Section 285 No. 3 German Commercial Code (HGB) and Section 314 (1) No. 2 HGB, the nature and purpose as well as the risks and benefits of transactions not included in the balance sheet must be disclosed in the appendix if this is necessary for the assessment of the financial position. Disclosures on transactions that are expected to significantly improve or worsen the financial position or that are considered unusual in terms of their timing, period or business partner may particularly necessary for the assessment of the financial position.

Forward transactions

As at the balance sheet date, there are obligations from conditional and unconditional forward transactions. These mainly serve to hedge interest rate and currency risks and lead to future cash inflows or outflows. For further information, please refer to the notes on forward transactions (see Note (57)).

Notes to the income statement

(43) Income by geographical market

The total amount of Interest income, Current income from Equities and other non-fixed income securities, Equity investments and Shares in affiliated companies, Commission income, Net trading income and Other operating income is breaks down among the various geographical markets as follows:

	Group		IKB AG	
in € million	**2024**	**2023**	**2024**	**2023**
Germany	595.3	1,359.3	594.2	1,359.4
Rest of Europe	0.1	0.2	0.1	0.1
Total	**595.4**	**1,359.5**	**594.3**	**1,359.5**

Income by geographical market is allocated in the Group according to the respective registered office of the company and at IKB AG according to the respective place of business.

(44) Extraordinary income and expenses

The net extraordinary expense amounted to €0.0 million at both the Group and IKB AG (previous year: expense of €16.1 million). In the previous year, both in the Group and at IKB AG, it was attributable in particular to operational restructuring measures and additions to provisions for the inflation-related adjustment of pension obligations.

(45) Other operating expenses

The “Other operating expenses" item largely includes:

	Group		IKB AG	
in € million	**2024**	**2023**	**2024**	**2023**
Expenses from derivatives in the non-trading book	-44.9	-630.5	-44.9	-630.5
Expenses from additions to provisions	-1.0	-1.1	-1.0	-0.8
Expenses for hedging business risks	-1.7	-1.8	-1.7	-1.8
Legal and project costs	-11.4	-20.7	-11.4	-20.7
Expenses from the amortisation of an intra-group sub-participation Receivables that relate to expected compensation payments for pending lawsuits	-1.1	-0.3	-5.3	-16.5
Other expenses	-1.2	-1.8	-1.4	-2.1
Total	**-61.3**	**-656.2**	**-65.7**	**-672.5**

Expenses from derivatives in the non-trading book result in particular from close-outs of derivatives in the banking book. The decrease compared to the previous year is due to the compression of the derivative volume in the previous year. Expenses are offset by income in the "Other operating income" item (see Note (50)).

(46) Costs of loss absorption

Costs of loss absorption of €0.1 million (previous year: €6.6 million) were incurred at IKB AG in the period under review. Expenses relate to ongoing loss absorption obligations to the subsidiaries IKB Beteiligungsgesellschaft 1 mbH and IKB Invest GmbH.

(47) Income taxes

The "Income taxes" item includes actual taxes in the Group of €3.9 million (previous year: €11.5 million income) and at IKB AG of €4.0 million income (previous year: €11.4 million income), which relate in particular to taxes for previous years.

The item also includes the change in the recognition of deferred tax assets in the amount of €1.0 million income (previous year: expense of €10.0 million) in the Group and in the amount of €1.0 million income (previous year: expense of €10.0 million) IKB AG.

(48) Income from profit and loss transfer agreements

Income from profit and loss transfer agreements of €0.0 million (previous year: €0.1 million) was recognised at IKB AG in the reporting period. Income in the reporting period is attributable to the ongoing profit transfer from IKB Beteiligungsgesellschaft 3 mbH.

(49) Administrative and brokerage services for third parties

IKB primarily provides administrative and brokerage services in the lending business. Income from these services is included in net fee and commission income.

(50) Other operating income

Other operating income is essentially made up as follows:

in € million	Group 2024	Group 2023	IKB AG 2024	IKB AG 2023
Income from derivatives in the non-trading book	16.6	650.9	16.6	650.9
Income from currency translation	0.4	3.8	1.6	3.8
Income from the release of provisions	2.5	7.5	2.5	7.4
Other operating income	2.1	1.3	2.1	1.3
Expense from unwinding of discount on pension obligation and change in Discount rate	-2.9	-4.3	-2.9	-4.3
Fair-value measurement of the CTA assets	9.9	13.1	9.9	13.1
Income from compensation payments and damages payments	0.3	1.8	0.3	0.0
Income from cost reimbursements in connection with legal disputes	0.7	3.0	0.7	3.0
Total	**29.5**	**677.1**	**30.7**	**675.2**

Income from derivatives in the non-trading book stems in particular from the close-outs of derivatives in the banking book. The decline compared to the previous year is due to the compression of the derivative volume in the previous year.

(51) List of shareholdings as of 31 December 2024

31 December 2024		Financial 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 Apr - 31 Mar	100.00
IKB Projektentwicklungsverwaltungsgesellschaft mbH i.L., Düsseldorf	3)	1 Oct - 30 Sep	100.00
IKB Real Estate GmbH, Düsseldorf		1 Jan - 31 Dec	100.00
Restructure 3 GmbH, Düsseldorf		1 Apr - 31 Mar	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, Ireland			
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) Disclosures in accordance with Section 285 No. 11 German Commercial Code (HGB) on Equity and Net income have been omitted 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) If the company is of minor significance for the Group's net assets, financial position and results of operations, the Banks makes use of the option not to include the company in the consolidated financial statements.

The companies included in the Consolidated group are shown in the list of shareholdings. For reasons of clarity, the list of shareholdings and the Consolidated group are not presented separately.

(52) Significant shares of voting rights

Following the entry in the commercial register of the resolution passed at the Extraordinary General Meeting of IKB AG on 2 December 2016 to transfer all shares to the main shareholder in return for cash compensation (squeeze-out), LSF11 Europe Financial Holdings, L.P., based in Dallas, USA, formerly trading as LSF6 Europe Financial Holdings, holds 100% of IKB shares.

(53) Disclosure of auditor's fees

	Group		IKB AG	
in € million	2024	2023	2024	2023
Audit of financial statements	1.5	1.7	1.4	1.6
Other assurance or valuation services	0.7	0.7	0.7	0.7
Total	**2.2**	**2.4**	**2.1**	**2.3**

The auditors' fees do not include any expenses for previous financial years (previous year: €0.1 million).

The fees for the audit of financial statements include expenses for the statutory audits of the annual financial statements and consolidated financial statements. Other assurance or valuation services include the preparation of audit opinions and audit procedures in accordance with ISAE 3000, the audit of regulatory financial statements and project-related audits.

(54) Transactions with related parties

Transactions with related parties are generally conducted at arm's length. There were no material transactions arm's length that would have to be reported in accordance with section 314 (1) no. 13 German Commercial Code (HGB) for the IKB Group or section 285 no. 21 HGB for IKB AG.

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

Assets with the stated value were transferred for the following liabilities:

31 December 2024 in € million	Group	IKB AG
Liabilities to banks	9,266.9	9,268.7
Contingent liabilities	6.2	6.2
Total	**9,273.1**	**9,274.9**

Assets serving as collateral are mainly Receivables from banks and Securities transferred to third-party banks or clearing centres as part of open market and securities repurchase transactions as well as in the course of the subsidy business.

(56) Forward transactions

Forward transactions are mainly used to manage and limit interest rate risks and relate in particular to the loan refinancing portfolio and the investment portfolios. The amount of interest rate risk is limited by a limit system approved by the Board of Managing Directors and monitored daily as part of risk management. In addition, the volume of forward and Derivatives transactions is limited by counterparty-related limits.

In the investment portfolios and the credit refinancing portfolio, interest rate risks from securities and loans as well as the associated refinancing funds are managed on a standardised basis. Derivatives are used to manage interest rate and exchange rate risks. The derivatives used are predominantly interest rate derivatives.

Please refer to note (57) for information on the fair values of interest-related derivatives in the Group and at IKB AG.

(57) Derivative financial instruments not measured at fair value

Group:

31 December 2024 in € million	Nominal	Fair value Positive	 Negative	Book value Assets	 Equity and liabilities
Interest-related derivatives	12,554.5	463.7	635.8	53.1	35.1
Currency-related derivatives	286.0	2.3	3.1	0.8	1.9
Derivatives assigned to several categories	101.7	3.0	19.4	2.8	17.0
Total	**12,942.2**	**469.0**	**658.3**	**56.7**	**54.0**

	Book value				
31 December 2024 in € million	**Other assets**	**Prepaid expenses**	**Pro-vsions**	**Other liabilities**	**Deferred income**
Interest-related derivatives	48.5	4.6	-	23.2	11.9
Currency-related derivatives	0.8	-	0.0	1.9	-
Derivatives assigned to several categories	2.8	0.0	-	17.0	-
Total	**52.1**	**4.6**	**0.0**	**42.1**	**11.9**

IKB AG:

31 December 2024 in € million	Nominal	Fair value Positive	 Negative	Book value Assets	 Equity and liabilities
Interest-related derivatives	12,554.5	463.7	635.8	53.1	35.1
Currency-related derivatives	286.0	2.3	3.1	0.8	1.9
Derivatives assigned to several categories	101.7	3.0	19.4	2.8	17.0
Total	**12,942.2**	**469.0**	**658.3**	**56.7**	**54.0**

	Book value				
31 December 2023 in € million	**Other assets**	**Prepaid expenses**	**Pro-vsions**	**Other liabilities**	**Deferred income**
Interest-related derivatives	48.5	4.6	-	23.2	11.9
Currency-related derivatives	0.8	-	0.0	1.9	-
Derivatives assigned to several categories	2.8	0.0	-	17.0	-
Total	**52.1**	**4.6**	**0.0**	**42.1**	**11.9**

(58) Unrealised gains and losses

The table shows the unrealised gains and losses of the following material financial balance sheet items and off-balance sheet derivatives of the IKB Group. It also includes the unrealised net income from credit default swaps recognised as loan collateral pledged.

Group:

	31 December 2024			31 December 2023		
in € million	**Book value**	**Fair value**	**Difference**	**Book value**	**Fair value**	**Difference**
Receivables from banks	1,943.8	1,947.4	3.6	2,255.1	2,257.4	2.3
Receivables from customers	8,093.9	8,078.3	-15.6	8,562.1	8,503.0	-59.1
Bonds and other fixed-income securities	3,343.9	3,100.4	-243.5	3,098.0	2,884.4	-213.6
Shares and other non-fixed-income Securities	434.5	446.8	12.3	301.8	305.7	3.9
Derivative financial instruments not recognised at fair value	56.8	468.9	412.1	57.0	551.9	494.9
Credit default swaps recognised as loan collateral pledged	15.9	27.6	11.7	18.3	27.0	8.7
Subtotal	**13,888.8**	**14,069.4**	**180.6**	**14,292.3**	**14,529.4**	**237.1**
Liabilities to credit institutions institutes	8,189.0	8,059.5	129.5	8,508.1	8,261.7	246.4
Liabilities to clients	3,869.9	3,860.8	9.1	3,947.4	3,901.1	46.3
Securitised liabilities	9.6	9.5	0.1	19.2	18.7	0.5
Subordinated liabilities	542.8	505.3	37.5	546.2	438.6	107.6
Derivative financial instruments not recognised at fair value	54.2	658.3	-604.1	60.3	678.7	-618.4
Credit default swaps recognised as loan collateral pledged	2.5	1.2	1.3	5.2	0.9	4.3
Subtotal	**12,668.0**	**13,094.6**	**-426.6**	**13,086.4**	**13,299.7**	**-213.3**
Total			**-246.0**			**23.8**

Net unrealised income is determined by comparing the net carrying amount and the fair value. The recognition of specific valuation allowances has no impact on unrealised net income, as the specific valuation allowances recognised are also taken into account when determining the fair value. Fair value is equated with the carrying amount for receivables and liabilities repayable on demand and deferred income.

The fair values of receivables determined for reporting in the notes are calculated on the basis of the discounted cash flow method. Assumptions are used to determine the fair value that would result from the determination of market prices 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 valuation model for variable-interest loans takes into account assumptions regarding unscheduled repayments. Discounting is based on swap rates with different maturities on the reporting date plus a credit spread derived from IKB's internal risk measurement procedures. The credit spread of a loan fluctuates in line with the change in the measured standard risk costs, which are determined on the basis of the internal customer rating, the collateralisation situation and the expected residual term of the loan on the measurement date. In addition, pre-tax yields of third parties derived from the balance sheet equity, administrative costs of IKB and funding costs of Banks with an A or AA rating observable on the market are taken into account.

Receivables from promotional loans that are offset by individual refinancing loans on the equity and liabilities side are measured without taking funding costs into account. The present value of individual refinancing loans on the equity and liabilities side is determined by discounting the interest and redemption cash flows using risk-free swap rates with matching maturities.

Securities (including securitised liabilities) are valued at the stock exchange or market price on the reporting date, provided a liquid price is available. A stock exchange or market price is recognised as a liquid price.

The price quotation is considered to be traded if the number of available price quotations exceeds a defined minimum number according to an analysis based on statistical methods. This applies to both traded and non-traded observable prices. If no closing prices are available, the fair value is determined on the basis of prices from market data providers and checked for plausibility using suitable methods. If no stock market prices or price disclosures from contractual suppliers are available for securities, the value is determined on the basis of the company's own valuation models by discounting expected cash flows. The discount rate is determined from the risk profile of similar securities. Parameters that are not observable on the market are also used. The fair values of fund units recognised in the IKB Group correspond to the net investment value attributable to the fund units held.

The fair values of derivatives in the investment book are determined in accordance with the measurement hierarchy of Section 255 (4) German Commercial Code (HGB). The fair values of non-exchange-traded derivatives are determined on the basis of mathematical valuation models and available market data (including Interest rates, interest volatilities, exchange rates). Future cash flows are derived using currency and tenor-specific swap curves. The amount, timing and certainty of the cash flows depend, among other things, on the development of Interest rates and exchange rates, the contractual provisions on the payment dates for the respective derivative and the credit rating of the respective contracting party. Collateralised derivatives are discounted using the currency-dependent overnight index curve.

To determine the fair values of liabilities to clients and banks, the contractual cash flows are discounted using a swap rate with a matching maturity plus IKB-specific funding costs. The funding costs are derived from the costs of comparable issues.

(59) Remuneration of the Board of Managing Directors

In the 2024 financial year, total remuneration for the members of the Board of Managing Directors amounted to €2.5 million (previous year: €3.0 million). This includes fixed basic salaries, performance-related variable remuneration, pension replacement benefits to compensate for an unagreed pension scheme and benefits in kind. The appropriateness of the respective total remuneration is regularly reviewed by the Supervisory Board.

Former and retired members of the Board of Managing Directors

The total remuneration of former members of the Board of Managing Directors and their surviving dependants amounts to €3.6 million (previous year: €3.5 million). In the financial year 2024, the present value of pension obligations to former members of the Board of Managing Directors and their surviving dependants amounted to €54.9 million based on discounting with an average market interest rate of the last 10 years (previous year: €57.2 million).

(60) Remuneration of the Supervisory Board

The total remuneration of the Supervisory Board for the 2024 financial year amounts to €705 thousand (previous year: €708 thousand). This includes €1 thousand in reimbursement of expenses (previous year: €2 thousand).

(61) Remuneration of the Advisory Board

€269 thousand (previous year: €272 thousand) including VAT was paid to members of the advisory board.

(62) Loans extended to members of the governing bodies and the Advisory Board

No loans were granted to members of the Board of Managing Directors. There were also no loans to members of the Supervisory Board as at the reporting date.

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

	Group		IKB AG	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Male	381	363	381	363
Female	202	203	202	203
Total	**583**	**566**	**583**	**566**

(64) Significant events after 31 December 2024

Significant events after 31 December 2024 for the presentation of a true and fair view of the Group's business performance, business results, position and expected development are as follows:

In order to reduce duration and spread-induced market value risks, the bank sold individual positions in long-term bonds in the treasury portfolio after the reporting date as part of its active portfolio management and terminated interest rate derivatives. In this context, hidden liabilities were reduced, which will strengthen future net interest income in total. These measures had resulted in a loss of €-47.4 million by the time the annual financial statements were prepared, which is expected to be compensated for by a corresponding release of the fund for general banking risks. As part of the continuation of its de-risking strategy, the Banks is examining further risk reductions in the Treasury portfolio over the course of the financial year 2025 if suitable market opportunities arise.

(65) 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), private individual

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

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

Paxton Ward 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

Mandates held by employees

As of 31 December 2024, the following employees were represented on the statutory supervisory bodies of large corporations:

Dr Reiner Dietrich

Tricor Packaging & Logistics AG

Notes on segment reporting

Segment reporting is based on the internal income statement, which is part of IKB's management information system. The presentation is based on 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 provisions of DRS 28.

Segment reporting is according to the Banks's product units. Each segment is presented as an independent company with its own profit responsibility and the necessary equity capitalisation.

Segmentation

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

- Public Proramme Loans
- Corporate Bank
- Corporate Centre.

The Public Proramme Loans segment reports income and expenses from IKB's market presence in the provision of development loans to mid-cap customers and advice on accessing and applying for development funds.

The Corporate Bank segment combines the services from IKB's market entry in the self-financed corporate client business. In addition to financing and advisory services in the traditional lending business, this also includes customer support for capital market activities.

Income and expense items from Funding & Asset Liability Management and the investment portfolio are reported in the Corporate Centre. Costs not attributable to other centralised functions also remain in this segment.

Segment results and key figures

The segments are treated as independent companies with their own capital. Capital is allocated on the basis of Risk-weighted assets with an imputed capital ratio (CET 1) of 12%, which results from the minimum requirements for regulatory capital plus a capital buffer. Income and expenses are allocated to the segments according to their earnings responsibility. Interest income and expenses are reported on a net basis as is customary in the industry, as net interest income serves as a key performance indicator for assessing the segment's earnings power. In the Public Proramme Loans segment, interest income from loans is compared with the refinancing expenses of the development banks. A distinction is made between the Corporate Centre and the Corporate Bank. The actual refinancing costs incurred from private and corporate customer deposits. The investment benefit of the allocated equity is also distributed from the Corporate Centre to the segments Promotional Products and Corporate Bank. The interest margin corresponds to the ratio of net interest income of the segments Promotional Products and Corporate Bank to the corresponding volumes of the loan book. Risk costs correspond to the ratio of net risk provisioning to the respective average volume of the loan book.

The personnel and non-personnel costs of central units are allocated to the segments according to source and via cost allocations. Project costs are allocated to the segments if the projects are directly related to these segments. Administrative expenses for projects and Group functions with a corporate or regulatory background are allocated to the segments via allocations.

Provisions for possible loan losses in the segments correspond to the balance of additions to and reversals of write-downs for loan losses and receipts from Receivables written off.

The tax result is calculated in the Corporate Bank and Public Proramme Loans segments on the basis of an IKB-specific imputed tax rate of 10.9%. In the Corporate Centre, the reconciliation is made to the Group tax result.

The success of a segment is measured by the cost/income ratio and the return on equity. The cost/income ratio is calculated by dividing administrative expenses by gross income (net interest and commission income). The Return on equity is calculated from the ratio of the consolidated net result to the average allocated equity, which results from a 12 per cent calculatory capital backing of risk-weighted assets in accordance with CRR.

Segment reporting

Table: Segment reporting – Group

	Public Proramme Loans		Corporate Bank		Corporate Centre		IKB	
in € million €	**1 Jan – 31 Dec 2024**	**1 Jan – 31 Dec 2023**	**1 Jan – 31 Dec 2024**	**1 Jan – 31 Dec 2023**	**1 Jan – 31 Dec 2024**	**1 Jan – 31 Dec 2023**	**1 Jan – 31 Dec 2024**	**1 Jan – 31 Dec 2023**
Net interest income	72	78	99	128	34	18	205	224
Net fee and commission income	4	5	9	10	3	5	16	20
Gross income	76	83	108	138	37	23	220	244
Administrative expenses	-37	-44	-46	-42	-56	-60	-139	-147
Operating profit before risk provisions	39	39	61	96	-19	-38	81	97
Provisions for possible loan losses	-1	8	-44	-42	0	-1	-45	-34
Operating profit	38	48	17	54	-19	-38	36	63
Net other income	0	0	0	0	20	0	20	0
Income before taxes	38	48	17	54	1	-38	56	63
Tax expense/income	-4	-6	-2	-7	11	15	5	3
Consolidated net result	34	42	15	47	12	-23	61	65
New business	881	1,188	1,280	1,546	-	-	2,161	2,734
Loans outstanding as of the reporting date	4,723	5,044	3,792	3,975	6,926	6,892	15,441	15,911
Risk-weighted assets	2,422	2,644	2,746	3,055	1,500	1,551	6,668	7,250
Average CET 1 capital at 12%	305	308	356	387	184	204	845	900
Interest margin (%)	1.45	1.55	2.46	3.02			1.90	2.22
Cost/income ratio (%)	49.0	53.0	43.2	30.6			63.2	60.1
Risk costs (%)	0.02	-0.17	1.09	1.00			0.50	0.37
Return on equity (%)	11.0	13.5	4.3	12.1			7.2	7.3

Any differences in totals are due to rounding effects.

Performance of the segments

The Public Programme Loans segment, which reports the income and expenses from IKB's market presence in the provision of development loans to mid-cap customers and advice on accessing and applying for development funds, generated Income before taxes of €38 million in the period under review (previous year: €48 million). New business totalled €0.9 billion (previous year: €1.2 billion). The segment's return on equity fell to 11.0% (previous year: 13.5%) due to the lower net income. The cost/income ratio was 49.0% after 53.0% in the previous year due to the decline in administrative expenses.

The Corporate Bank segment, which combines the Bank's financing and advisory services in the traditional lending business and support for its clients in capital market activities, generated income before taxes of €17 million (previous year: €54 million). New business totalled €1.3 billion (previous year: €1.5 billion). Gross income (net interest and commission income) fell significantly year-on-year to €108 million (previous year: €138 million), as interest expenses rose mainly due to increasing competition for customer deposits. Return on equity in the segment fell year-on-year to 4.3% from 12.1%, mainly due to lower gross income. The cost/income ratio increased from 30.6% to 43.2%. This was due to the lower income of €108 million after €138 million in the previous year and the higher administrative expenses of €46 million after €42 million in the previous year due to the new allocation formula.

The Corporate Centre, which includes the results from Funding & Asset Liability Management and the investment portfolio as well as company-related costs (e.g. for compensation schemes and the audit of the annual financial statements) and unallocated costs of central functions, reported Net income before taxes of €1 million after €-38 million in the previous year, taking into account the partial reversal of the Fund for general banking risks in the amount of €43 million recognised in income.

Düsseldorf, 25 February 2025

IKB Deutsche Industriebank AG

The Board of Managing Directors

Dr Michael H. Wiedmann	Dr Patrick Trutwein	Steffen Zeise

Report of the independent auditor

To IKB Deutsche Industriebank Aktiengesellschaft, Düsseldorf

Report on the audit of the annual financial statements and of the management report

Opinions

We have audited the annual financial statements of IKB Deutsche Industriebank AG, Düsseldorf, which comprise the balance sheet as at 31 December 2024, and the income statement for the financial year from 1 January 2024 to 31 December 2024, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of IKB Deutsche Industriebank AG for the financial year from 1 January 2024 to 31 December 2024, which was combined with the group management report. In accordance with the German legal requirements, we have not audited the content of the declaration on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] contained in section 7 of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- **the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Institution as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German legally required accounting principles, and**

- **the accompanying management report as a whole provides an appropriate view of the Institution's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the declaration on corporate governance pursuant to Sec. 289f (4) HGB contained in section 7 of the management report.**

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Institution in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Assessment of the recoverability of deferred tax assets

Reasons why the matter was determined to be a key audit matter

The assessment of the recoverability of deferred tax assets is subject to judgment and requires estimates on the extent to which temporary differences can be netted with future taxable income.

IKB AG assesses the recoverability of deferred tax assets on the basis of a forecast of the taxable results for the next five financial years based on internal planning, which is highly dependent on estimates and assumptions made by the executive directors.

Given the use of judgment in relation to the assumptions used in the forecast and the uncertainty inherent in any planning, the assessment of the recoverability of deferred tax assets was a key audit matter.

Auditor's response and any key observations

During our audit procedures, we gained an understanding of the design of the Bank's process for recognizing deferred tax assets and assessing the recoverability of deferred tax assets and assessed the appropriateness of the corresponding controls.

We examined whether deductible temporary differences were calculated in accordance with tax regulations and the provisions governing the recognition of deferred taxes set out in Sec. 274 HGB. Furthermore, we reconciled the Bank's tax forecasts for subsequent years with internal planning documents prepared in accordance with German commercial law and analyzed the causes of any differences in the tax accounts or temporary differences and their reversal. We assessed the budgets and forecasts prepared in accordance with German commercial law in terms of the underlying planning assumptions, in particular with regard to a consistent application in the budgets and forecasts as well as consistency with the other inputs used by the Bank in other calculation models. In doing so, we relied on our knowledge of the Bank's business activities and, in particular, considered the forecast development of the industry.

We identified the existing tax group relationships and analyzed whether the underlying tax rates reflect the effective tax burden of the tax group. We also assessed whether the Bank's calculation is consistent with the pertinent tax legislation.

We consulted our tax experts and internal business valuation and mathematical finance specialists to assess the assumptions on deferred tax assets used in the impairment test.

Our audit procedures did not lead to any reservations relating to the assessment of the recoverability of deferred tax assets.

Reference to related disclosures

The Bank provides information on deferred tax assets in the notes to the financial statements and the consolidated financial statements of IKB as of 31 December 2024 in notes “(10) Deferred taxes” and “(29) Deferred tax assets.”

2. Identification and valuation of impaired receivables from customers and determination of single loan loss allowances

Reasons why the matter was determined to be a key audit matter

The identification and valuation of impaired receivables from customers and the determination of single loan loss allowances is a key area in which the Board of Managing Directors uses judgment. Increased risk factors are due to the ongoing tense geopolitical and economic conditions weighing on the German economy. Besides the longer-term effects of higher energy prices, the increase in prices driven by inflation in prior years and the slow decline in interest rates, in particular, are having a negative impact on the economic situation of companies in Germany. The identification of impaired loans and determination of required single loan loss allowances entail uncertainties and involve various assumptions and estimates, in particular regarding the financial situation of the borrower, future cash flows and income from the realization of collateral.

Even minor changes in the assumptions and estimation inputs can lead to significantly different valuations and thus to a change in allowances. In light of the significance for the assets, liabilities and financial performance, we considered the identification and valuation of impaired receivables from customers and the determination of single loan loss allowances to be a key audit matter.

Auditor’s response

During our audit, we examined the processes for monitoring the default risk and identifying potentially impaired receivables from customers. To this end, we assessed in particular the processes and controls implemented for monitoring the occurrence of early warning indicators including ad hoc measures, the application of default criteria and the correct allocation to the relevant risk status.

We also assessed the process for calculating provisions for possible loan losses and tested the operating effectiveness of the controls implemented for the calculation of provisions for possible loan losses.

As part of our credit file review, we selected a risk-based sample and in particular analyzed those exposures that were subject to increased default risks due to a tense economic situation but for which no single loan loss allowances had been recognized.

We performed substantive audit procedures, assessing whether the significant assumptions and estimation inputs concerning the estimated future cash flows from the loan exposures were consistent with the financial situation of the borrower and the publicly available market and industry forecasts.

Furthermore, we obtained an understanding of the additional inputs used in each case for calculating the provisions on the basis of the evidence provided by the Bank and external information.

Our audit procedures did not lead to any reservations relating to the identification and valuation of impaired receivables from customers and the determination of single loan loss allowances.

Reference to related disclosures

The Bank’s disclosures on the identification and valuation of impaired receivables from customers and the determination of single loan loss allowances are contained in note “(6) Provisions for possible loan losses” in the notes to the financial statements and the consolidated financial statements as of 31 December 2024 and in section “3. Report on Risks and Opportunities” in the “Counterparty default risks” subsection in the combined management report of IKB AG and the IKB Group.

Other information

The Supervisory Board is responsible for the “Report of the Supervisory Board.” In all other respects, the executive directors are responsible for the other information.

The other information comprises the declaration on corporate governance pursuant to Sec. 289f (4) HGB. In addition, the other information comprises the non-financial report, which we expect to be provided with after we have issued our auditor’s report. Furthermore, the other information comprises additional parts of the annual report of which we received a version before issuing this auditor’s report, in particular the IKB Group key figures, the letter from the Chairman of the Board of Managing Directors, the Report of the Supervisory Board and the business highlights, but not the financial statements, not the management report disclosures whose content is audited and not our auditor’s report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information and consequently, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- **is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or**
- **otherwise appears to be materially misstated.**

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Institution's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Institution's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Institution's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Institution's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- **Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.**

- **Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are** appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control and of such arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Institution in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Institution's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 14 March 2024. We were engaged by the Chairman of the Risk and Audit Committee on 6 June 2024. We have been the auditor of IKB Deutsche Industriebank AG without interruption since financial year 2017/2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Risk and Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marcus Binder."

Düsseldorf, 28 February 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Binder Wirtschaftsprüfer [German Public Auditor]	Eckert Wirtschaftsprüferin [German Public Auditor]

To IKB Deutsche Industriebank Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of IKB Deutsche Industriebank AG, Düsseldorf, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information, as well as the group segment reporting for the financial year from 1 January 2024 to 31 December 2024. In addition, we have audited the group management report, which was combined with IKB Deutsche Industriebank AG's management report, for the financial year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the declaration on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] contained in section 7 of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- **the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German legally required accounting principles, and**

- **the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the content of the declaration on corporate governance referred to above.**

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Assessment of the recoverability of deferred tax assets

Reasons why the matter was determined to be a key audit matter

The assessment of the recoverability of deferred tax assets is subject to judgment and requires estimates on the extent to which temporary differences can be netted with future taxable income.

The IKB Group assesses the recoverability of deferred tax assets on the basis of a forecast of the taxable results for the next five financial years based on internal planning, which is highly dependent on estimates and assumptions made by the executive directors.

Given the use of judgment in relation to the assumptions used in the forecast and the uncertainty inherent in any planning, the assessment of the recoverability of deferred tax assets was a key audit matter.

Auditor's response and any key observations

During our audit procedures, we gained an understanding of the design of the Bank's process for recognizing deferred tax assets and assessing the recoverability of deferred tax assets and assessed the appropriateness of the corresponding controls.

We examined whether deductible temporary differences were calculated in accordance with tax regulations and the provisions governing the recognition of deferred taxes set out in Sec. 274 HGB. Furthermore, we reconciled the Group's tax forecasts for subsequent years with internal planning documents prepared in accordance with German commercial law and analyzed the causes of any differences in the tax accounts or temporary differences and their reversal. We assessed the budgets and forecasts prepared in accordance with German commercial law in terms of the underlying planning assumptions, in particular with regard to a consistent application in the budgets and forecasts as well as consistency with the other inputs used by the Bank in other calculation models. In doing so, we relied on our knowledge of the Group's business activities and, in particular, considered the forecast development of the industry.

We identified the existing tax group relationships and analyzed whether the underlying tax rates reflect the effective tax burden of the tax group. We also assessed whether the Group's calculation is consistent with the pertinent tax legislation.

We consulted our tax experts and internal business valuation and mathematical finance specialists to assess the assumptions on deferred tax assets used in the impairment test.

Our audit procedures did not lead to any reservations relating to the assessment of the recoverability of deferred tax assets.

Reference to related disclosures

The Group provides information on deferred tax assets in the notes to the financial statements and the consolidated financial statements of IKB as of 31 December 2024 in notes “(10) Deferred taxes” and “(29) Deferred tax assets.”

2. Identification and valuation of impaired receivables from customers and determination of single loan loss allowances

Reasons why the matter was determined to be a key audit matter

The identification and valuation of impaired receivables from customers and the determination of single loan loss allowances is a key area in which the Board of Managing Directors uses judgment. Increased risk factors are due to the ongoing tense geopolitical and economic conditions weighing on the German economy. Besides the longer-term effects of higher energy prices, the increase in prices driven by inflation in prior years and the slow decline in interest rates, in particular, are having a negative impact on the economic situation of companies in Germany. The identification of impaired loans and determination of required single loan loss allowances entail uncertainties and involve various assumptions and estimates, in particular regarding the financial situation of the borrower, future cash flows and income from the realization of collateral.

Even minor changes in the assumptions and estimation inputs can lead to significantly different valuations and thus to a change in allowances. In light of the significance for the assets, liabilities and financial performance, we considered the identification and valuation of impaired receivables from customers and the determination of single loan loss allowances to be a key audit matter.

Auditor’s response

During our audit, we examined the processes for monitoring the default risk and identifying potentially impaired receivables from customers. To this end, we assessed in particular the processes and controls implemented for monitoring the occurrence of early warning indicators including ad hoc measures, the application of default criteria and the correct allocation to the relevant risk status.

We also assessed the process for calculating provisions for possible loan losses and tested the operating effectiveness of the controls implemented for the calculation of provisions for possible loan losses.

As part of our credit file review, we selected a risk-based sample and in particular analyzed those exposures that were subject to increased default risks due to a tense economic situation but for which no single loan loss allowances had been recognized.

We performed substantive audit procedures, assessing whether the significant assumptions and estimation inputs concerning the estimated future cash flows from the loan exposures were consistent with the financial situation of the borrower and the publicly available market and industry forecasts.

Furthermore, we obtained an understanding of the additional inputs used in each case for calculating the provisions on the basis of the evidence provided by the Group and external information.

Our audit procedures did not lead to any reservations relating to the identification and valuation of impaired receivables from customers and the determination of single loan loss allowances.

Reference to related disclosures

The Group's disclosures on the identification and valuation of impaired receivables from customers and the determination of single loan loss allowances are contained in note "(6) Provisions for possible loan losses" in the notes to the financial statements and the consolidated financial statements as of 31 December 2024 and in section "3. Report on Risks and Opportunities" in the "Counterparty default risks" subsection in the combined management report of IKB AG and the IKB Group.

Other information

The Supervisory Board is responsible for the "Report of the Supervisory Board." In all other respects, the executive directors are responsible for the other information.

The other information comprises the declaration on corporate governance pursuant to Sec. 289f (4) HGB. In addition, the other information comprises the non-financial report, which we expect to be provided with after we have issued our auditor's report. Furthermore, the other information comprises additional parts of the annual report of which we received a version before issuing this auditor's report, in particular the IKB Group key figures, the letter from the Chairman of the Board of Managing Directors, the Report of the Supervisory Board and the business highlights, but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Institution's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures of the Institution.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German legally required accounting principles.

- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 14 March 2024. We were engaged by the Chairman of the Risk and Audit Committee on 6 June 2024. We have been the group auditor of IKB Deutsche Industriebank AG without interruption since financial year 2017/2018.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Risk and Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marcus Binder.

Düsseldorf, 28 February 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Binder Wirtschaftsprüfer [German Public Auditor]	Eckert Wirtschaftsprüferin [German Public Auditor]

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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