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IKB Deutsche Industriebank AG

12 November 2020, Düsseldorf

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Highlights in the First Half-Year 2020/21

<p>1 Positive Result</p>	<ul style="list-style-type: none"> ▪ Solid net consolidated income with € 42 million despite an economic environment impacted by the COVID-19 pandemic after € 8 million in the financial year 2019/20 ▪ The return on equity¹⁾ increased from around 6% in the financial year 2019/20 to nearly 7% ▪ Pre-provision income²⁾ increased by 12% to € 54 million
<p>2 Successful Cost Control</p>	<ul style="list-style-type: none"> ▪ Administrative expenses reduced by 20% from € 84 million to € 68 million ▪ For the financial year 2020/21 the administrative expenses are expected to approx. € 140 million and below € 110 million in the medium-term ▪ Cost/income ratio improved from 64% to 56%; medium-term target level for cost/income ratio of about 40% planned
<p>3 Focused Core Business</p>	<ul style="list-style-type: none"> ▪ Resilient lending book at almost € 10 billion ▪ At € 107 million the consolidated net interest income in the reporting period almost stable at the previous year's level ▪ Net fee and commission income decreased to € 14 million, which is largely due to the targeted adjustment of the structure of new business with a focus on public programme loans from the KfW special programmes
<p>4 Low Risk Profile</p>	<ul style="list-style-type: none"> ▪ NPL ratio (EBA definition) of 2.0% remains very low and net risk provisioning with € 13 million is at a moderate level despite initial coronavirus effects (financial year 2019/20: € 30 million) ▪ Non-performing assets with € 183 million remains at a low level, despite an increase
<p>5 Solid Capital Position</p>	<ul style="list-style-type: none"> ▪ Common equity tier 1 ratio (CET 1) of 13.3% (fully loaded) increased, pro-forma Basel IV CET 1 ratio of 14.0% ▪ Due to model changes in the IRBA rating system, IKB expects a further RWA reduction of around € 0.8 billion for the Common Equity Tier 1 ratio in the short term and further potential in the following financial year ▪ As a result, a significant increase in the common equity tier 1 ratio (CET 1) is expected
<p>6 Sufficient Liquidity</p>	<ul style="list-style-type: none"> ▪ High level of LCR of 309% ▪ Loan to deposit ratio (excluding public programme loans) amounting to 64%
<p>7 Significantly reduced Legal Risk</p>	<ul style="list-style-type: none"> ▪ Subordinated securities lawsuits remain unsuccessful; the claims are unjustified ▪ This assessment was confirmed on 24 September 2020 by three second-instance rulings of the Düsseldorf Higher Regional Court clearly in IKB's favour.

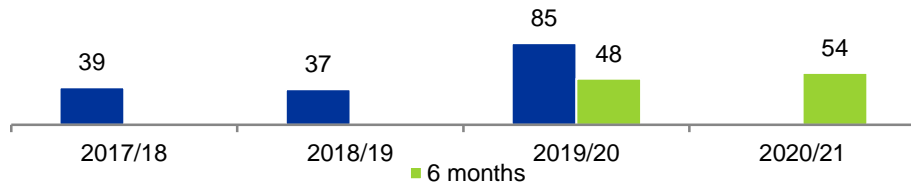
As of 30 September 2020; IKB half-year from 1 April to 30 September 2020

1) On a common equity tier 1 ratio of 12% calculated on the basis of average risk-weighted assets

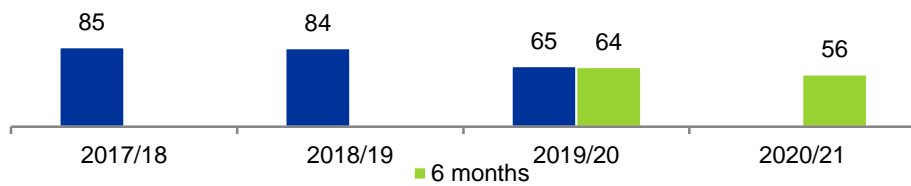
2) Net interest income, fee and commission income less administrative expenses

Key Performance Indicators

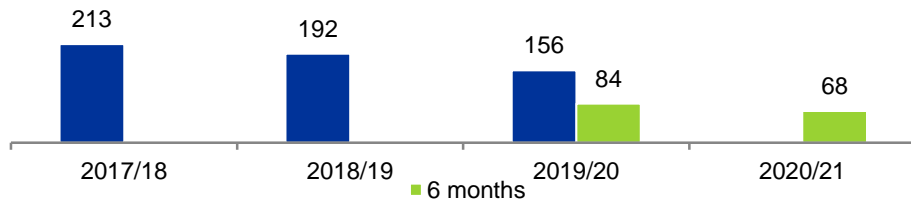
Pre-provision Income¹⁾ (€ million)



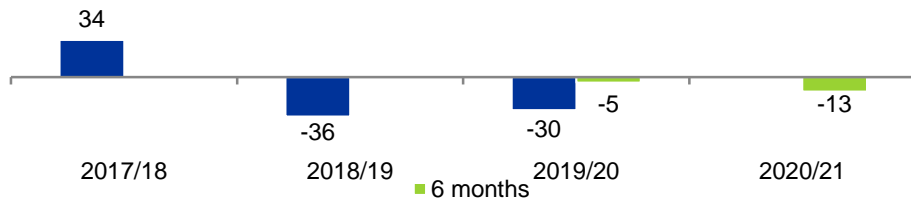
Cost/income Ratio²⁾ (in %)



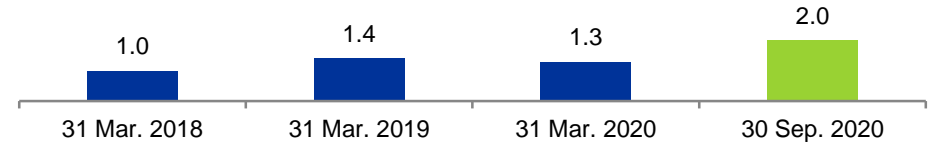
Administrative Expenses (€ million)



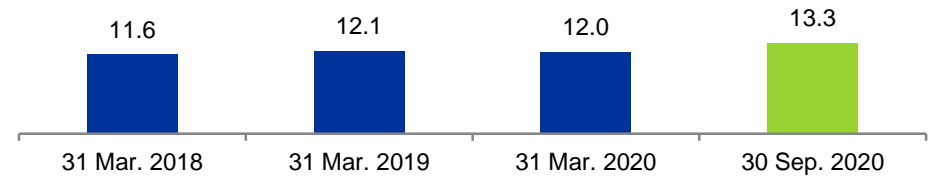
Net risk provisioning (€ million)



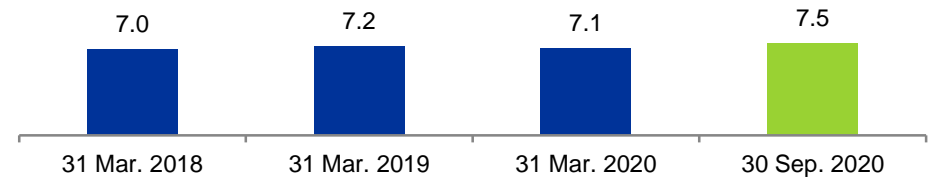
NPL Ratio³⁾ (in %)



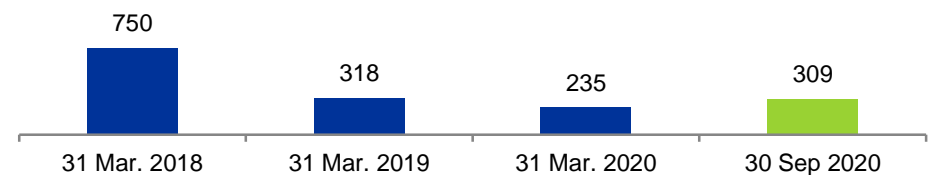
CET 1 Ratio⁴⁾ (in %)



Leverage Ratio⁵⁾ (in %)



Liquidity Coverage Ratio (in %)



1) Net interest income and net fee and commission income minus administrative expenses

2) Administrative expenses/(Net interest income + Net fee and commission income)

3) NPL ratio according EBA definition

4) IKB Group fully loaded CET 1 ratios, in accordance with IRB approach as of 31 March 2019

5) IKB Group fully loaded Leverage Ratios

Consolidated Income Statement 6 Months 2020/21

in € million	1 Apr. 2020 to 30 Sep. 2020	1 Apr. 2019 to 30 Sep. 2019	Change
Net interest and lease income	107	110	-2
Net fee and commission income	14	22	-8
Administrative expenses	-68	-84	16
<i>Personnel expenses</i>	-40	-45	5
<i>Other administrative expenses</i>	-27	-39	11
Pre-Provision Income	54	48	6
Net other income	2	5	-3
Net risk provisioning	-13	-5	-8
Tax income/expenses	0	-2	1
Consolidated net result	42	46	-4

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

Balance Sheet of IKB Group as of 30 September 2020

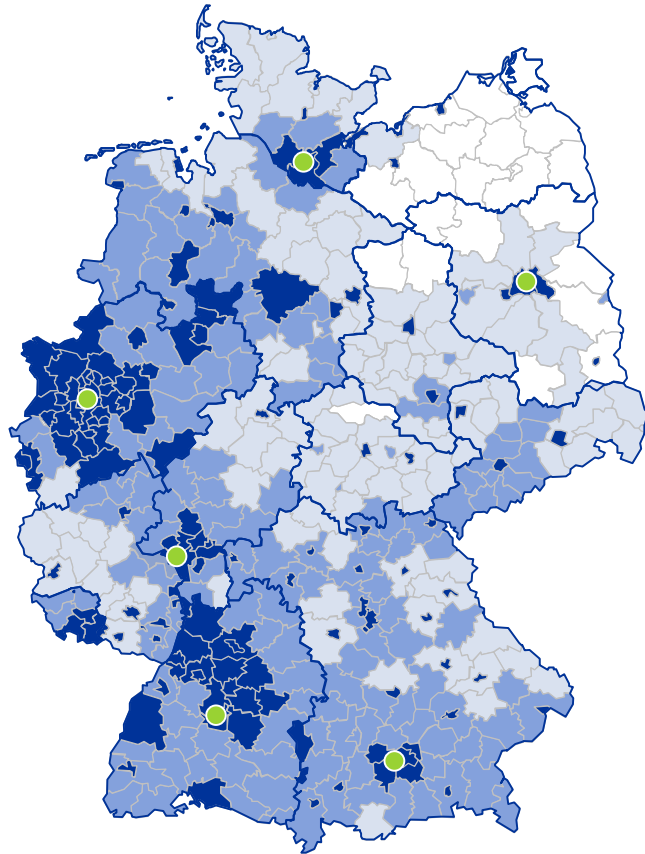
6

ASSETS in € million	30 Sep. 2020	30 Sep. 2019	EQUITY AND LIABILITIES in € million	30 Sep. 2020	30 Sep. 2019
Cash reserve	1	15	Liabilities to banks	8,695	7,261
Receivables from banks	4,855	1,957	Liabilities to customers	6,452	6,019
Receivables from customers	8,889	9,541	Securitised liabilities	190	367
Bonds and other fixed-income securities	3,433	3,807	Liabilities held for trading	0	0
Equities and other non-fixed-income securities	304	458	Liabilities held in trust	0	0
Assets held for trading	0	0	Other liabilities	66	84
Equity investments	0	0	Deferred income	52	47
Investments in associates	0	0	Provisions	168	146
Investments in affiliated companies	5	3	Subordinated liabilities	801	832
Assets held in trust	0	0	Profit participation capital	0	0
Lease assets	0	0	Fund for general banking risks	585	585
Intangible assets	1	2	Equity	831	828
Tangible assets	4	3	Subscribed capital	100	1,621
Other assets	97	145	Capital reserves	648	1,751
Prepaid expenses	105	101	Revenue reserves	3	3
Deferred tax assets	136	137	Difference in equity from currency translation	0	0
Excess of plan assets over post-employment benefit liability	8	8	Net accumulated losses/gains	84	-2,545
			Non-controlling interests	-4	-1
			Difference arising from asset offsetting	0	9
Total assets	17,840	16,178	Total equity and liabilities	17,840	16,178

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

At the Center of the German Mittelstand

Growth Revenue Potential, German MidCaps



- Very high
- High
- Average
- Below average
- IKB offices

IKB at a Glance¹⁾

- Financing partner for MidCaps for more than 90 years
- 580 FTE
- Shareholder: Lone Star 100%
- Total assets: € 17.8 billion
- Common Equity Tier 1 ratio: 13.3% (fully loaded); pro-forma Basel IV CET 1 ratio of 14.0%
- Leverage ratio: 7.5% (fully loaded)

Bank for the Mittelstand

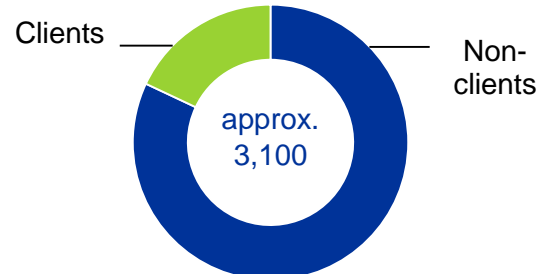
- Unique focus on the business with corporate clients of upper mid-cap companies
- Strong lending expertise
- Long-standing experience in public programme loans
- Capital markets and advisory services
- Access to approx. 3,100 focus clients

German MidCaps

- MidCap growth characterised by globalisation; further potential for international expansion
- Relatively stable balance sheet with global diversification on the demand and supply side
- Investment demand driven by high innovation

1) As of 30 September 2020

A Strong German Mittelstand Franchise

1 Focused	<ul style="list-style-type: none">▪ Focus on high-end Mittelstand companies, i.e. internationally successful companies, 'backbone' of the German economy▪ Clearly defined customers with annual turnover above € 250 million	<h3>Significant Market Potential</h3>  <p>Clients</p> <p>Non-clients</p> <p>approx. 3,100</p>
2 Low Risk	<ul style="list-style-type: none">▪ Long-standing client relationships, profound market knowledge and deep insight in industry sectors▪ Favourable risk profile	
3 Profitable	<ul style="list-style-type: none">▪ Focus on profit before growth▪ Outstanding expertise in tailor-made solutions driving higher margins▪ Lending business with strict price and risk discipline	
4 Solid	<ul style="list-style-type: none">▪ Solid capital position, diversified funding	
5 Lean	<ul style="list-style-type: none">▪ Strict cost control, further improvement of cost/income ratio	

Successful Niche Player in Lending Business

1 Strategy

- Tailor-made solutions for clients allowing for higher margins
- Good credit assessment thanks to long-term relationships and stringent lending process
- Streamlined approval processes

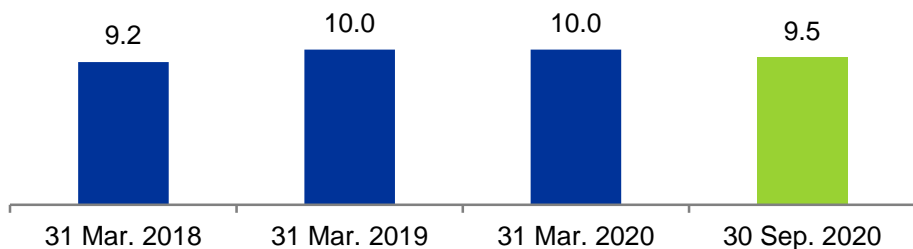
2 Public Programme Loan Schemes

- Market leader for the high-end Mittelstand and close relationships with KfW
- The development of new business in the first half of the year was impacted by the corona-virus pandemic
- IKB provided its mid-cap clients with targeted support particularly through its extensive expertise in the field of KfW corona special programmes
- Among the top 10 on-lending banks for KfW corona special programmes
- Climate protection programme 2030: Leading market position with public programme loans and advisory of financial grants for investments in energy efficiency and environmental protection
- Specialist for high volume transactions
- Stable margins without funding and liquidity risk as well as maturity match
- USP advisory: each corporate advisor has extensive know-how in public programme loans

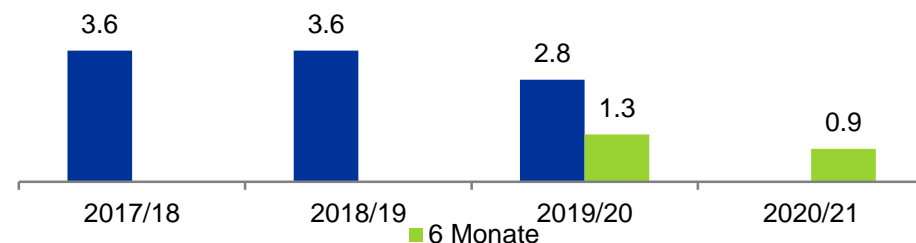
3 Corporate Loans

- Profitable lending business with new and existing clients
- Focus on structuring loans
- High structuring expertise and complex transactions with higher margins

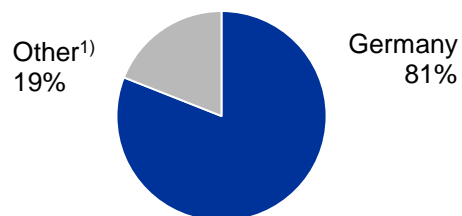
Portfolio Volume (€ billion)



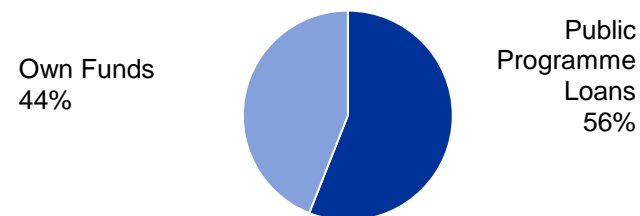
New Business Volume³⁾ (€ billion)



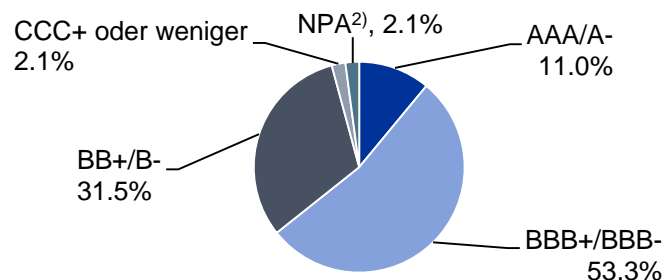
Portfolio by Geography (in %)



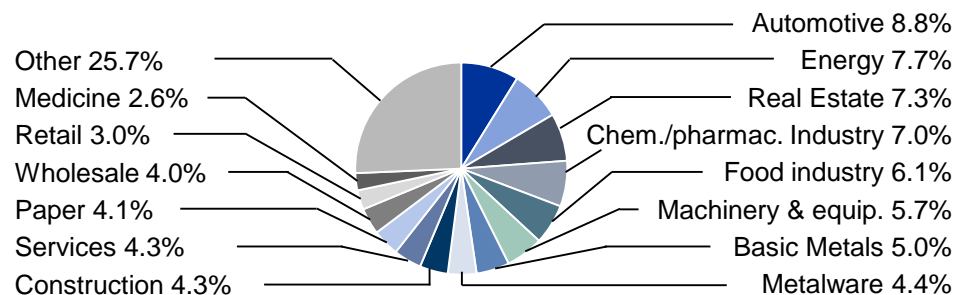
Portfolio by Product (in %)



Portfolio by Internal Rating (in %)



Portfolio by Sector⁴⁾ (in %)



All figures before risk relief (Hermes guarantees, indemnifications, risk transferred), since March 2020 incl. Leasing






















1) Major countries: France, USA, Austria, UK, Netherlands

2) NPA ratio after risk relief: 1.9%

3) Includes also revolving credit facilities volumes in € billion: 0.3 (2017/18), 0.3 (2018/19), 0.2 (2019/20), 0.0 (2020/21). Excluding IKB Leasing new business volume in € billion: 0.9 (2017/18).

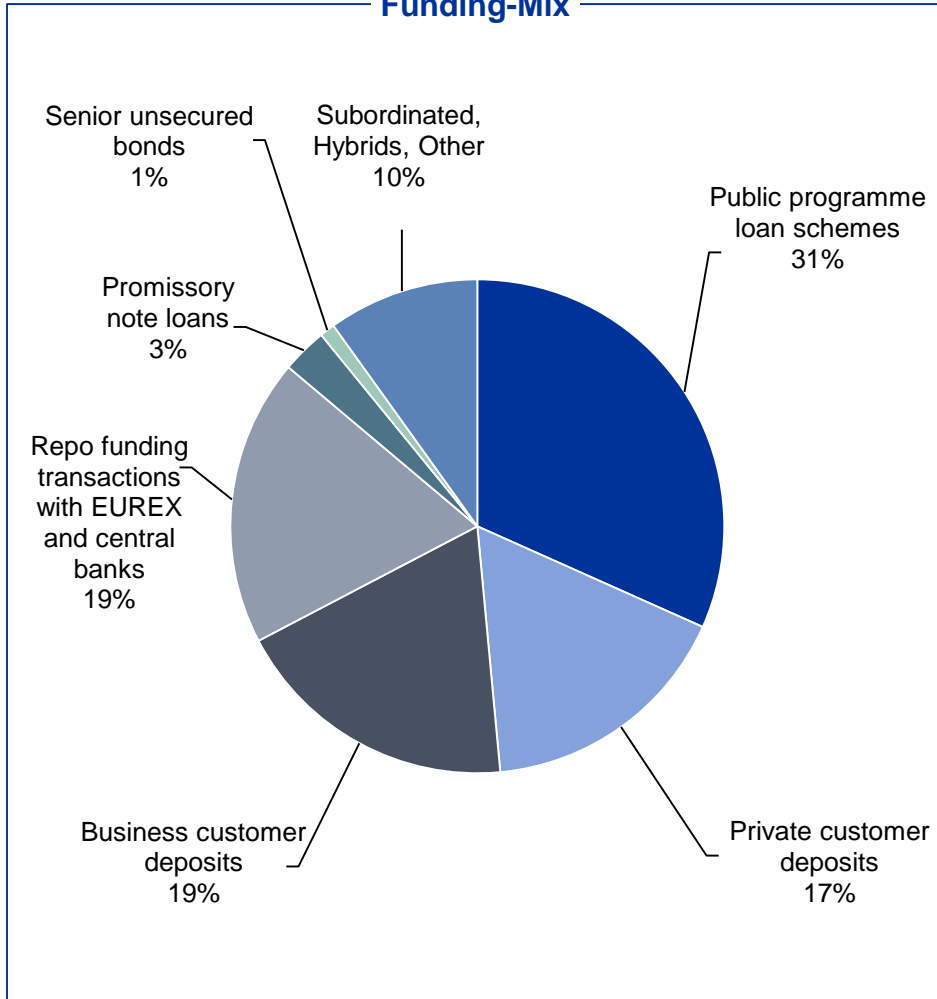
4) „Other“ consists of 27 different industries each below 3.0% total portfolio

Tailor-made Financing Solutions – Selected Transactions

<p>September 2020</p>  <p>€ 16,500,000</p> <p>Investment Financing by KfW Covid-19 loan</p> <p>Advisor & Financier IKB Deutsche Industriebank</p>	<p>September 2020</p>  <p>€ 50,000,000</p> <p>Investment Financing by KfW Public Programme Loans</p> <p>Financier IKB Deutsche Industriebank</p>	<p>September 2020</p>  <p>€ 46,500,000</p> <p>Real Estate Development Financing</p> <p>Financier IKB Deutsche Industriebank</p>	<p>September 2020</p>  <p>€ 50,000,000</p> <p>Bond Coupon: 4.250% Maturity: 2025</p> <p>Joint Bookrunner IKB Deutsche Industriebank</p>	<p>August 2020</p>  <p>Undisclosed</p> <p>KfW Digitisation and Innovation Programme</p> <p>Financier IKB Deutsche Industriebank</p>	<p>August 2020</p>  <p>€ 65,000,000</p> <p>Public Programme Loan Financing</p> <p>Financier IKB Deutsche Industriebank</p>	<p>August 2020</p>  <p>€ 100,000,000</p> <p>Syndicated Loan</p> <p>Sole Bookrunner, MLA & Agent IKB Deutsche Industriebank</p>
<p>July 2020</p>  <p>€ 25,000,000</p> <p>Syndicated Loan</p> <p>Sole Bookrunner, MLA & Agent IKB Deutsche Industriebank</p>	<p>July 2020</p>  <p>Undisclosed</p> <p>Syndicated Loan</p> <p>KfW Coordinator & MLA IKB Deutsche Industriebank</p>	<p>June 2020</p>  <p>€ 20,000,000</p> <p>Investment Financing by KfW Public Programme Loans</p> <p>Financier IKB Deutsche Industriebank</p>	<p>June 2020</p>  <p>€ 100,000,000</p> <p>Public Programme Loan Financing</p> <p>Advisor & Financier IKB Deutsche Industriebank</p>	<p>June 2020</p>  <p>€ 100,000,000</p> <p>Bond Coupon: 3-M-EUR + 6.250% Maturity: 2025</p> <p>Joint Manager IKB Deutsche Industriebank</p>	<p>May 2020</p>  <p>€ 10,000,000</p> <p>Investment Financing by KfW Public Programme Loans</p> <p>Financier IKB Deutsche Industriebank</p>	<p>May 2020</p>  <p>Undisclosed</p> <p>Working Capital Financing by LR Public Programme Loans</p> <p>Financier IKB Deutsche Industriebank</p>
<p>March 2020</p>  <p>€ 36,000,000</p> <p>Project Financing Modernisation CCGT Power Plant</p> <p>MLA & Agent IKB Deutsche Industriebank</p>	<p>March 2020</p>  <p>€ 250,000,000</p> <p>Schuldscheindarlehen Maturities: 2023, 2025, 2027, 2030</p> <p>Sole Lead Arranger IKB Deutsche Industriebank</p>	<p>March 2020</p>  <p>€ 9,165,000</p> <p>KfW Energy Efficiency Programme Waste Heat</p> <p>Advisor & Financier IKB Deutsche Industriebank</p>	<p>February 2020</p>  <p>€ 25,000,000</p> <p>Working Capital Financing</p> <p>Financier IKB Deutsche Industriebank</p>	<p>February 2020</p>  <p>Undisclosed</p> <p>Public Programme Loan Financing</p> <p>Financier IKB Deutsche Industriebank</p>	<p>February 2020</p>  <p>€ 30,000,000</p> <p>KfW Energy Efficiency Programme Production Facilities/Processes</p> <p>Advisor & Financier IKB Deutsche Industriebank</p>	<p>January 2020</p>  <p>€ 70,000,000</p> <p>Schuldscheindarlehen Maturities: 2024, 2025</p> <p>Co-Lead Arranger IKB Deutsche Industriebank</p>

Diversified Funding

Funding-Mix



Funding Sources

Public Programme Loan Schemes	<ul style="list-style-type: none"> ▪ Channelling loans from KfW and regional development banks ▪ Volume of € 5.4 billion
Deposits	<ul style="list-style-type: none"> ▪ Stable and cost efficient private customer deposits: € 2.8 billion ▪ Stable business customer deposits: € 3.1 billion ▪ Promissory note loans: € 0.5 billion
Repos/ECB	<ul style="list-style-type: none"> ▪ Financing of liquidity portfolio ▪ Portfolio serves as collateral ▪ € 3 billion funded in ECB's TLTRO III

Liquidity Position

Liquidity Key Figures	<ul style="list-style-type: none"> ▪ Liquidity Coverage Ratio at 309% better than expected ▪ Loan to Deposit Ratio at 64% (excluding public programme loans)
Liquidity Reserve	<ul style="list-style-type: none"> ▪ Approx. € 3.1 billion free and unencumbered available liquidity reserve

Stable Refinancing Structure

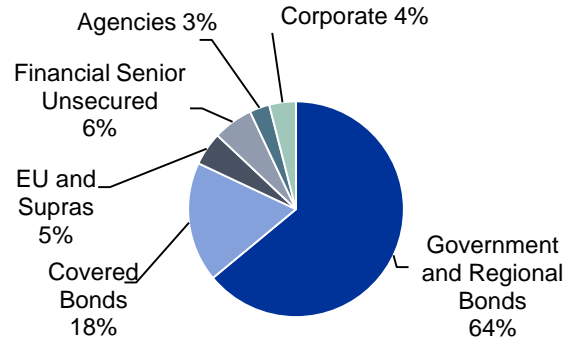
Refinancing source ¹⁾	30 Sep. 2020 in € million	30 Sep. 2019 in € million
Customer deposits	5,955	5,195
Retail customer deposits	2,818	2,585
Business customer deposits	3,137	2,610
Secured refinancing	8,667	7,230
Promotional loans	5,372	5,270
Interbank market	299	327
thereof Eurex	299	327
thereof others	-	-
ECB	2,996	1,633
thereof TLTRO	2,996	1,633
thereof open market	0	-
Unsecured refinancing	633	1,129
thereof bearer bonds (including buyback)	173	348
thereof senior preferred	-	-
thereof senior non-preferred	173	348
thereof promissory note loans	460	781
thereof senior preferred	-	-
thereof senior non-preferred	460	781
thereof others	0	0
Subordinated refinancing	814	846
Equity	1,416	1,413
thereof equity	831	828
thereof fund for general banking risks	585	585

1) HGB book values including deferred interest of the group

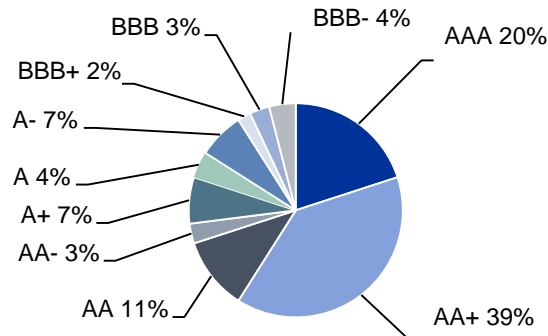
Well Diversified Liquidity Portfolio

Structure of the Liquidity Portfolio (in %)

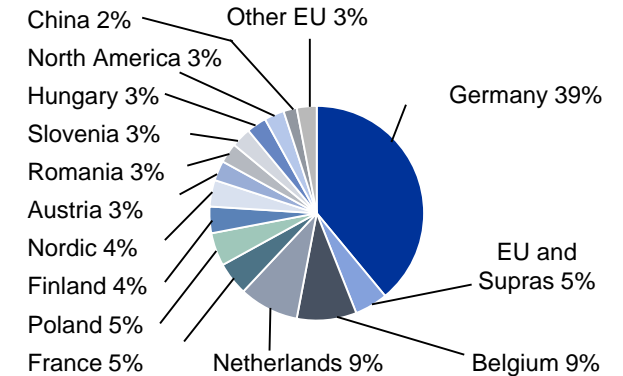
Bond Class Allocation



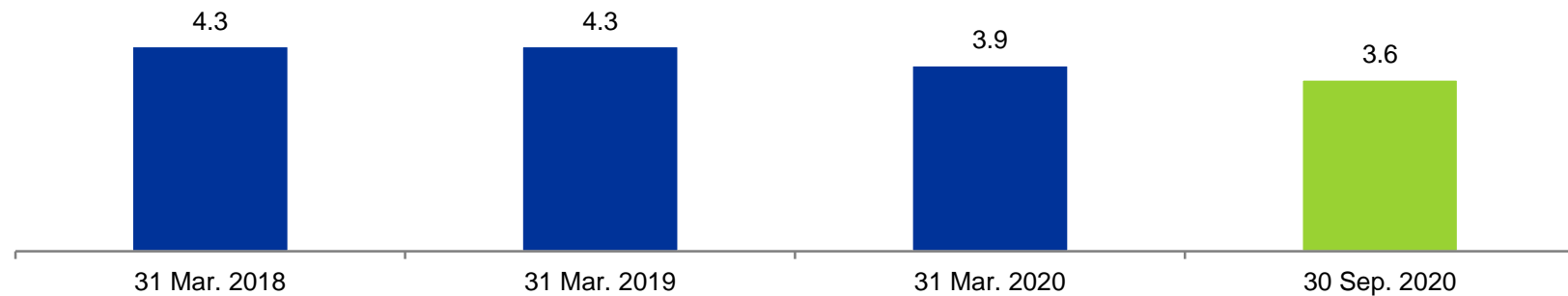
Issue Rating Allocation



Country Allocation

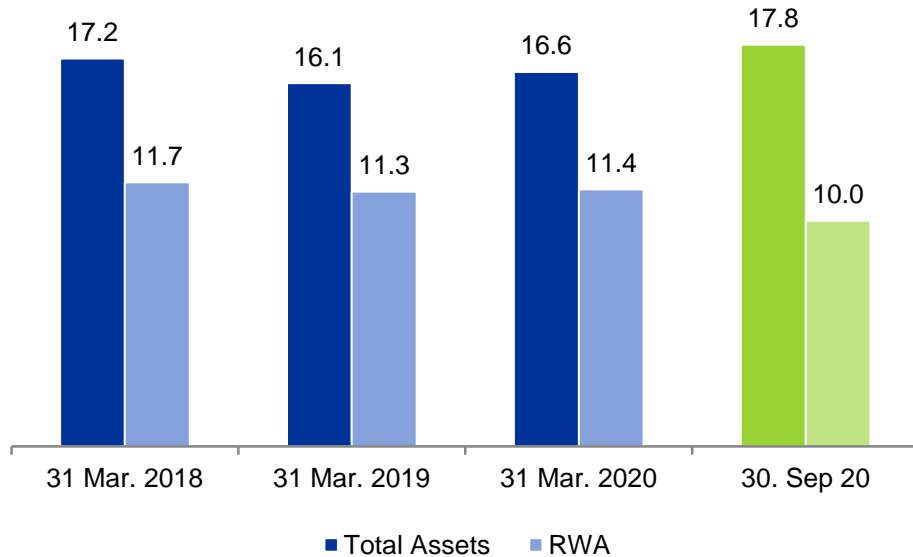


Volume of Liquidity Portfolio (€ billion)

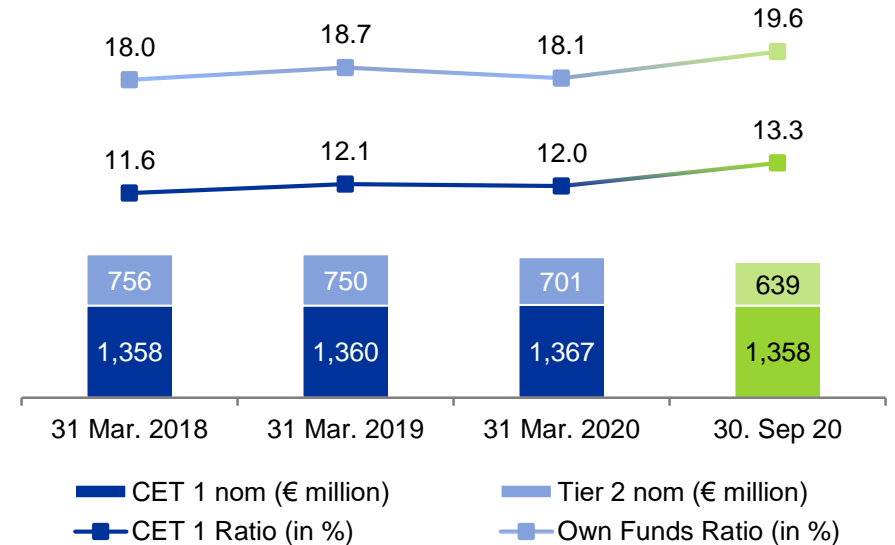


Solid Equity Position

Total Assets and Risk-weighted Assets (€ billion)



Capital Ratios (fully loaded)



Key Measures

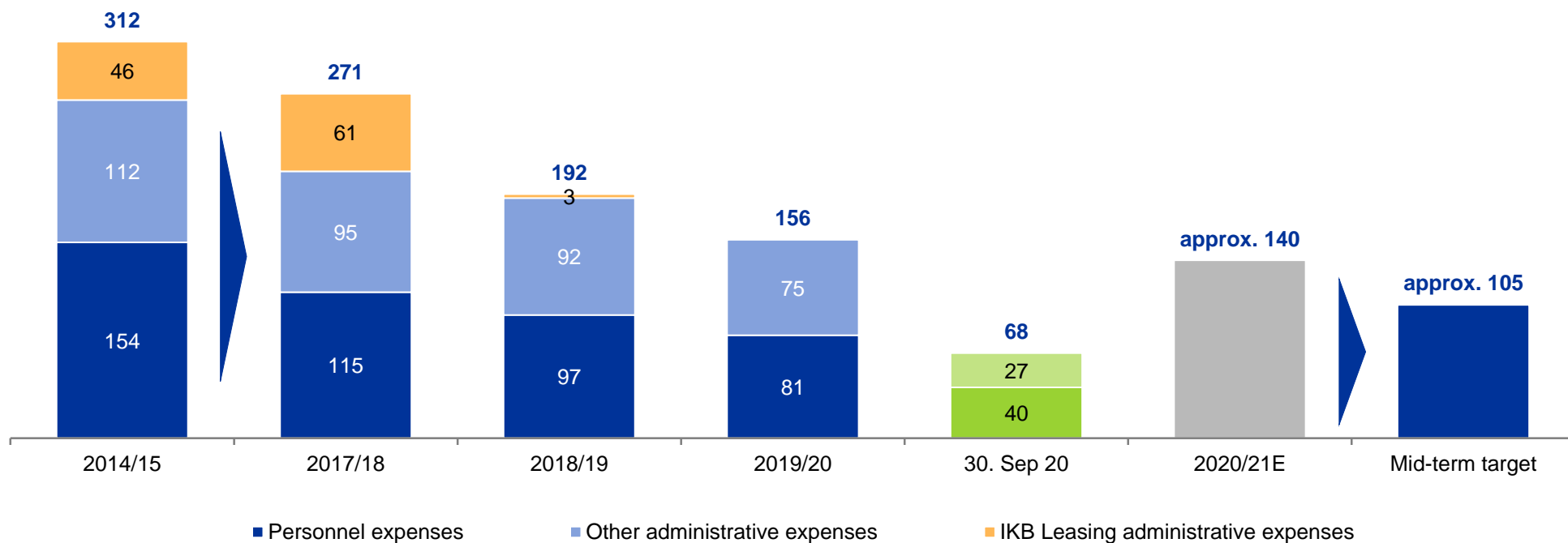
- Introduction of IRB approach with a reduction of € 1 billion in RWAs as of 31 March 2019
- Due to model changes in the IRBA rating system, IKB expects a further reduction of around € 0.8 billion for the RWA in the short term and further potential upside in the following financial year
- As a result, a significant increase in the common equity tier 1 ratio (CET 1) is expected

Improvement of Capital Position

- CET 1 ratio on high level
- Pro-forma Basel IV common equity tier 1 ratio (CET 1) of 14.0%
- Leverage Ratio as of 30 September 2020 on constant high level: 7.5%

Continued Focus on Cost Cutting

Development of administrative expenses (€ million)



Further reduction of administrative expenses expected

▶▶ Financial year approx. € 140 million; in the mid-term reduction to below € 105 million and a cost/income ratio around 40%

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

1 Clear Profile as Corporate Bank	<ul style="list-style-type: none">▪ Leverage strong position in the German Mittelstand sector
2 Profitability before Growth	<ul style="list-style-type: none">▪ Continued focus on profitable new lending business with conservative risk approach▪ New business only taken at an appropriate risk/return profile: every new loan must be profitable in its own right
3 Cost Reduction	<ul style="list-style-type: none">▪ Reduced administrative expenses by continued cost cutting and optimisation measures▪ Financial year 2020/21 with reduced administrative expenses to approx. € 140 million and to € 105 million in mid-term expected▪ Cost/income ratio of about 40% in mid-term expected
4 Solid Equity and Liquidity Position	<ul style="list-style-type: none">▪ Significant increase of CET 1 ratio¹⁾ and total capital ratio▪ Liquidity Coverage Ratio clearly above 100%
5 Earnings Forecast	<ul style="list-style-type: none">▪ IKB expects consolidated net income after tax for the financial year of around € 80 million▪ IKB plans to change its financial year, which currently ends on 31 March each year, to end on 31 December each year▪ In the event of a nine-month shortened financial year with a reporting date of 31 December 2020, the Bank expects net income after taxes of around € 60 million for the IKB Group▪ There continues to be great uncertainty about how the coronavirus pandemic will develop and its economic impact. Against this background, net income as of the end of the forecast period on 31 March 2021 and as of the end of the shortened financial year on 31 December 2020 may be lower than expected

1) IKB Group fully loaded

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