IKB Funding Trust I and Subsidiary

(A Delaware Trust)

Consolidated Financial Statements

March 31, 2010

IKB Funding Trust I and Subsidiary
(A Delaware Trust)
Index
March 31, 2010

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Report of Independent Auditors

To the Trustees and Stockholders of
IKB Funding Trust I and Subsidiary:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of IKB Funding Trust I (the "Company" or the "Trust") and its subsidiary at March 31, 2010, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 3, the Company has extensive related party transactions with the Bank, including reimbursement for certain expenses incurred in connection with carrying out its duties and functions. Also, as described in Note 7, subsequent to the balance sheet date, IKB Funding LLC I decided that pursuant to the terms of the LLC Agreement dividends cannot be declared and paid on the Class B preferred securities for the dividend periods ended June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012 due to the lack of distributable profits of the Bank. Dividends instead were paid on the Class A preferred securities for the periods ended June 30, 2010, September 30, 2010, and December 31, 2010; however, the Board has not declared a dividend for the periods March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012.

PricewaterhouseCoopers LLP

November 29, 2012

IKB Funding Trust I and Subsidiary
(A Delaware Trust)
Consolidated Balance Sheet
March 31, 2010

(in Euros)

Assets	
Cash and cash equivalents	€ 511,049
Subordinated note receivable - IKB Finance, B.V.	75,093,200
Total assets	€ 75,604,249
Equity	
Noncontrolling interest in subsidiary	€ 536,149
Stockholders' equity	
Trust preferred securities (liquidation preference €100; 750,680 securities authorized, issued and outstanding	75,068,000
Trust common security (liquidation preference €100; 1 security authorized, issued and outstanding)	100
Total equity	€ 75,604,249

The accompanying notes are an integral part of the consolidated financial statements.

IKB Funding Trust I and Subsidiary
(A Delaware Trust)
Consolidated Statement of Income
Fiscal Year ended March 31, 2010

(in Euros)

Revenues	
Interest income	€ 1,933,566
Other income	8,347
Total revenues	1,941,913
Expenses	
Professional fees	28,948
Other expenses	9,683
Total expenses	38,631
Net income before noncontrolling interest	€ 1,903,282
Income attributable to noncontrolling interest in consolidated subsidiary	(1,903,282)
Net income	€ -

The accompanying notes are an integral part of the consolidated financial statements.

IKB Funding Trust I and Subsidiary
(A Delaware Trust)
Consolidated Statement of Changes in Stockholders' Equity
Fiscal Year ended March 31, 2010

(in Euros)

	Noncontrolling Interest	Trust Common Security	Trust Preferred Securities	Total
Balance at March 31, 2009	€ 957,867	€ 100	€ 75,068,000	€ 76,025,967
Dividend distribution	(2,325,000)	-	-	(2,325,000)
Net income	1,903,282	-	-	1,903,282
Balance at March 31, 2010	€ 536,149	€ 100	€ 75,068,000	€ 75,604,249

The accompanying notes are an integral part of the consolidated financial statements.

IKB Funding Trust I and Subsidiary
(A Delaware Trust)
Consolidated Statement of Cash Flows
Fiscal Year ended March 31, 2010

(in Euros)

Cash flows from operating activities	
Net income	€ -
Income attributable to noncontrolling interest in consolidated subsidiary	1,903,282
Net cash provided by operating activities	1,903,282
Cash flows from financing activities	
Dividend paid on noncontrolling interest	(2,325,000)
Net cash used in financing activities	(2,325,000)
Net decrease in cash and cash equivalents	(421,718)
Cash and cash equivalents	
Beginning of year	932,767
End of year	€ 511,049

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Operations and Organization

IKB Funding Trust I (the "Company" or the "Trust") was formed on May 21, 2002 as a statutory business trust organized under the Delaware Business Trust Act, and is operating under an amended and restated declaration of trust. The consolidated financial statements of the Trust include the accounts of IKB Funding LLC I (the "LLC"). The purpose of Trust and LLC are set forth in the following paragraphs.

IKB Funding Trust I
The Trust was formed for the sole purpose of issuing the trust preferred securities and a trust common security and using all the proceeds to purchase Class B preferred securities from the LLC. The trust common security is owned by IKB Deutsche Industriebank Aktiengesellschaft ("IKB AG" or the "Bank") based in Duesseldorf, Germany. The Trust will not issue any securities other than the trust preferred securities and the trust common security.

The number of Trustees of the Trust shall initially be five. After the issuance of the Trust Securities, the number of Trustees may be increases or decreases by vote of the Holder of the Trust Common Security at a meeting of the Holder of the Trust Common Security. The Delaware Trustee is the Bank of New York (Delaware), Inc., the Property Trustee is the Bank of New York and the Regular Trustees are David A. Vanaskey, John M. Beeson and Bruce Bisson, employees of Wilmington Trust Company ("WTC"). The Trustees are paid a fee annually for their services. At March 31, 2010, the Trust has five Trustees.

WTC, the servicer, among other things, provides tax and other administrative services to the Company under a Services Agreement and pays all expenses incurred by the Company in performing its duties. WTC is reimbursed by the Bank and the Company, as applicable.

IKB Funding LLC I
IKB Funding LLC I was formed on May 20, 2002 under the Delaware Limited Liability Act and is operating under an Amended and Restated Limited Liability Company Agreement. The LLC's voting (common) security is owned by IKB AG. The LLC is a variable interest entity that is consolidated by its primary beneficiary, the Trust, under the provisions of Accounting Standards Codification ("ASC") 810, "Consolidation".

The LLC was formed for the sole purposes of issuing a Class A preferred security, Class B preferred securities and a common security, and using all the proceeds to purchase a subordinated note receivable issued by IKB Finance, B.V., a subsidiary of the Bank. The obligations under the subordinated note receivable are guaranteed by the Bank.

The number of Directors of the LLC shall initially be four, which number may be increased or decreased by the common securityholder as provided by the Amended and Restated Limited Liability Agreement or in the Bylaws, but shall never be less than four nor more than seven. The four Delaware directors of the LLC as of March 31, 2010, are William K. Langan, Donald R. McLamb, Amy W. Stengel and Thomas M. Strauss, employees of the WTC.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Trust prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The functional currency of the Company is the Euro.

Consolidation

The Trust has identified its investments in the Class B preferred securities in the LLC as a variable interest in the LLC. The Trust determined that it was the primary beneficiary of the LLC and therefore was required to consolidate the LLC under the provisions of ASC 810. The accompanying consolidated financial statements reflect the activities of the Trust and the LLC. All significant intercompany transactions and balances are eliminated in consolidation, including the Class B preferred securities.

Subordinated Note Receivable and Allowances for Losses

The LLC holds a subordinated note receivable issued by IKB Finance, B.V., which is guaranteed by the Bank. The subordinated note receivable is accounted for in the consolidated financial statements at its outstanding unpaid principal balance adjusted for charge-offs and allowance for losses. Interest income is accrued on the unpaid principal balance.

The Trust follows the guidance in Accounting Standards Codification 310-10-35 ("ASC 310-10-35") with regard to determining whether the subordinated note receivable has been impaired. Pursuant to ASC 310-10-35, a loan is impaired when, based upon current information and events, it is probable that a creditor will not be able to collect all amounts due according to the contractual terms of the loan agreement. When evaluating the note for impairment, the factors considered include the creditor's expected cash flows, its parent's investment grade credit rating and their capital position. Based upon management's analysis, it has been determined that the note has not incurred an impairment.

In the event of impairment, an allowance for losses is established through a provision for losses charged to earnings based on management's estimate of losses incurred. Losses are charged against the allowance when management believes the uncollectibility of the receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance.

Noncontrolling Interest

The Trust reports equity interest in the LLC held by related parties as noncontrolling interest.

Noncontrolling interest includes a Class A preferred security (€100 par value) and a common security (€25,000 par value) issued by the LLC and held by the Bank, and retained earnings.

In accordance with section 7.03 (b) of the LLC Agreement, the LLC's Board of Directors is authorized to declare a capital payment to the Class A preferred securityholder in the event they do not declare a capital payment (dividends) on the Class B preferred securities (this will happen when the Bank lacks distributable profits). Accordingly, the Board of Directors has declared and paid dividends on the Class A preferred security for the dividend periods ended June 30, 2009, September 30, 2009, and December 31, 2009, amounting to €525,000, €500,000, and €450,000, respectively. On June 4, 2010, the LLC declared and paid dividends of €450,000 pertaining to the period ended March 31, 2010 to the holder of the LLC's Class A preferred security. Refer to Note 7 for the dates and amounts of the distributions paid subsequent to the balance sheet date.

Securities Issued by the Trust

Trust preferred securities are classified as equity as they have the characteristics of equity instruments rather than debt securities. Accordingly, dividends (also referred to as capital payments) declared on the trust preferred securities are not recorded in current income, but are rather recorded as a reduction of retained earnings when declared. For the fiscal year ending March 31, 2010 no dividends on the trust preferred securities were declared due to the lack of distributable profits of the Bank. Refer to Note 7 for payments subsequent to the balance sheet date.

The common security issued by the Trust represents ownership rights and is classified as equity. This security is held by the Bank.

Income Taxes

The Trust is classified as a grantor trust for U.S. federal tax purposes. No provision for income taxes has been made since the investors are required to report their share of the Trust's income for federal and state tax purposes.

Cash and Cash Equivalent

Cash and cash equivalents consist of cash and short-term investments and other financial instruments which are readily convertible into known amounts of cash and have an original maturity date of ninety days or less. The Company had no cash equivalents at March 31, 2010.

Foreign Currency Translation

Assets and liabilities denominated in non Euro currencies are converted at exchange rates prevailing on the balance sheet date. The Company holds cash in a bank account denominated in U.S. Dollars.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that could affect the reported amounts of assets and liabilities in the financial statements. These estimates and assumptions are based on management's best estimate and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions. Management adjusts such estimates when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those estimates.

New Accounting Pronouncements

In September 2009, the FASB issued implementation guidance on accounting for uncertainty in income taxes and disclosure for nonpublic entities (ASC 740). The Company's adoption of this guidance did not have a material effect on its financial statements.

In January 2010, the FASB amended accounting principles related to fair value measurements and disclosures (ASC 820) by providing guidance on increased fair value measurement disclosures. This guidance is effective for fiscal years beginning after December 15, 2010. The Company does not expect the adoption of the amendment to have a material effect on its financial statements.

In May 2011, the FASB further amended accounting principles related to the fair value measurement and disclosure to achieve common requirements in accounting principles generally accepted in the United States of America and International Financial Reporting Standards (ASC 820). Consequently, the amendment changes the wording used to describe many of the requirements in accounting principles generally accepted in the United States of America for measuring fair value and for disclosing information about fair value measurements. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendment effective in December 2011 is not expected to significantly affect the Company's financial statements.

In July 2010, the FASB amended accounting principles related to disclosure about the credit quality of financial receivables (excluding short-term trade accounts receivables measured at fair value or lower of cost or fair value) and the allowance for credit losses (ASC 310) effective December 2011 for nonpublic entities. This amendment requires an entity to provide more robust and disaggregated disclosures about the credit quality of its financing receivables and its allowances for credit losses. The impact of this amendment is being analyzed, but the Company does not expect it to have a significant effect on its consolidated financial statements.

In April 2011, the FASB further amended accounting principles related to a creditor's determination of whether a restructuring is a troubled debt restructuring (ASC 310). The amendment provides additional guidance and clarification in determining whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for the purposes of determining whether a restructuring constitutes a troubled debt restructuring. The amendment effective in December 2012 is not expected to significantly affect the Company's financial statements.

3. Related-Party Transactions

Subordinated Note Receivable

The LLC invested its proceeds from the issuance of Class A Preferred Securities and a common security in a subordinated note receivable issued by IKB Finance, B.V., a subsidiary of the Bank. Per the Initial Guarantee Agreement, the Bank guarantees that IKB Finance, B.V. will be able to pay its obligations when due. The subordinated note receivable bears interest at a rate per annum equal to 3-month Euribor for the relevant interest payment period, plus 1.515%, payable quarterly in arrears on June 30, September 30, December 31 and March 31 of each fiscal year. As of March 31, 2010, the interest rate was 2.22%. The subordinated note receivable will mature on December 31, 2031. The carrying value and the related estimated fair value of the subordinated note receivable at March 31, 2010 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Subordinated note receivable	€ 75,093,200	€ -	€ 45,440,922	€ 29,652,278
	€ 75,093,200	€ -	€ 45,440,922	€ 29,652,278

The fair value of the subordinated note receivable is estimated using a discounted cash flow analysis based upon market pricing for similar types of instruments issued by IKB AG with similar remaining maturities. IKB AG's long-term credit rating is BBB- (low investment grade). The subordinated note receivable never was in default of its interest obligation. Based on management's analysis, and its intent to hold the subordinated note receivable until maturity such that the principal value is recovered, the unrealized loss is not deemed to represent an impairment.

Other Expenses

All operating and administrative expenses of the LLC and the Trust are borne by the Bank except for the costs of WTC and publication costs. WTC received €9,116 for its services provided. At March 31, 2010, the LLC maintains a bank account with WTC amounting to €11,785.

4. Concentration of Credit Risk

There is a concentration risk due to the fact that substantially all funds are invested in notes receivable from one company, IKB Finance, B.V. The Bank guarantees the obligations under the subordinated notes receivable, when due. As a result, the Company is exposed to the Bank's credit risk.

5. Trust Common Security and Class A Preferred Securities

IKB AG is the holder of the trust common security. The payment of dividends is subordinate to the payments of dividends on the trust preferred securities. The trust common securities represent all voting rights in the Trust.

The Class A preferred security issued by the LLC and included in noncontrolling interest in the Company's balance sheet is nonvoting and is expected to make dividend payments only to the extent that dividends are not permitted to be paid on the Class B preferred securities in full on any dividend date, due to insufficient distributable profits of IKB AG or by order of the German Federal

Agency for Financial Services Supervision prohibiting IKB AG from making any distributions of profits.

On June 16, 2009 the Bank informed the LLC that they did not have any distributable profits for the fiscal year ended March 31, 2009. On the basis of the information provided, the LLC's Board of Directors decided that pursuant to the terms of the LLC Agreement dividends cannot be declared and paid on the Class B preferred securities for the dividend payment periods ended June 30, 2009, September 30, 2009, December 31, 2009, and March 31, 2010 due to the lack of distributable profits of the Bank. Per section 7.03 (b) of the LLC Agreement, the Board of Directors is authorized and can declare a dividend to the Class A preferred securityholder in the event they do not declare a dividend on the Class B preferred securities. Accordingly, the Board of Directors has declared and paid dividends on the Class A preferred security for the dividend periods ended March 31, 2009, June 30, 2009, September 30, 2009, December 31, 2009, and March 31, 2010 amounting to €850,000, €525,000, €500,000, €450,000, and €450,000, respectively.

6. Trust Preferred Securities

The Trust issued 750,680 trust preferred securities. The holders of the trust preferred securities are entitled to receive quarterly capital payments (dividends) on the respective liquidation preference amounts of €100 per trust preferred security at a rate per annum equal to the 3-month Euribor for the relevant payment period plus 1.50%, payable quarterly in arrears on June 30, September 30, December 31, and March 31 of each fiscal year.

Dividends on trust preferred securities are noncumulative and are expected to be paid out of dividends received by the Trust with respect to the Class B preferred securities (issued by the LLC and eliminated in consolidation). Dividends on the Class B preferred securities are payable if declared by the LLC's Board of Directors, or if they are deemed to be declared. Dividends can be declared only if the LLC's operating profit is sufficient (that is, if it has received interest on the subordinated note receivable issued by IKB Finance, B.V.), and if IKB AG has an amount of distributable profits for the preceding fiscal year at least equal to the amount of such dividends on the Class B preferred securities and capital payments or dividends or other distributions and payments on parity securities (i.e., each class of the most senior ranking preference securities, if any, or other instruments of IKB AG ranking pari passu with the obligations of IKB AG, if any, pro rata on the basis of distributable profits for such preceding fiscal year). The LLC will be deemed to have declared dividends on the Class B preferred securities if IKB AG or any of its subsidiaries declare or pay dividends on their securities.

If dividends on the Class B preferred securities are not declared by the LLC's Board of Directors, nor deemed to be declared, the holder of the LLC's Class A preferred security, which is included in noncontrolling interest in the Company's balance sheet, is entitled to receive dividends as long as the Bank has insufficient distributable profits under German GAAP as defined in the Amended and Restated LLC Agreement. During the fiscal year ended March 31, 2010, the LLC declared and paid dividends for the periods ended March 31, 2009, June 30, 2009, September 30, 2009, and December 31, 2009, amounting to €850,000, €525,000, €500,000, and €450,000, respectively, to the holder of the Class A preferred security. On June 4, 2010, the LLC declared and paid dividends of €450,000 pertaining to the period ended March 31, 2010 to the holder of the LLC's Class A preferred security. Refer to Note 7 for the most current balance sheet profit of IKB AG and the dividends subsequent to the balance sheet date.

The trust preferred securities do not have a maturity date and will not be redeemable at any time at the option of the holders thereof. The Class B preferred securities are redeemable at the option of the LLC, in whole or in part. If the LLC redeems Class B preferred securities (held by the Trust), the Trust must redeem a corresponding number of trust preferred securities. The Class B preferred securities are redeemable at Capital Payment Dates, and at any time upon the occurrence of a Company Special Redemption Event (e.g. if the LLC becomes taxable in the United States, or if the Class B preferred securities were not to be treated as Tier I capital of IKB group under the German Banking Act). The Class B preferred securities are redeemable at the liquidation preference amount of €100 per security.

7. Subsequent Events

The Company has evaluated subsequent events occurring after the balance sheet date until November 29, 2012. Based on this evaluation, the Company has determined that no subsequent events, except as described below, have occurred which require recognition or disclosure in the financial statements.

The Bank informed the LLC that they continued to have no distributable profits for the fiscal years ended March 31, 2010, 2011, and 2012 respectively. The Bank's unconsolidated audited financial statements included in its annual report for the fiscal year ending March 31, 2012 indicated a balance sheet loss of € 2,031 million. On the basis of the information provided, the LLC's Board of Directors decided that pursuant to the terms of the LLC Agreement dividends cannot be declared and paid on the Class B preferred securities for the dividend payment periods ended June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 2012 due to the lack of distributable profits of the Bank. Consequently, the Trust also did not pay dividends on the trust preferred securities for such periods. In accordance with section 7.03 (b) of the LLC Agreement, the LLC's Board of Directors is authorized and can declare a dividend to the Class A preferred securityholder in the event they do not declare a dividend on the Class B preferred securities. Accordingly, the Board of Directors has declared and paid dividends on the Class A preferred security for the dividend periods ended June 30, 2010, September 30, 2010, and December 31, 2010 amounting to €400,000, €425,000, and €455,000, respectively. The Board has not declared a dividend for the periods ended March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012.

Consequently, dividend payments on the trust preferred securities have been suspended for the payment periods ended June 30, 2010, September 30, 2010, December 31, 2010, March 31, 2011, June 30, 2011, September 30, 2011, December 31, 2011, March 31, 2012, June 30, 2012, and September 30, 2012.

On March 28, 2012, the Bank completed a capital measure to optimize its capital structure pursuant to which the Bank transferred its subordinate debt in the amount of €75,000,000 to Matrona GmbH ("Matrona"), a subsidiary of the Bank, meaning that the latter became new obligor of IKB Finance B.V. by way of assumption of debt with full discharge. As consideration for the transfer of the liability, Matrona received securities from the Bank with a corresponding nominal (a.k.a. notional) value. In addition, Matrona acquired the Class A Preferred Security at the book value of €100 from the Bank, and, the bank issued a subordinated guarantee in favor of IKB Finance B.V. whereby the Bank assumes liability for Matrona's payment obligations in connection with the transfer of subordinated liabilities to Matrona. The sale of the Class A Preferred Security, as permitted by Section 13.08 of the Amended and Restated Limited Liability Company Agreement of the Company, was consented to by the Bank, as initial Class A Preferred Securityholder and Common Securityholder, and the Bank of New York Mellon, as property trustee with respect to the Class B Preferred Securities.