



Deutsche Industriebank

IKB Deutsche Industriebank Aktiengesellschaft

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

Euro 2,000,000,000 2.875 % Guaranteed Notes due 2012
(the "Notes")

IKB Deutsche Industriebank Aktiengesellschaft (the "**Issuer**" or "**IKB AG**") proposes to issue Euro 2,000,000,000 2.875 % Guaranteed Notes due 2012 (the "**Notes**") on 28 January 2009 at an issue price of 99.98 % of the aggregate principal amount of the Notes.

The Notes have the benefit of a guarantee dated 23 January 2009 (the "**Guarantee**") provided by the *Finanzmarktstabilisierungsfonds*, a governmental fund without separate legal personality established by the Federal Republic of Germany as guarantor (the "**Guarantor**"). In no event will the Guarantor pay any additional amounts with respect to withholding on the Guarantee as distinct from withholding on the Notes.

If not previously redeemed, the Notes will be redeemed on 27 January 2012 at their principal amount.

The obligations of the Issuer under the Notes constitute unsecured (except for the Guarantee) and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are given priority under mandatory provisions of statutory law.

The Notes are issued in bearer form with a denomination of EUR 50,000 each.

Application has been made to the Düsseldorf Stock Exchange for the Notes to be listed on the regulated market.

It is expected that the Notes will be rated AAA by Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc, Aaa by Moody's Investors Service, Inc. and AAA by Fitch Ratings Ltd. **A rating is not a recommendation to buy or sell the Notes and is subject to revision without notice at any time.**

This Information Memorandum does not purport to meet the format and the disclosure requirements of the Prospectus Directive and Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Directive.

The Notes have been assigned the following securities codes: ISIN Code DE000A0SMN03, Common Code 041018968, WKN A0SMN0.

Joint Lead Managers and Joint Bookrunners

BNP PARIBAS

DZ BANK AG

J.P. Morgan

**Landesbank Baden-
Württemberg**

Morgan Stanley

UniCredit (HVB)

The Issuer with its registered office at Wilhelm-Bötzkes-Straße 1, 40474 Düsseldorf, Federal Republic of Germany, accepts responsibility for the contents of this Information Memorandum and has taken all reasonable care to ensure that the facts stated herein are true and accurate and that no material facts have been omitted.

No person has been authorised to give any information or to make any representations, other than those contained in this Information Memorandum, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Guarantor, or the Managers. Neither the delivery of this Information Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

The offering, sale or delivery of any Notes may not be taken as an implication that the information contained in any offer document including this Information Memorandum is accurate and complete subsequent to its date of issue or that there has been no adverse change in the financial condition of the Issuer since such date or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Financial Markets Stabilisation Agency (*Finanzmarktstabilisierungsanstalt*), acting on behalf of the Guarantor, has neither reviewed this Information Memorandum nor verified the information contained in it, and has not accepted any responsibility for the contents of this Information Memorandum or any other statement made or purported to be made in connection with the Issuer or the issue and offering of the Notes.

In connection with the issue of the Notes, Morgan Stanley & Co. International plc may over-allot Notes or effect transactions with a view of supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that Morgan Stanley & Co. International plc will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by Morgan Stanley & Co. International plc in accordance with applicable laws and rules.

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INFORMATION ON IKB AG

IKB AG is a German bank organized as a stock corporation (*Aktiengesellschaft*). IKB AG is registered in the Commercial Register of the Local Court of Düsseldorf under No. HRB 1130 as a German stock corporation formed for an indefinite period of time under the corporate name "*IKB Deutsche Industriebank Aktiengesellschaft*".

IKB AG's financial year runs from April 1 of each calendar year to 31 March of the following calendar year.

The head office of IKB AG is located at Wilhelm-Bötzkes-Strasse 1, 40474 Düsseldorf, Federal Republic of Germany; phone number +49 211 8221-0; www.ikb.de.

As with all other enterprises engaged in one or more of the financial activities defined in the German Banking Act (*Kreditwesengesetz, KWG*) as "banking business", IKB AG is subject to the licensing requirements and other provisions of the KWG. Notably, IKB AG is subject to supervision by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

THE FINANCIAL MARKET STABILISATION FUND - GUARANTOR

The Notes will benefit from an irrevocable guarantee for the due and punctual payment of all amounts due and payable under the Notes provided by the Financial Market Stabilisation Fund (*Finanzmarktstabilisierungsfonds* or *Sonderfonds Finanzmarktstabilisierung*, the "**Fund**"), a fund established by the Federal Republic of Germany.

Legislative Basis of the Fund

As a reaction to recent developments in the financial markets, the German Financial Market Stabilisation Act (*Finanzmarktstabilisierungsgesetz*, the "**Act**") of 17 October 2008 has been enacted, the core elements of which are the Act on Establishing a Financial Market Stabilisation Fund (*Gesetz zur Errichtung eines Finanzmarktstabilisierungsfonds*, "**FMSStFG**") and the Act to Accelerate and Simplify the Acquisition of Shares in and Risk Positions of Enterprises in the Financial Sector by the Financial Market Stabilisation Fund. The Act regulates the basic principles for establishing the Fund and the measures to be taken by the Fund and is supplemented by the Regulation on Implementation of the Financial Market Stabilisation Fund Act adopted by the German Government on 20 October 2008 (*Finanzmarktstabilisierungsfonds-Verordnung*, the "**Regulation**") which provides for further details regarding the administration of the Fund and the measures to be taken by the Fund.

The Fund

Stabilisation Measures (as described in more detail below) are implemented through the Fund, being a separate estate (*Sondervermögen*) of the Federal Republic of Germany which does not have its own legal personality but which can act, sue and be sued under its name. While the Fund is separated from any other assets, rights and obligations of the Federal Republic of Germany, the Federal Republic of Germany is directly liable for the obligations of the Fund. The Fund is not liable for any other obligations of the Federal Republic of Germany. The Fund is entitled to take Stabilisation Measures until 31 December 2009.

As a general rule, Stabilisation Measures and the administration of the Fund fall within the responsibility of the Federal Ministry of Finance or, in case of decisions, of particular importance, an inter-ministerial committee (*Lenkungsausschuss*) which decides upon the proposals of a newly created agency, the Financial Market Stabilisation Agency (*Finanzmarktstabilisierungsanstalt*, the "**Agency**"). By virtue of the Regulation, the administration of the Fund has been transferred to the Agency.

The Agency is a special public law agency which is established at the Deutsche Bundesbank, the German central bank, but which is organisationally separated from Deutsche Bundesbank. The Agency does not have its own legal personality but can act, sue and be sued under its name. The Agency is managed by a management committee (*Leitungsausschuss*) composed of three members appointed by the Federal Ministry of Finance in consultation with Deutsche Bundesbank.

Any amounts payable by the Fund under the Guarantee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

Types of Stabilisation Measures of the Fund

The Act provides for three types of stabilisation instruments (so-called "**Stabilisation Measures**") which will be implemented through the Fund:

- the issuance of guarantees to secure senior unsecured debt instruments denominated in EUR (for other currencies, currency hedges are required) issued by, or other liabilities of, enterprises in the financial sector having a maximum term of 36 months, provided that such debt instruments or liabilities have been established in the period between 18 October 2008 and 31 December 2009,

- the participation of the Fund in enterprises in the financial sector (maximum amount EUR 70 billion of which each institution may utilise a maximum of EUR 10 billion),
- the assumption of risk positions by the Fund from enterprises in the financial sector which have been acquired by such enterprises prior to 13 October 2008.

Among the possible Stabilisation Measures, the issuance of guarantees is the Stabilisation Measure which has priority. All Stabilisation Measures can, however, be combined with each other.

Only enterprises in the financial sector within the meaning of the Act (*Unternehmen des Finanzsektors*, "**Financial Sector Enterprises**") can apply for Stabilisation Measures of the Fund. These include credit institutions (as defined in the German Banking Act) like IKB, subject to certain terms and conditions.

General Principles for the Issuance of Guarantees by the Fund

The Fund can issue guarantees up to an aggregate amount of EUR 400 billion in order to eliminate shortfalls in liquidity and support refinancing in the capital market.

In general, Financial Sector Enterprises which intend to make use of Stabilisation Measures must have a sound and prudent business policy. When considering the taking of Stabilisation Measures in an individual case, the Fund is expected to determine whether the granting of a guarantee is sufficient to achieve the goal of stabilisation. The Fund may require the Financial Sector Enterprise to review its business policy and the sustainability thereof and to restrict or abandon certain high-risk business areas.

The terms for providing a guarantee are determined by the Fund subject to the following:

- the Fund will receive a fair market compensation for the issuance of a guarantee which shall consist of a specific percentage of the guaranteed maximum amount which reflects the default risk and a margin (i.e. the Fund will receive a commitment fee of 0.10 % per annum (for unused guarantees) and guarantee fees of 0.50 % per annum (for notes with a maturity of one year or less) or 1.41 % per annum (for notes with a maturity of more than one year)),
- the issuance of a guarantee in favour of a Financial Sector Enterprise by the Fund requires that the relevant Financial Sector Enterprise has appropriate equity funds (*angemessene Eigenmittelausstattung*), and
- the maximum amount for the issuance of guarantees in respect of a specific Financial Sector Enterprise and its affiliates is determined with respect to the equity funds (*Eigenmittelausstattung*) of the requesting Financial Sector Enterprise and its affiliates.

The risk weighting of any guaranteed notes will be 0 % in Germany under a standardised and internal ratings-based approach (as of a statement of the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) dated 8 December 2008).

Guaranteed notes will be ECB eligible under category 3.

Guarantee Provision Agreement

So far, IKB has received guarantee allowances from the Fund in an amount of EUR 5 billion.

THE GUARANTEE

23. Januar 2009

Sonderfonds Finanzmarktstabilisierung (SoFFin)
der Bundesrepublik Deutschland

und

IKB Deutsche Industriebank AG

Garantie

des durch § 1 des Gesetzes zur Errichtung eines Sonderfonds Finanzmarktstabilisierung ("**FMStFG**") vom 17. Oktober 2008 errichteten Sonderfonds Finanzmarktstabilisierung (der "**Garant**"), handelnd durch die auf Grund § 3a FMStFG errichtete Finanzmarktstabilisierungsanstalt (die "**SoFFin**") zu Gunsten der Gläubiger (die "**Anleihegläubiger**") unter der EUR 2 Mrd Inhaberschuldverschreibungen der IKB Deutsche Industriebank AG, Düsseldorf, fällig zum 27.01.2012, ISIN: DE000A0SMN03 (die "**Schuldverschreibungen**"), die die IKB Deutsche Industriebank AG, Wilhelm Boetzkies Strasse 1, 40474 Düsseldorf (die "**Emittentin**") zu begeben beabsichtigt.

PRÄAMBEL

- (A) Die Emittentin beabsichtigt, die Schuldverschreibungen zu begeben. Die Emissionsbedingungen der Schuldverschreibungen (die "**Emissionsbedingungen**") sind in Anlage 1 zu dieser Garantie wiedergegeben.
- (B) Der Garant beabsichtigt mit dieser Garantie (die "**Garantie**") die ordnungsgemäße Zahlung von Kapital und Zinsen sowie von allen sonstigen Beträgen, die von der Emittentin auf Grund der Schuldverschreibungen zu zahlen sind, zu garantieren.

HIERMIT WIRD FOLGENDES VEREINBART:

1. (a) Der Garant übernimmt gegenüber den Anleihegläubigern jeder einzelnen Schuldverschreibung (wobei dieser Begriff jede (vorläufige oder Dauer-) Globalurkunde, die Schuldverschreibungen verbrieft, einschließt), die unbedingte und unwiderrufliche nicht nachrangige Garantie für die ordnungsgemäße und pünktliche Zahlung der gemäß den Emissionsbedingungen (in der durch die anwendbaren Endgültigen Bedingungen geänderten, ergänzten oder modifizierten Fassung) fälligen Kapital- und Zinsbeträge auf die Schuldverschreibungen sowie von allen sonstigen Beträgen, die gemäß den Emissionsbedingungen auf die Schuldverschreibungen zahlbar sind.
- (b) Soweit Rechte und Pflichten unter dieser Garantie durch Bezugnahme auf die Emissionsbedingungen bestimmt oder konkretisiert werden, ist allein die als Anlage wiedergegebene Fassung der Emissionsbedingungen maßgeblich. Änderungen oder Ergänzungen der Emissionsbedingungen oder sonstige Vereinbarungen zwischen der Emittentin und dem Anleihegläubiger, die aus der als Anlage wiedergegebenen Fassung der Emissionsbedingungen nicht ersichtlich sind, lassen die Rechte und Pflichten des Garanten unter dieser Garantie unberührt.
2. Diese Garantie begründet unwiderrufliche, nicht nachrangige und nicht besicherte Verpflichtungen des Garanten, die mit allen sonstigen nicht nachrangigen und nicht besicherten Verpflichtungen des Garanten wenigstens im gleichen Rang stehen (soweit nicht zwingende gesetzliche Bestimmungen entgegenstehen).
3. Die Verpflichtungen des Garanten unter dieser Garantie sind selbständig und unabhängig von den Verpflichtungen der Emittentin, ihre Zahlungsverpflichtungen unter den

Schuldverschreibungen zu erfüllen. Der Garant kann gegen seine Zahlungspflichten aus dieser Garantie keine der Emittentin zustehenden Einwendungen oder Einreden geltend machen.

4. Diese Garantie und alle hierin enthaltenen Vereinbarungen sind ein Vertrag zu Gunsten der Anleihegläubiger als begünstigte Dritte gemäß § 328 Abs. 1 BGB und begründen das Recht eines jeden Anleihegläubigers, die Erfüllung der hierin eingegangenen Verpflichtungen unmittelbar von dem Garant zu fordern und diese Verpflichtungen unmittelbar gegenüber dem Garant durchzusetzen. Jeder Anleihegläubiger einer Schuldverschreibung kann zur Durchsetzung seiner Ansprüche unter dieser Garantie unmittelbar Klage gegen den Garant erheben, ohne dass zunächst ein Verfahren gegen die Emittentin eingeleitet werden muß.
5. Sämtliche auf diese Garantie zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.
6. Zahlungen des Garant an einen Anleihegläubiger unter dieser Garantie sind auf ein von diesem Anleihegläubiger zu benennendes Konto zu leisten. Die Zahlung auf dieses Konto hat schuldbefreiende Wirkung für den Garant. Die Benennung dieses Kontos hat an die SoFFiN zu erfolgen:

Sonderfonds Finanzmarktstabilisierung
(SoFFin)
Finanzmarktstabilisierungsanstalt
Taunusanlage 6
60329 Frankfurt am Main
Telefon: +49 (0)69 23883048
Telefax: +49 (0)69 9566509090

Bis zu einer solchen Benennung erfolgen keine Zahlungen des Garant. Verzögert sich eine Zahlung an einen Anleihegläubiger, weil dieser gegenüber der SoFFiN kein Konto benennt, so hat dieser Anleihegläubiger keinerlei Ansprüche gegen den Fonds oder die SoFFiN wegen der Verzögerung der Zahlung. Erfüllungsort für sämtliche Ansprüche aus dieser Garantie ist Frankfurt am Main.

7. Der Garant ist nicht berechtigt, Ansprüche gegen die Emittentin oder die Anleihegläubiger, gleich welcher Art, gegen seine Verpflichtungen aus dieser Garantie aufzurechnen und hat kein Recht auf Zurückbehaltung im Hinblick auf seine Verpflichtungen.
8. Das Original dieser Garantie wird der BNP Paribas Securities Services als Verwahrer der Garantieurkunde für die Anleihegläubiger ausgehändigt und von dieser verwahrt. Der BNP Paribas Securities Services als Verwahrer der Garantieurkunde für die Anleihegläubiger handelt nicht als Treuhänder oder in ähnlicher Eigenschaft für die Anleihegläubiger.
9. Diese Garantie erlischt vorbehaltlich Absatz 10
 - (i) vollständig, wenn die Schuldverschreibungen vollständig und unwiderruflich zurückgezahlt wurden oder alle Verpflichtungen unter dieser Garantie vollständig und unwiderruflich erfüllt wurden,
 - (ii) am 31.12.2012, 24:00 Uhr (das "**Verfalldatum**"), gegenüber allen Anleihegläubigern, die gegenüber der SoFFiN nicht nach Eintritt der Fälligkeit von Ansprüchen unter der Schuldverschreibung und vor dem Verfalldatum schriftlich angezeigt haben, dass sie von dem Garant Zahlung unter der Garantie verlangen.

10. Ein Anleihegläubiger kann unter dieser Garantie, auch nach dem Verfalldatum, ferner dann Zahlung verlangen, wenn er
- (i) vor dem Verfalldatum von der Emittentin Zahlung unter der Schuldverschreibung erhalten hat, aber auf Grund insolvenzrechtlicher Bestimmungen nachfolgend zur Rückzahlung verpflichtet ist und entsprechend Zahlung geleistet hat; und
 - (ii) er gegenüber der SoFFin innerhalb von 10 Kalendertagen nach der erfolgten Rückzahlung schriftlich anzeigt, dass er von dem Garanten Zahlung unter der Garantie verlangt.
11. Vorbehaltlich anderweitiger zwingender gesetzlicher Bestimmungen entspricht der Verzugszinssatz unter dieser Garantie dem Zinssatz der Schuldverschreibungen gemäß Paragraph 3 der Emissionsbedingungen.
12. Diese Garantie unterliegt dem Recht der Bundesrepublik Deutschland. Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten gegen den Garanten aus oder im Zusammenhang mit dieser Garantie ist Frankfurt am Main.
13. Jeder Anleihegläubiger kann in jedem Rechtsstreit gegen den Garanten und in jedem Rechtsstreit, in dem er und der Garant Partei sind, seine aus dieser Garantie hervorgehenden Rechte auf der Grundlage einer von einer vertretungsberechtigten Person der BNP Paribas Securities Services beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.
14. Diese Garantie ist in deutscher Sprache abgefaßt. Eine unverbindliche Übersetzung in die englische Sprache ist beigefügt.

UNTERSCHRIFTENSEITE

Sonderfonds Finanzmarktstabilisierung (SoFFin)

handelnd durch
die Finanzmarktstabilisierungsanstalt
diese vertreten durch

IKB Deutsche Industriebank AG vertreten durch

Anlage - Emissionsbedingungen

Non-binding English language translation

23 January 2009

Financial Market Stabilisation Fund (SoFFin)
of the Federal Republic of Germany

and

IKB Deutsche Industriebank AG

Guarantee

of the Financial Market Stabilisation Fund (the "**Guarantor**") as established pursuant to § 1 of the Financial Market Stabilisation Act ("**FMStFG**"), dated 17 October 2008, acting through the Financial Market Stabilisation Authority ("**SoFFin**") as established pursuant to § 3a of the FMStFG in favour of the holders (the "**Noteholders**") under the EUR 2 bln bearer notes of IKB Deutsche Industriebank AG, Düsseldorf, due on 27.01.2012, ISIN: DE000A0SMN03 (the "**Notes**"), which IKB Deutsche Industriebank AG, Wilhelm Boetzkes Strasse 1, 40474 Düsseldorf (the "**Issuer**") intends to issue.

PREAMBLE

- (A) The Issuer intends to issue the Notes. The Terms and Conditions of the Notes (the "**Terms and Conditions**") are set forth in Appendix 1 to this Guarantee.
- (B) The Guarantor wishes to guarantee by this Guarantee (the "**Guarantee**") the due payment of principal and interest and any other amounts payable by the Issuer under the Notes.

IT IS AGREED AS FOLLOWS:

1. (a) The Guarantor has given to the Noteholders of each Note (whereby this term shall include any (Temporary or Permanent) Global Note representing Notes), the unconditional, irrevocable and unsubordinated guarantee for the due and punctual payment of principal and interest on the Notes and any other amounts payable on the Notes in accordance with the Terms and Conditions.
- (b) Where obligations and duties under this Guarantee are defined or specified in respect of the Terms and Conditions, solely the Terms and Conditions as set forth in the Appendix shall be applicable. Any changes or amendments to the Terms and Conditions or any other agreements made between the Issuer and the Noteholder, which are not apparent from the Terms and Conditions as set forth in the Appendix, shall not affect the rights and obligations of the Guarantor under this Guarantee.
2. This Guarantee constitutes irrevocable, unsubordinated and unsecured obligations of the Guarantor and shall rank at least *pari passu* with any other unsubordinated and unsecured obligations of the Guarantor (save for any other mandatory provisions of law).
3. The obligations of the Guarantor under this Guarantee shall be separate and independent from the obligation of the Issuer to satisfy its payment obligations under the Notes. The Guarantor may not claim any objections against his payment obligations under this Guarantee due to the Issuer.
4. This Guarantee and any agreements contained herein constitute a contract for the benefit of the Noteholders as third party beneficiaries pursuant to § 328 para. 1 German Civil Code *Bürgerliches Gesetzbuch – BGB*) and constitute the right of each Noteholder to require performance of the obligations undertaken herein directly from the Guarantor and to enforce such obligations directly against the Guarantor. Each Noteholder may directly take legal action

against the Guarantor to enforce his claims under this Guarantee without the need to initially institute proceedings against the Issuer.

5. Any amounts payable in respect of the Guarantee shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.
6. Any payments of the Guarantor to a Noteholder under this Guarantee shall be made to an account named by the Noteholder. The payment to such account discharges the Guarantor of its debts. The de-signation of the account shall be made to the SoFFin:

Sonderfonds Finanzmarktstabilisierung
(SoFFin)
Finanzmarktstabilisierungsanstalt
Taunusanlage 6
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Telefon: +49 (0)69 23883048
Telefax: +49 (0)69 9566509090

No payments of the Guarantor shall be made until such designation has been made. If the payment to a Noteholder is delayed due to its failure to name an account to the SoFFin, the Noteholder may not assert any claims against the Fund or the SoFFin in respect of the delay in payment. The place of performance for any claims under the Guarantee is Frankfurt am Main.

7. The Guarantor may not set off any claims against the Issuer or the Noteholders, irrespective of their nature, against its obligations under this Guarantee and shall have no right of retention in respect of its obligations.
8. The original copy of this Guarantee shall be delivered to, and kept by, BNP Paribas Securities Services as depository of the guarantee certificate for the Noteholders. BNP Paribas Securities Services as depository of the guarantee certificate for the Noteholders does not act as a trustee or in similar capacity for the Noteholders.
9. Subject to Section 10 this Guarantee expires,
 - (i) in full, if the Notes have been fully and irrevocably repaid, or if all obligations under this Guarantee have been fully and irrevocably fulfilled,
 - (ii) on 31.12.2012, 12 p.m. (the "**Expiration Date**") with respect to any Noteholders, who, after the due date of any claims under the Notes and before the Expiration Date, have failed to notify the SoFFin in writing that they demand payment under the Guarantee from the Guarantor.
10. A Noteholder may demand payment under this Guarantee, as the case may be also following the Expiration Date, if
 - (i) it has received payment from the Issuer under the Notes but due to insolvency regulations it is obliged to repay such payments and has made repayment accordingly; and
 - (ii) it has notified SoFFin in writing within 10 calendar days following the repayment that it demands payment under the Guarantee from the Guarantor.
11. Notwithstanding any mandatory legal provisions the default interest rate under this Guarantee shall be the interest rate of the Notes in accordance with paragraph 3 of the Terms and Conditions.

12. This Guarantee is governed by, and shall be construed in accordance with, the laws of the Federal Republic of Germany. The exclusive place of jurisdiction for all legal actions against the Guarantor under or in connection with this Guarantee shall be Frankfurt am Main.
13. Each Noteholder may, in any legal action taken against the Guarantor, and in any legal action in which he and the Guarantor are parties, protect and enforce in his own name his rights arising under this Guarantee on the basis of a copy of this Guarantee certified by BNP Paribas Securities Services without the presentation of the original.
14. This Guarantee is written in the German language. This English language translation is non-binding.

SIGNATURE PAGE

Financial Market Stabilisation Fund (SoFFin)

acting through
Financial Market Stabilisation Authority
represented by

IKB Deutsche Industriebank Aktiengesellschaft
represented by

TERMS AND CONDITIONS

EMISSIONSBEDINGUNGEN

§ 1

WÄHRUNG, STÜCKELUNG, FORM, EINZELNE DEFINITIONEN

(1) *Währung; Stückelung.* Diese Serie der Inhaberschuldverschreibungen (die "**Schuldverschreibungen**") der IKB Deutsche Industriebank Aktiengesellschaft (die "**Emittentin**") wird in Euro (die "**festgelegte Währung**") im Gesamtnennbetrag von Euro 2.000.000.000 (in Worten: Euro zwei Milliarden) in Stückelungen von EUR 50.000,00 (die "**festgelegten Stückelungen**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber und sind durch eine oder mehrere Globalurkunden verbrieft (jede eine "**Globalurkunde**").

(3) *Vorläufige Globalurkunde – Austausch.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie die Autorisierung des Fiscal Agent. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt. Der Austauschtag für einen solchen Austausch soll nicht weniger als 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegen. Ein solcher Austausch soll nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.

TERMS AND CONDITIONS

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* This Series of Bearer Notes (the "**Notes**") of IKB Deutsche Industriebank Aktiengesellschaft (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of Euro 2,000,000,000 (in words: Euro two billion) in denominations of EUR 50,000.00 (the "**Specified Denomination**").

(2) *Form.* The Notes are in bearer form and represented by one or more global notes (each a "**Global Note**").

(3) *Temporary Global Note – Exchange.*

(a) The Notes are initially represented by a temporary Global Note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually by two authorized signatories of the Issuer and authenticated by the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date for such exchange will not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is or are not a U.S. person (other than certain financial institutions or certain persons holding Notes

Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 Absatz 3 auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten zu liefern. Für die Zwecke dieses Absatzes (3) bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Clearing System*. Die Schuldverschreibungen verbrieft Globalurkunde wird von einem oder im Namen eines Clearing Systems verwahrt. "**Clearing System**" bedeutet folgendes: Clearstream Banking AG ("**CBF**") sowie jeder Funktionsnachfolger.

(5) *Gläubiger von Schuldverschreibungen*. "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

§ 2

STATUS, GARANTIE

(1) *Status*. Die Schuldverschreibungen begründen (vorbehaltlich Absatz (2)) nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Garantie*. Der Finanzmarktstabilisierungsfonds (der "**Garant**"), ein durch das Finanzmarktstabilisierungsgesetz vom 17. Oktober 2008 errichteter Fonds der Bundesrepublik Deutschland, hat am oder vor dem Tag der Begebung der Schuldverschreibungen eine

through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph (b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States. For purposes of this subparagraph (3), "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Clearing System*. The Global Note representing the Notes will be kept in custody by or on behalf of the Clearing System. "**Clearing System**" means the following: Clearstream Banking AG ("**CBF**") and any successor in such capacity.

(5) *Holder of Notes*. "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

§ 2

STATUS, GUARANTEE

(1) *Status*. The obligations under the Notes constitute (subject to subparagraph (2)) unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are given priority under mandatory provisions of statutory law.

(2) *Guarantee*. The *Finanzmarktstabilisierungsfonds* (the "**Guarantor**"), a fund of the Federal Republic of Germany established by the *Finanzmarktstabilisierungsgesetz* of 17 October 2008, has given its unconditional and irrevocable first demand guarantee (*Garantie auf erstes*

unbedingte und unwiderrufliche Garantie auf erstes Anfordern in banküblicher Form (die "**Garantie**", wobei dieser Begriff jede Verlängerung dieser Garantie sowie jede Ersetzung dieser Garantie zu (abgesehen vom neuen Erlösensdatum) identischen Bedingungen wie diese Garantie umfasst) für die ordnungsgemäße und pünktliche Zahlung des Kapitals der Schuldverschreibungen, der Zinsen auf die Schuldverschreibungen sowie von allen sonstigen auf die Schuldverschreibungen zahlbaren Beträge gegeben. Die Garantie begründet eine unwiderrufliche, nicht nachrangige und nicht besicherte Verpflichtung des Garanten, die mit allen sonstigen nicht nachrangigen und nicht besicherten Verpflichtungen des Garanten wenigstens im gleichen Rang steht (soweit nicht zwingende gesetzliche Bestimmungen entgegenstehen). Die Garantie und alle darin enthaltenen Vereinbarungen sind ein Vertrag zu Gunsten der Gläubiger als begünstigte Dritte gemäß § 328 Abs. 1 BGB und begründen das Recht eines jeden Gläubigers, die Erfüllung der in der Garantie eingegangenen Verpflichtungen unmittelbar von dem Garanten zu fordern und diese Verpflichtungen unmittelbar gegenüber dem Garanten durchzusetzen. Jeder Gläubiger einer Schuldverschreibung kann zur Durchsetzung seiner Ansprüche unter der Garantie unmittelbar Klage gegen den Garanten erheben, ohne dass zunächst ein Verfahren gegen die Emittentin eingeleitet werden muß. Das Original der Garantie wird von der BNP Paribas Securities Services, Frankfurt Branch als Verwahrer gehalten. In ihrer Eigenschaft als Verwahrer handelt die BNP Paribas Securities Services, Frankfurt Branch nicht als Treuhänder oder in ähnlicher Eigenschaft für die Gläubiger der Schuldverschreibungen. BNP Paribas Securities Services, Frankfurt Branch wird jedem Gläubiger der Schuldverschreibungen kostenlos eine vollständige Kopie der Garantie zur Verfügung stellen, die von einer vertretungsberechtigten Person der BNP Paribas Securities Services, Frankfurt Branch als mit dem Original übereinstimmend beglaubigt wird. Jeder Gläubiger kann in jedem Rechtsstreit gegen den Garanten und in jedem Rechtsstreit, in dem er und der Garant Partei sind, seine aus der Garantie hervorgehenden Rechte auf der Grundlage einer solchen Kopie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.

Anfordern) in accordance with standard banking practice dated on or before the date of the issuance of the Notes (the "**Guarantee**", which term shall include any extension of such guarantee or replacement of such guarantee on the same terms and conditions of such guarantee (save for the new expiry date)) for the due and punctual payment of principal of, and interest on, and any other amounts payable under the Notes. The Guarantee constitutes an irrevocable, unsubordinated and unsecured obligation of the Guarantor and shall rank at least *pari passu* with any other unsubordinated and unsecured obligations of the Guarantor (save for any other mandatory provisions of law). The Guarantee and any agreements contained therein constitute a contract for the benefit of the Holder as third party beneficiaries pursuant to § 328 paragraph 1 BGB (*German Civil Code*) and constitute the right of each Holder to require performance of the obligations undertaken in the Guarantee directly from the Guarantor and to enforce such obligations directly against the Guarantor. Each Holder may directly take legal action against the Guarantor to enforce his claims under the Guarantee without the need to initially institute proceedings against the Issuer. The original of the Guarantee is held by BNP Paribas Securities Services, Frankfurt Branch as custodian. In its capacity as custodian, BNP Paribas Securities Services, Frankfurt Branch does not act as trustee or in a similar capacity for the Holders of the Notes. BNP Paribas Securities Services, Frankfurt Branch will provide any Holder of the Notes free of charge with a copy of the Guarantee, certified by an authorised representative of BNP Paribas Securities Services, Frankfurt Branch to be identical with the original. In any legal action against the Guarantor and in any legal action to which such Holder and the Guarantor are a party, each Holder of the Notes will be able to pursue and enforce its rights resulting from the Guarantee in its own name on the basis of such a copy of the Guarantee, without being required to produce the original.

§ 3

ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden in Höhe ihres Nennbetrages verzinst, und zwar vom 28. Januar 2009 (einschließlich) bis zum Fälligkeitstag (wie in § 5 Absatz 1 definiert) (ausschließlich) mit jährlich 2,875 %. Die Zinsen sind nachträglich am 27. Januar eines jeden Jahres zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am 27. Januar 2010 und beläuft sich auf Euro 1.433,56 per festgelegte Stückelung.

(2) *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet mit Beginn des Tages, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, fallen – vorbehaltlich der Regelung in § 4 Absatz 4 – auf den ausstehenden Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) Zinsen zum gesetzlich festgelegten Satz für Verzugszinsen an¹, es sei denn, die Schuldverschreibungen werden zu einem höheren Zinssatz als dem gesetzlich festgelegten Satz für Verzugszinsen verzinst, in welchem Fall die Verzinsung auch während des vorgenannten Zeitraums zu dem ursprünglichen Zinssatz erfolgt.

(3) *Berechnung der Zinsen für Teile von Zeiträumen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

die Anzahl von Tagen im jeweiligen Zinsberechnungszeitraum vom letzten Zinszahlungstag (einschließlich) (oder, falls ein solcher nicht vorgesehen ist, vom Verzinsungsbeginn) bis zum jeweiligen Zinszahlungstag (ausschließlich) dividiert durch (x) bei Schuldverschreibungen, deren Zinsen nur durch regelmäßige jährliche Zinszahlungen ausgezahlt werden sollen, die Anzahl der Tage im jeweiligen Zinsberechnungszeitraum vom letzten Zinszahlungstag (einschließlich) (oder,

§ 3

INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of 2.875 per cent. *per annum* from (and including) 28 January 2009 to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable in arrear on 27 January in each year (each such date, an "**Interest Payment Date**"). The first payment of interest shall be made on 27 January 2010 and will amount to Euro 1,433.56 per Specified Denomination.

(2) *Accrual of Interest.* The Notes shall cease to bear interest as from the beginning of the day on which they are due for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall (except in the circumstances provided in § 4(4)) continue to accrue on the outstanding principal amount of the Notes from (and including) the due date to (but excluding) the date of actual redemption of the Notes at the default rate of interest established by law¹, unless the rate of interest under the Notes is higher than the default rate of interest established by law, in which event the rate of interest under the Notes continues to apply during the before-mentioned period of time.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (the "**Calculation Period**"):

the number of days in the Calculation Period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date divided by (x) in the case of Notes where interest is scheduled to be paid only by means of regular annual payments, the number of days in the Calculation Period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date or (y) in

¹ Der gesetzliche Verzugszinssatz beträgt gemäß §§ 288 Absatz 1, 247 BGB für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank halbjährlich veröffentlichten Basiszinssatz.

According to paragraphs 288(1) and 247 of the German Civil Code (BGB), the default rate of interest established by law is five percentage points above the basic rate of interest published by *Deutsche Bundesbank* semi-annually.

falls keiner, von dem Verzinsungsbeginn) bis zum nächsten vorgesehenen Zinszahlungstag (ausschließlich) oder (y) bei Schuldverschreibungen deren Zinsen anders als nur durch regelmäßige jährliche Zinszahlungen ausgezahlt werden sollen, das Produkt aus der Anzahl der Tage im Zinsberechnungszeitraum vom letzten Zinszahlungstag (einschließlich) (oder, falls ein solcher nicht vorgesehen ist, vom Verzinsungsbeginn) bis zum nächsten vorgesehenen Zinszahlungstag (ausschließlich) und der Anzahl von Zinszahlungstagen, die in einem Kalenderjahr vorkommen würden, falls Zinsen für das gesamte betreffende Jahr zu zahlen wären

§ 4

ZAHLUNGEN

(1) (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3(b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen

the case of Notes where interest is scheduled to be paid other than only by means of regular annual payments, the product of the number of days in the Calculation Period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the next scheduled Interest Payment Date and the number of Interest Payment Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year.

§ 4

PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to subparagraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1(3)(b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in Euro.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**"

Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) das Trans-European Automated Realtime Gross Settlement Express Transfer System 2 (TARGET2) Zahlungen abwickeln.

(5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge einschließen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

§ 5

RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 27. Januar 2012 (der "**Fälligkeitstag**") zurückgezahlt. Fällt der Rückzahlungstag auf den letzten Tag eines Monats und ist dieser Tag kein Zahltag, so wird der Rückzahlungstag auf den unmittelbar vorausgehenden Zahltag vorgezogen. Der Rückzahlungsbetrag in bezug auf jede Schuldverschreibung entspricht dem Nennbetrag der Schuldverschreibungen.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gemäß § 11 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen

means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 (TARGET2) settle payments.

(5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes and any premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the *Amtsgericht* in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5

REDEMPTION

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 27 January 2012 (the "**Maturity Date**"). If the Maturity Date is the last day of a month which is not a Payment Business Day, then the Maturity Date will be the immediately preceding Payment Business Day. The Final Redemption Amount in respect of each Note shall be its principal amount.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last

zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 Absatz 1 definiert) bei Fälligkeit oder im Fall des Kaufs oder Tauschs einer Schuldverschreibung zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Bedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger, der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr wirksam ist. Der für die Rückzahlung festgelegte Termin muß ein Zinszahlungstag sein.

Eine solche Kündigung hat gemäß § 11 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(3) Vorzeitiger Rückzahlungsbetrag.

Für die Zwecke des Absatzes 2 dieses § 5 und § 9, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

§ 6

DER FISCAL AGENT UND DIE ZAHLSTELLEN

(1) *Bestellung; bezeichnete Geschäftsstelle.* Der anfänglich bestellte Fiscal Agent und seine bezeichnete Geschäftsstelle lauten wie folgt:

Fiscal Agent: IKB Deutsche Industriebank
Aktiengesellschaft
Wilhelm-Bötckes-Strasse 1
40474 Düsseldorf
Bundesrepublik Deutschland

tranche of this series of Notes was issued, the Issuer is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given in accordance with § 11 to the Holders, at their Early Redemption Amount (as defined below), together with interest accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts where a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. The date fixed for redemption must be an Interest Payment Date.

Any such notice shall be given in accordance with § 11. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(3) Early Redemption Amount.

For purposes of subparagraph (2) of this § 5 and § 9, the Early Redemption Amount of a Note shall be its Final Redemption Amount.

§ 6

THE FISCAL AGENT AND THE PAYING AGENTS

(1) *Appointment; Specified Office.* The initial Fiscal Agent and its initial specified office shall be:

Fiscal Agent: IKB Deutsche Industriebank
Aktiengesellschaft
Wilhelm-Bötckes-Strasse 1
40474 Düsseldorf
Federal Republic of Germany

Der Fiscal Agent behält sich das Recht vor, jederzeit seine bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung des Fiscal Agent zu ändern oder zu beenden und einen anderen Fiscal Agent zu bestellen. Die Emittentin wird zu jedem Zeitpunkt einen Fiscal Agent unterhalten.

Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 11 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Der Fiscal Agent handelt ausschließlich als Beauftragter der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihm und den Gläubigern begründet.

(4) *Zahlstellen.* Der Fiscal Agent handelt auch als Hauptzahlstelle in bezug auf die Schuldverschreibungen.

§ 7

STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.

In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben, die:

(a) von einer als Depotbank oder

The Fiscal Agent reserve the right at any time to change its specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and to appoint another Fiscal Agent. The Issuer shall at all times maintain a Fiscal Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 and not more than 45 days' prior notice thereof which shall have been given to the Holders in accordance with § 11.

(3) *Agent of the Issuer.* The Fiscal Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

(4) *Paying Agents.* The Fiscal Agent shall also act as the principal paying agent with respect to the Notes.

§ 7

TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable by any person acting as

- Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, daß die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (d) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, wenn dies später erfolgt, nach ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 11 wirksam wird.
- custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it, or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or
- (c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or
- (d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or, if this occurs later, is duly provided for and notice thereof is published in accordance with § 11.

Die seit dem 1. Januar 1993 in der Bundesrepublik Deutschland geltende Zinsabschlagsteuer (seit dem 1. Januar 2009: Kapitalertragsteuer) und der seit dem 1. Januar 1995 darauf erhobene Solidaritätszuschlag sind keine Steuer oder sonstige Abgabe im oben genannten Sinn, für die zusätzliche Beträge seitens der Emittentin zu zahlen wären.

The tax on interest payments (Zinsabschlagsteuer, since 1 January 2009: Kapitalertragsteuer) which has been in effect in the Federal Republic of Germany since 1 January 1993 and the solidarity surcharge (Solidaritätszuschlag) imposed thereon as from 1 January 1995 do not constitute a tax on interest payments as described above in respect of which Additional Amounts would be payable by the Issuer.

§ 8

VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

§ 8

PRESENTATION PERIOD

The presentation period provided in § 801 (1), sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes.

§ 9

KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibung zu kündigen und deren sofortige Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag zahlt, oder
- (b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 30 Tage fort dauert, nachdem die Emittentin hierüber eine Benachrichtigung von einem Gläubiger erhalten hat, oder
- (c) die Emittentin ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt, oder
- (d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, oder die Emittentin ein solches Verfahren einleitet oder beantragt oder eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft, oder
- (e) die Emittentin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist, oder
- (f) in der Bundesrepublik Deutschland irgendein Gesetz, eine Verordnung oder behördliche Anordnung erlassen wird oder ergeht, aufgrund derer die Emittentin daran gehindert wird, die von ihr gemäß diesen Emissionsbedingungen übernommenen Verpflichtungen in vollem Umfang zu beachten und zu erfüllen und diese Lage nicht binnen 90 Tagen behoben ist, oder
- (g) die Garantie aus irgendeinem Grund ungültig wird oder nicht mehr rechtsverbindlich ist.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts

§ 9

EVENTS OF DEFAULT

(1) *Events of default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that

- (a) the Issuer fails to pay principal or interest within 30 days from the relevant due date, or
- (b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30 days after the Issuer has received notice thereof from a Holder, or
- (c) the Issuer announces its inability to meet its financial obligations or ceases its payments, or
- (d) a court opens insolvency proceedings against the Issuer or the Issuer applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally, or
- (e) the Issuer goes into liquidation unless this is done in connection with a merger, or other form of combination with another company and such company assumes all obligations contracted by the Issuer, as the case may be, in connection with this issue, or
- (f) any governmental or administrative order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and this situation is not cured within 90 days, or
- (g) the Guarantee ceases to be valid and legally binding for any reason whatsoever.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured

geheilt wurde.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz 1 ist schriftlich in deutscher oder englischer Sprache gegenüber der Emittentin zu erklären und persönlich oder per Einschreiben an dessen bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, daß der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § 12 Absatz 3 definiert) oder auf andere geeignete Weise erbracht werden.

§ 10

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, daß sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder entwertet werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 11

MITTEILUNGEN

Alle die Schuldverschreibungen betreffenden Mitteilungen sind im elektronischen Bundesanzeiger und, soweit gesetzlich erforderlich, in einem deutschen Börsenpflichtblatt, voraussichtlich der *Börsen-Zeitung*, zu veröffentlichen. Falls eine Veröffentlichung in diesem Börsenpflichtblatt nicht mehr möglich ist, werden die Mitteilungen in einem anderen Börsenpflichtblatt veröffentlicht. Jede derartige Mitteilung gilt am dritten

before the right is exercised.

(2) *Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the Issuer together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § 12 (3)) or in other appropriate manner.

§ 10

FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the settlement date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 11

NOTICES

All notices concerning the Notes shall be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and, to the extent legally required, in one newspaper authorised by the stock exchanges in Germany (*Börsenpflichtblatt*). This newspaper is expected to be the *Börsen-Zeitung*. If publication in such newspaper is no longer possible, the notices shall be published in another newspaper authorised by the stock exchanges in Germany

Kalendertag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am dritten Kalendertag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

§ 12

ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main.

(3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank (wie nachstehend definiert) bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne daß eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems.

(*Börsenpflichtblatt*). Any notice so given shall be deemed to have been validly given on the third calendar day following the date of such publication (or, if published more than once, on the third calendar day following the date of the first publication).

§ 12

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer shall be governed by German law.

(2) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian (as defined below) with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

§ 13

SPRACHE

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

§ 13

LANGUAGE

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

Income tax

Notes held by tax residents as private assets

- Taxation of interest

Payments of interest on the Notes to holders who are tax residents of Federal Republic of Germany (*i.e.*, persons whose residence or habitual abode is located in Federal Republic of Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) in an amount of 5.5% on such tax is levied in addition. If coupons or interest claims are disposed of separately (*i.e.* without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

Upon the disposition of a Note carrying interest a holder will also have to include in his taxable income any consideration invoiced separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note ("**Accrued Interest**").

If the Notes are held in a custodial account which the holder maintains with a German branch of a German or non-German bank or financial services institution (the "**Disbursing Agent**"), a 30% withholding tax on interest payments (*Zinsabschlag*), plus solidarity surcharge, will be levied, resulting in a total tax charge of 31.65% of the gross interest payment. Withholding tax is also imposed on Accrued Interest. In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the holder to the Disbursing Agent during the same calendar year.

In general, no withholding tax will be levied if the holder is an individual (i) whose Note does neither form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property, and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

However, the withholding tax will apply at a rate of 35% (plus solidarity surcharge), resulting in a total tax charge of 36.925% of the gross amount of interest if the Disbursing Agent does not hold the Notes in custody, but disburses or credits the proceeds from the Notes upon presentation of a coupon (whether or not presented with the Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution). If the Notes are not kept in a custodial account with a Disbursing Agent, withholding tax at the aforementioned rate will also be levied upon the proceeds from the disposition or redemption of a Coupon. Where the 35% withholding tax (plus solidarity surcharge) applies, Accrued Interest paid cannot be taken into account in determining the withholding tax base. In such cases, the withholding tax is to be levied on the gross amount of the interest without deduction of Accrued Interest paid in the relevant calendar year, if any.

Withholding tax and solidarity surcharge thereon are credited as prepayments against the German income tax and the solidarity surcharge liability of the German tax resident. Amounts overwithheld will entitle the holder to a refund, based on an assessment to tax.

From 1 January 2009, payments of interest on the Notes to individual tax residents of the Federal Republic of Germany will generally be subject to a flat tax at a rate of 25% (plus solidarity surcharge, resulting in a total tax charge of 26.375% plus church tax, if applicable). The total investment income of an individual will only be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

The flat tax will be levied by way of withholding if a Disbursing Agent in the Federal Republic of Germany is involved in the payment process. Otherwise the holder will have to include its income on the Notes in its tax return and the flat tax will be collected by way of assessment. As in the case of the currently applicable withholding tax described above, the flat tax might not have to be levied to the extent a withholding exemption certificate (*Freistellungsauftrag*) has been filed with the Disbursing Agent or a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office has been submitted.

Payment of the flat tax will generally satisfy any income tax liability of the holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25%.

- Taxation of capital gains (including deemed interest)

Under the legislation applicable until 31 December 2008, capital gains from the disposition of Notes are generally only taxable to a German tax-resident individual if the Notes are disposed of within one year after their acquisition.

However, if the issue price of the Note is lower than the redemption amount (such as in the case of a zero coupon Note or other discounted Notes) or if the redemption amount is increased as compared with the issue price (as in the case of a Note with accrued interest added), the Note qualifies as a so-called financial innovation (*Finanzinnovation*). In such cases generally a yield to maturity of the Note is calculated on the basis of the difference between the redemption amount and the issue price. The holder will generally have to include in his taxable income in the year of the disposition or redemption of the Note such portion of the proceeds from the disposition or of the redemption amount of the Note which equals the yield to maturity of the Note attributable to the period over which the holder has held such Note, minus interest, including Accrued Interest, already taken into account. If a predetermined yield to maturity of the Notes cannot be determined, the difference between the proceeds from the disposition or redemption and the issue or purchase price of the Note will be subject to income tax in the year of the disposition or redemption of the Note (so called taxation based on market yield).

If the Notes qualify as financial innovations, as explained in the preceding paragraph, and since the time of issuance or acquisition, respectively have been kept in a custodial account which the holder maintains with a Disbursing Agent, such agent will generally not only withhold tax at a rate of 30% (plus solidarity surcharge) from interest payments and Accrued Interest but also from the positive difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent, only after such point in time, withholding tax at the aforementioned rate will be levied on a lump-sum basis of 30% of the proceeds from the disposition, assignment or redemption of the Notes.

From 1 January 2009, capital gains from the disposition or redemption of the Notes will also be subject to the flat tax on investment income. The flat tax will apply irrespective of any holding period, provided the Notes have been acquired after 31 December 2008. If, however, the Notes qualify as financial innovations, the flat tax will apply to such capital gains, even if the Notes were acquired prior to 1 January 2009.

Special rules apply where under the Notes, as it may be the case with certain types of certificates, neither the repayment of the principal, in whole or in part, nor a coupon is guaranteed or effectively granted, *i.e.* where the Notes qualify as "full risk" securities which do not generate investment income under the legislation applicable until 2008. **From 1 January 2009**, capital gains from the disposal of Notes will generally also be subject to the flat tax if the principal is effectively repaid in whole or in part although the repayment was not guaranteed, but depended on a contingent event. With respect to Notes which qualify as "full risk" securities, the flat tax will apply to capital gains if the proceeds are received after 30 June 2009, provided that the Notes have been acquired after 14 March 2007.

Notes held by tax residents as business assets

Payments of interest on the Notes held as business assets by German tax resident individuals or corporations (including via a partnership, as the case may be), are generally subject to German income tax (plus solidarity surcharge). The interest will also be subject to trade tax if the Notes form part of the property of a German trade or business.

In the case of financial innovations in each fiscal year that part of the difference between the redemption amount and the issue price or acquisition cost of the Note which according to the yield to maturity is attributable to such period must be taken into account as interest income and is subject to income tax and trade tax, as the case may be.

Withholding tax and solidarity surcharge thereon which generally have to be levied and paid will be credited as advance payments against the German income tax and the solidarity surcharge liability of the German tax resident. Amounts overwithheld will entitle the holder to a refund, based on an assessment to tax. From **1 January 2009** withholding tax has to be levied only at a rate of 25% (plus solidarity surcharge of 5.5%, plus church tax, if applicable) also on interest paid on Notes held as business assets. However, in these cases the withholding tax does not satisfy the income tax liability of the holder, as in the case of the flat tax, but will only be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge of the holder.

Capital gains from the disposition of the Notes are, like the payments of interest described above, generally subject to German income tax and trade tax, as the case may be, even if the Notes do not qualify as financial innovations.

Pursuant to the current status of legislation, from **1 January 2009** a withholding tax has generally also to be levied at a rate of 25% (plus solidarity surcharge of 5.5%, plus church tax, if applicable) on capital gains from the disposition of Notes held as business assets, whereby the withholding tax and solidarity surcharge will be credited as advance payments against the personal income or corporate income tax liability and the solidarity surcharge of the holder. Pursuant to the government bill for the 2009 Tax Act no withholding shall generally be required under certain circumstances in the case of Notes held by corporations and upon application in the case of Notes held by individuals or partnerships as business assets.

Notes held by non-residents

Interest, including Accrued Interest and capital gains, are not subject to German taxation in the case of non-residents, *i.e.* persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in the Federal Republic of Germany, unless the Notes form part of the business property of a permanent establishment maintained in the Federal Republic of Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in the Federal Republic of Germany, such as income from the letting and leasing of certain German-situs property.

Non-residents of the Federal Republic of Germany are in general exempt from German withholding tax on interest and solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax will be levied as explained above at "Notes held by tax residents as private assets".

Where the Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition of a coupon, or, if the Notes qualify as financial innovations, proceeds from the disposition or redemption of a Note are paid by a Disbursing Agent to a non-resident of the Federal Republic of Germany, such payments will be subject to withholding tax to the extent and at a rate as explained above at "Notes held by tax residents as private assets".

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of the Federal Republic of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of the Federal Republic of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in the Federal Republic of Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in the Federal Republic of Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in the Federal Republic of Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in the Federal Republic of Germany. Holders of the Notes should clarify themselves (or with their tax advisors) whether church tax is payable in addition to any of the taxes set out above.

EU Savings Tax Directive

Under the EU Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"), which is applicable as from 1 July 2005, each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the EU Savings Tax Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 20% from 1 July 2008, and of 35% from 1 July 2011.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland, have agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

In the Federal Republic of Germany, provisions for implementing the EU Savings Tax Directive have been enacted by legislative regulations of the Federal Government. These provisions have applied since 1 July 2005.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 26 January 2009 (the "**Subscription Agreement**") between IKB Deutsche Industriebank Aktiengesellschaft, BNP PARIBAS, Bayerische Hypo- und Vereinsbank AG, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, J.P. Morgan Securities Ltd., Landesbank Baden-Württemberg and Morgan Stanley & Co. International plc (the "**Joint Lead Managers**"), the Issuer will agree to issue and the Joint Lead Managers will agree to offer the Notes at a price of 99.98 % of the aggregate principal amount of the Notes (the "**Issue Price**") for purchase by prospective investors.

Delivery of the Notes is expected to occur on 28 January 2009 against payment of the Issue Price with admission to listing on the regulated market of the Düsseldorf Stock Exchange either also on such day or as soon thereafter as possible.

The Subscription Agreement will provide that the Joint Lead Managers are entitled, under certain circumstances, to terminate the Subscription Agreement. In such event, no Notes will be issued. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

Selling Restrictions

(1) *United States of America.* Each Manager has understood that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S. Each Manager has represented, warranted and agreed that it has offered and sold the Notes, and will offer and sell the Notes, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "**distribution compliance period**"), only in accordance with Rule 903 of Regulation S. Each Manager has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied, and will comply, with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the Managers, except, in either case, in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act."

Terms used in paragraph (1) have the meanings given to them by Regulation S.

Further each of the Managers represents, warrants and agrees that:

- (a) except to the extent permitted under United States Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**"), the Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance;
- (b) it has not offered sold or delivered and will not offer, sell or deliver, directly or indirectly, the Notes within the United States or its possessions in connection with their original issuance. Further, each Manager represents and agrees in connection with the original issuance of the Notes, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such Manager or purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of the Notes.

Terms used in this paragraph (2) above have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

(2) *United Kingdom of Great Britain and Northern Ireland ("United Kingdom").*

Each Manager has represented and agreed, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

(3) *General.* Each Manager has represented and agreed that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefore.

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by the Managing Board (*Vorstand*) of the Issuer on 19 January 2009.

Important Notice about this Information Memorandum

Responsibility of the Issuer

IKB Deutsche Industriebank Aktiengesellschaft accepts responsibility for the information contained in, or incorporated into this Information Memorandum. The Issuer hereby declares that all information contained in this Information Memorandum is true and accurate to the knowledge of the Issuer and that no material circumstances have been omitted.

The Issuer confirms that, where information has been sourced from a third party, this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Restriction on Distribution

The distribution of the Information Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Neither the Issuer nor the Managers represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder or assumes any responsibility for facilitating any such distribution or offering. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on the distribution of the Information Memorandum, see "Subscription and Sale".

Completeness

The Information Memorandum should be read and construed with any supplement thereto and with any other documents incorporated by reference.

Exclusiveness

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with the Information Memorandum or any other document entered into in relation to the Notes or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or the Managers. The delivery of this Information Memorandum does not imply any assurance by the Issuer or the Managers that this Information Memorandum will continue to be correct at all times except that the Issuer may publish a supplement to this Information Memorandum.

Responsibility of the Managers

No representation or warranty is made or implied by the Managers or any of their affiliates, and neither the Managers nor any of their respective affiliates make any representation or warranty to accept any

responsibility, as to the accuracy or completeness of the information contained in the Information Memorandum.

Significance of delivery

Neither the delivery of the Information Memorandum nor the offering, sale or delivery of the Notes shall, in any circumstances, create any implication that the information contained in the Information Memorandum is true subsequent to the date upon which the Information Memorandum has been most recently amended and supplemented or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied, or if different, the date indicated in the document containing the same.

Issuer

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