

Each of IKB AG (as regards matters concerning itself and IKB FINANCE and the Notes issued or to be issued by it and IKB FINANCE) and IKB FINANCE (as regards matters concerning itself and the Notes issued or to be issued by it), having made all reasonable enquiries, confirms that, to the best of its

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

necessary information relating to Yen Notes to the relevant Issuer and the Guarantor (in the case of guaranteed Notes) (which shall not include the

Redemption:

proceedings over the assets of, composition or other proceedings for the avoidance of the institution of insolvency proceedings over the assets of, or against IKB AG, the obligations under the Subordinated Guarantee may be satisfied only after the non-subordinated claims of creditors of IKB AG have been satisfied.

ISSUE PROCEDURES

IN RESPECT OF NOTES IN BEARER FORM

General

The relevant Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Tranche of Notes (the “**Conditions**”). The Conditions will be constituted by the Terms and Conditions of the Notes set forth below (the “**Terms and Conditions**”).

Integrated Conditions

TERMS AND CONDITIONS OF THE NOTES

(5) Gläubiger von Schuldverschreibungen.

[im Falle von 30E/360 oder Eurobond Basis einfügen: die Anzahl der Tage im Zinsberechnungszeitraum, dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar

Zinsen auf die Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge einschließen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin **[im Falle von Schuldverschrei-**

[(3) *Vorzeitige Rückzahlung nach Wahl der Emittentin.*

2) Die Emittentin kann, nachdem sie gemäß Absatz (b) gekündigt hat, die Schuldver-

laufenen Zinsen zurückzahlen.

Eine solche Rückzahlung
muß in Höhe eines Nennbetrages von [mindestens **[Mindestrückzahlungsbetrag
einfügen]] [erhöhter Rückzahlungsbetrag einfügen]** erfolgen.]

Wahl-Rückzahlungstag(e) (Call)

Wahl-Rückzahlungsbetrag/beträge (Call)

gen: und der Zahlstelle (§ 6 Absatz 4) in Luxemburg]

[(d)] wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, wenn dies später erfolgt, nach ordnungs-

sitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;

- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- [(d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die den Bedingungen der nicht nachrangigen Garantie der Emittentin vom 29. Juli 2003 hinsichtlich der nicht nachrangigen Schuldverschreibungen, die von der IKB FINANCE unter dem Debt Issuance Programme begeben werden, entsprechen; und]
- [(d) die Garantin, falls sie nicht selbst die Nachfolgeschuldnerin ist, unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die den Bedingungen der Garantie entsprechen; und]
- [(d) hinsichtlich der von der Nachfolgeschuldnerin bezüglich der Schuldverschreibungen übernommenen Verpflichtungen der Nachrang zu mit den Bedingungen der Schuldverschreibungen übereinstimmenden Bedingungen begründet wird und (i) die Nachfolgeschuldnerin ein Tochterunternehmen der Emittentin im Sinne der §§ 1 Absatz 7 und 10 Absatz 5a Satz 11 des Kreditwesengesetzes ist, (ii) die Nachfolgeschuldnerin eine Einlage in Höhe eines Betrages, der dem Gesamtnennbetrag der Schuldverschreibungen entspricht, bei der Emittentin vornimmt und zwar zu Bedingungen, die den Emissionsbedingungen (einschließlich hinsichtlich der Nachrangigkeit) entsprechen, und (iii) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die den Bedingungen der nachrangigen Garantie der Emittentin vom 29. Juli 2003 hinsichtlich der nachrangigen Schuldverschreibungen, die von der IKB FINANCE unter dem Debt Issuance Programme begeben werden, entsprechen; und]
- [(d) hinsichtlich der von der Nachfolgeschuldnerin bezüglich der Schuldverschreibungen übernommenen Verpflichtungen der Nachrang zu mit den Bedingungen der Schuldverschreibungen übereinstimmenden Bedingungen begründet wird und, falls die Nachfolgeschuldnerin nicht die Garantin ist, (i) die Nachfolgeschuldnerin ein Tochterunternehmen der Garantin im Sinne §§ 1 Absatz 7 und 10 Absatz 5a Satz 11 des Kreditwesengesetzes ist, (ii) die Nachfolgeschuldnerin eine Einlage in Höhe eines Betrages, der dem Gesamtnennbetrag der Schuldverschreibungen entspricht, bei der Garantin vornimmt und zwar zu Bedingungen, die den Emissionsbedingungen (einschließlich hinsichtlich der Nachrangigkeit) entsprechen, und (iii) die Garantin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die den Bedingungen der Garantie entsprechen; und]

§ [13]

ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.*

TEIL II – ZUSATZ ZU DEN GRUNDBEDINGUNGEN

EMISSIONSBEDINGUNGEN FÜR NAMENSSCHULDVERSCHREIBUNGEN

Die unten aufgeführten Anleitungen beziehen sich auf die oben in Teil I wiedergegebenen Emissionsbedingungen für Inhaberschuldverschreibungen. Im Fall von Namensschuldverschreibungen werden die oben in TEIL I wiedergegebenen Emissionsbedingungen nach Maßgabe der folgenden Anleitungen und der Bedingungen des anwendbaren Konditionenblattes abgeändert.

§ 1 (WÄHRUNG, STÜCKELUNG, FORM, EINZELNE DEFINITIONEN)

- (e) Der Gläubiger kann die Eintragung der Übertragung dieser Schuldverschreibung nicht verlangen (i) während eines Zeitraums von 15 Tagen, der an dem Fälligkeitstag für eine Zahlung auf Kapital endet, (ii) während eines Zeitraums von 15 Tagen vor einem Tag, an dem diese Schuldverschreibung aufgrund der Ausübung eines

(4) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibung schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibung; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibung; **[falls die Emittentin das Wahlrecht hat, die Schuldverschreibung aus anderen als steuerlichen Gründen vorzeitig zurückzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibung;**]** **[falls der Gläubiger ein Wahlrecht hat, die Schuldverschreibung vorzeitig zu kündigen, einfügen:** den Wahl-Rückzahlungsbetrag (Put) der Schuldverschreibung;**]** eibung schließsbet5(, bung

TERMS AND CONDITIONS OF THE NOTES
ENGLISH LANGUAGE VERSION

*The Terms and Conditions of the Notes (the “**Terms and Conditions**”) are set forth below in two Parts:*

*PART I sets out the basic terms (the “**Basic Terms**”) comprising the Terms and Conditions that apply to Series of Notes which are represented by global Notes in bearer form.*

*PART II sets forth in the form of a supplement (the “**Supplement**”) to the Basic Terms those provisions that apply to Notes in registered form.*

The Basic Terms and the Supplement thereto together constitute the Terms and Conditions.

This Series of Notes is issued pursuant to an Amended and Restated Fiscal Agency Agreement dated as of July 29, 2003 (the “**Agency Agreement**”) between IKB Deutsche Industriebank Aktiengesellschaft (“**IKB AG**”) and IKB FINANCE B.V. (“**IKB FINANCE**”) (each an “**Issuer**” and together the “**Issuers**”) and JPMorgan Chase Bank as fiscal agent (the “

PART I – BASIC TERMS

TERMS AND CONDITIONS OF NOTES IN BEARER FORM

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

IS 2
STATUS

[(1)] The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu*

[In the case of Notes being issued through the Issuing Branch in Luxembourg insert:

(2) Notwithstanding that the Notes are being issued through the Issuing Branch in Luxembourg, they constitute obligations of the Issuer as whole and are the same as if the Issuer had issued the Notes through its head office in Düsseldorf.]

[**§ 2**
 STATUS

(1) *Status*

If payments are made by the Guarantor under the Guarantee otherwise than in the circumstances described in this § 2(2), then the amounts paid must be returned to the Guarantor irrespective of any agreement to the contrary unless the amounts paid have been replaced by other liable capital (

[if FRN Convention insert: postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls

11.00 a.m. (

[(5)] *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer **[in the case of Notes issued by IKB FINANCE:** and the Guarantor] and to the Holders in accordance with § 12 as soon as possible after their determination, but in no event later than the fourth [London] [TARGET] **[insert other relevant reference]** Business Day (as def(Bu25.6(da8 k/GS2 Tm-0.0002

“Determination Period” means the period from (and including) a Determination Date to, but excluding, the next Determination Date.]

[if Actual/Actual (ISMA) insert: 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 the case of Notes where

The Holder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of any of its options to redeem such Note under this § 5.

- (b) In order to exercise such option, the Holder must, not less than **[insert Minimum Notice to Issuer]**

The Fiscal Agent [and the Calculation Agent] reserve[s] the right at any time to change [its] [their] specified office[s]

issued by IKB AG acting through its Luxembourg Branch insert: or Luxembourg], or

- (e) the Issuer or the Guarantor 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 or the Guarantor, 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 Netherlands or in or by the Federal Republic of Germany whereby the Issuer or the Guarantor is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and in the terms and

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Substitute Debtor deposits an amount which is equal to the aggregate principal amount of the Notes with the Issuer on terms equivalent, including in respect of subordination, to the terms and conditions of the Notes, and (iii) the Issuer irrevocably and unconditionally guarantees in favor of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms equivalent to the terms of the subordinated guarantee of the Issuer dated July 29, 2003 in respect of subordinated notes issued by IKB FINANCE under the Debt Issuance Programme, and]

[(d) the obligations assumed by the Substitute Debtor in respect of the Notes are subordinated on terms identical to the terms of the Notes and, if the Substitute Debtor is not the Guarantor, (i) the Substitute Debtor is a subsidiary (*Tochterunternehmen*) of the Guarantor within the meaning of §§ 1(7) and 10(5a) sentence 11 Kreditwesengesetz (*Gerd*)¹ (ii) the Substitute Debtor deposits an amount which is equal to the aggregate principal amount of the Notes with the Guarantor on terms equivalent, including in respect of subordination, to

§ [11]

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.

PART II – SUPPLEMENT TO THE BASIC TERMS

TERMS AND CONDITIONS OF NOTES IN REGISTERED FORM

The instructions given below refer to the Terms and Conditions of Notes in Bearer Form set out in PART I above. In the case of a registered Note, the Terms and Conditions set out in PART I above are modified in

(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] the Registrar [or the Calculation Agent] and to appoint another Fiscal Agent [,] [and] Registrar [or Calculation Agent]. The Issuer shall at all times maintain a Fiscal Agent and Registrar [and a Calculation Agent]. The Fiscal Agent and the Registrar shall be the same person acting in both functions through the same specified office. Any variation, termination,

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general financing

**FORM OF SENIOR GUARANTEE
(MUSTER DER NICHT NACHRANGIGEN GARANTIE)**

NICHT NACHRANGIGE GARANTIE

der

IKB Deutsche Industriebank Aktiengesellschaft,
Düsseldorf und Berlin, Bundesrepublik Deutschland,

zugunsten der Gläubiger von nicht nachrangigen Schuldverschreibungen

Non-binding translation of the Form of Senior Guarantee:

Form of Senior Guarantee

of

**IKB Deutsche Industriebank Aktiengesellschaft,
Düsseldorf and Berlin, Federal Republic of Germany,**

for the benefit of the holders of senior Notes (the “”),

pursuant to this senior Guarantee, after such withholding or deduction, shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction. No such additional amounts shall be payable on account of any taxes or duties which:

- (i) are payable by any person acting as 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 Guarantor from payments of principal or interest made by it; or

**FORM OF SUBORDINATED GUARANTEE
(MUSTER fÜR NACHRANGIGEN GARANTIE)**

NACHRANGIGE GARANTIE

oder aus dieser nachrangigen Garantie weder durch die Garantin noch durch Dritte irgend eine Sicherheit gestellt; eine solche Sicherheit wird auch zu keinem späteren Zeitpunkt gestellt werden. Nachträglich können der Nachrang gemäß dieser Klausel (1) (b) nicht beschränkt sowie die

- (2) Diese nachrangige Garantie und alle darin enthaltenen Vereinbarungen stellen einen Vertrag zugunsten der Gläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar. Sie begründen das Recht

Non-binding translation of the Form of Subordinated Guarantee:

Form of Subordinated Guarantee

of

IKB Deutsche Industriebank Aktiengesellschaft,
Düsseldorf and Berlin, Federal Republic of Germany,

for the benefit of the holders of subordinated Notes (the “**subordinated Notes**”)

issued by

IKB FINANCE B.V.
(incorporated as a limited liability company under the laws of The Netherlands)

**FORM OF PRICING SUPPLEMENT
(MUSTER-KONDITIONENBLATT)**

[Date]
[Datum]

Pricing Supplement
Konditionenblatt



TEFRA C**

TEFRA C

Permanent Global Note

INTEREST (§ 3)

ZINSEN (§ 3)



Fixed Rate Notes

Festverzinsliche Schuldverschreibungen

Rate of Interest and Interest Payment Dates

Zinssatz und Zinszahlungstage

Rate of Interest

Zinssatz

per cent. per annum

% per annum

Interest Commencement Date

Verzinsungsbeginn

Fixed Interest Date(s)

<input type="checkbox"/>	Index-Linked Redemption Amount (specify index and/or formula by reference to which the Final Redemption Amount is to be calculated) <i>IndexierIndex und/oder Formel, auf dessen/deren Grundlage der Rückzahlungsbetrag zu berechnen ist, angeben)</i>	[]
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Early Redemption

Vorzeitige Rückzahlung

Early Redemption at the Option of the Issuer

[Yes/No]

Vorzeitige Rückzahlung nach Wahl der Emittentin

Ja/Nein]

Minimum Redemption Amount	<i>Mindestrückzahlungsbetrag</i>	[]
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Higher Redemption Amount	<i>Höherer Rückzahlungsbetrag</i>	[]
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Call Redemption Date(s)	<i>Wahlrückzahlungstag(e) (Call)</i>	[]
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Call Redemption Amount(s)	<i>Wahlrückzahlungsbetrag/-beträge (Call)</i>	[]
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Minimum Notice to Holders	<i>Mindestkündigungsfrist</i>	[]
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Maximum Notice to Holders	<i>Höchstkündigungsfrist</i>	[]
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TAXATION (§ 7)
STEUERN (§ 7)



[Listing:*

[Börsenzulassung:

The above Pricing Supplement comprises the details required to list this issue of Notes pursuant to the

IKB AG

General Information on IKB Deutsche Industriebank Aktiengesellschaft

Corporate History, Registered Office, Duration and Object

IKB AG (together with its consolidated subsidiaries, the “IKB Group”) is a German bank organized as a stock corporation (*Aktiengesellschaft*). Its activities date back to September 30, 1924 when IKB AG was first incorporated in Berlin as “Bank für deutsche Industrieobligationen” to manage the reparation payments owed by German companies pursuant to the Treaty of Versailles. In 1931, IKB AG moved on to provide trade and long-term fixed rate investment financing, initially to the agricultural sector and later to medium sized companies. Although a private bank, IKB AG is a leading arranger of public programme loans funded by government promotion agencies. On March 29, 1949 IKB AG was incorporated in Düsseldorf and is registered today in Düsseldorf and Berlin for an indefinite period of time as a stock corporation under the laws of Germany. IKB AG is registered in the Commercial Registers of the Local

Auditors

The auditors of IKB AG for the financial year 2002/2003 are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Am Bonneshof 35, D-40474 Düsseldorf. KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has audited the financial statements of IKB AG and the IKB Group for each of the financial years ended March 31, 2000, 2001, 2002 and 2003 and in each case issued an unqualified audit certificate (*uneingeschränkter Bestätigungsvermerk*).

Selected Financial Information of IKB Deutsche Industriebank Aktiengesellschaft

Audited Financial Information for each of the financial years 1999/2000, 2000/2001, 2001/2002 and 2002/2003

The selected consolidated balance sheet and profit and loss account data for each of the financial years ended March 31, 2000, March 31, 2001, March 31, 2002 and March 31, 2003 are derived from the audited consolidated financial statements of IKB AG. The selected consolidated audited financial data set forth below have been prepared in accordance with the German Commercial Code (HGB) and should be read in conjunction with the audited consolidated financial statements for 2001/2002 and 2002/2003 and the auditors' reports thereon incorporated herein. In accordance with the German Commercial Code, IKB AG's subsidiaries are consolidated, except as otherwise stated herein. For the non-consolidated subsidiaries the dividends received therefrom are reflected in IKB AG's financial statements.

Consolidated Balance Sheet Data

	Financial year ended March 31,			
	2000 ¹⁾	2001	2002	2003
(Amounts in EUR millions, audited)				
Assets				
Liquid funds				2
Claims on banks 1,650	8041,6052,140			
Claims on customers	22,635	24,276	24,600	24,803
Debentures			2,6523,8144,9285,927	
Investment and holding in associated and subsidiary companies				914475

Consolidated Profit and Loss Account Data

	Financial year ended March 31,			
	2000 ¹⁾	2001 ²⁾	2002	2003
(Amounts in EUR millions, audited)				
Interest income from loan operations and money market transactions, fixed interest securities and government-inscribed debt, earnings from leasing operations				

Capitalisation of the IKB Group

	Financial year ended March 31,			
	2000 ¹⁾	2001 ²⁾	2002	2003
(Amounts in EUR millions, audited)				
Subscribed share capital	225	225	225	225
Tier I Hybrids ⁴⁾	100	170	170	620
Capital reserves	568	568	568	568
Revenue reserves	249	280	319 ³⁾	362

Treasury

Own Assets

With a volume of EUR 5.3 billion, IKB AG has outplaced a significant portion of credit risks of its loan portfolio. The bulk of these synthetically executed securitisations were performed using the KfW PROMISE platform and contain replenishment clauses, meaning that payments that become due can, in accordance with predetermined parameters, be replenished either in whole or in part. By means of these replenishments IKB re-securitised a loan volume of EUR 1.3 billion during the financial year 2002/2003.

Investments in international loan portfolios

In part, IKB AG uses the freedom for manoeuvre resulting from these outplacements as a means of expanding its domestic loan operations; on the other hand, IKB AG invests in international loan portfolios in order further to improve the diversification of its loan assets as well as its earning structure.

At March 31, 2003, IKB AG's portfolio of balance sheet-relevant investments in international loan portfolios came to EUR 1.9 billion. These investments are made in diversified portfolios in a range of asset classes. IKB AG invested especially in asset-backed-securities issues and in securitised corporate portfolios in the United States and Western Europe. With respect to regions two-thirds of our investments accounted for Northern America and one-third for Western Europe. Over 40% of IKB AG's investments have an AAA rating, while moents arWithin the framework of an investment advice contract, IKB AG provides management for an investment portfolio of EUR 4.4 billion. Furthermoents ar furnishes an investment company with liquidity and security lines, for which IKB AG ents ar

Fixed Income

Fixed income management focuses on the stabilisation of interest surplus emanating from the position of the liquidity book as well as the long-term creation of evaluation reserves.

Generally IKB AG invests in top rated bonds, especially in floating rate notes, which with the use of swaps are being transformed into fixed interest rates. In addition, various optional elements are embedded for further improvement of interest rate cash flows.

Proprietary Trading

IKB AG is active in interest rate and stock market trading. Although proprietary trading is not of strategic relevance to IKB AG's earnings, it is run as a profit centre and has produced stable profits over the years.

Risk is monitored online on a mark to market basis. A value-at-risk approach is also applied.

Rating

Selected Financial Information

Balance Sheet Data

Fiscal Year Ended March 31,	Fiscal Year Ended March 31,	Fiscal Year Ended March 31,	Fiscal Year Ended March 31,
<hr/>			

TAXATION

Germany

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a particular situation. It is not intended to constitute an offer or a recommendation to purchase or sell any securities, and it should not be relied upon for investment decisions. For more information, please consult your tax advisor.

In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding

Gift and Estate Taxes

The proposed directive shall be implemented by the EU Member States by January 1, 2004. The member states shall apply the respective provisions as from January 1, 2005 provided that (i) Switzerland, Liechtenstein, San Marino, Monaco and Andorra apply from that same date measures equivalent to those contained in the directive, in accordance with agreements entered into by them with the European Community and (ii) also all the relevant dependent or associated territories (the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean) apply from that same date automatic exchange of information or, during the transitional period described above, apply a withholding tax in the described manner. The Council shall adopt a new date for the application of the provisions unless he decides at the latest on July 1, 2004 that the conditions will be met in time.

In view of the conditions mentioned before, it is presently not yet possible to predict when the directive will ultimately be applicable.

Holders who are individuals should note that the Issuer will not pay additional amounts under § 7(c) of the Terms and Conditions of the Notes in respect of any withholding tax imposed as a result of this EU directive.

SUBSCRIPTION AND SALE

In an amended and restated dealer agreement (as further amended and supplemented from time to time the “**Dealer Agreement**”) dated July 29, 2003 the Dealers have agreed with the Issuers a basis upon which

(ii) in relation to any Notes which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their

(iv) (for a syndicated issue of Notes) if the following criteria are met:

- (a) the Notes are subscribed for and placed by a syndicate of which at least two members having their statutory seat in different states that are a party to the European Treaty on an Economic Area (hereinafter the “EEA”); and
- (b) 60 per cent. (60%) or more of the relevant issue amount of Notes is placed in one or more states other than the Netherlands;

distribution or immediately thereafter. As used herein “**Zero Coupon Notes**” are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

- (B) Each Dealer has further represented to and agreed with the relevant Issuer that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes as part of their

(e) this Information Memorandum, the Dealer Agreement, the Fiscal Agency Agreement and any other relevant documents (including, without limitation, any Pricing Supplement or future Agency Agr supplements to or ncy Agr listed Notes.

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Issuers

IKB Deutsche Industriebank Aktiengesellschaft
Wilhelm-Bötzkes-Strasse 1
D-40474 Düsseldorf

IKB FINANCE B.V.
Strawinskylaan 3111
NL-1077 ZX Amsterdam

German Paying Agent

J.P. Morgan AG
Grüneburgweg 2
D-60322 Frankfurt am Main

Luxembourg Paying Agent

