

On the right track with IBB



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 **Investitionsbank
Berlin**

Performing for Berlin.

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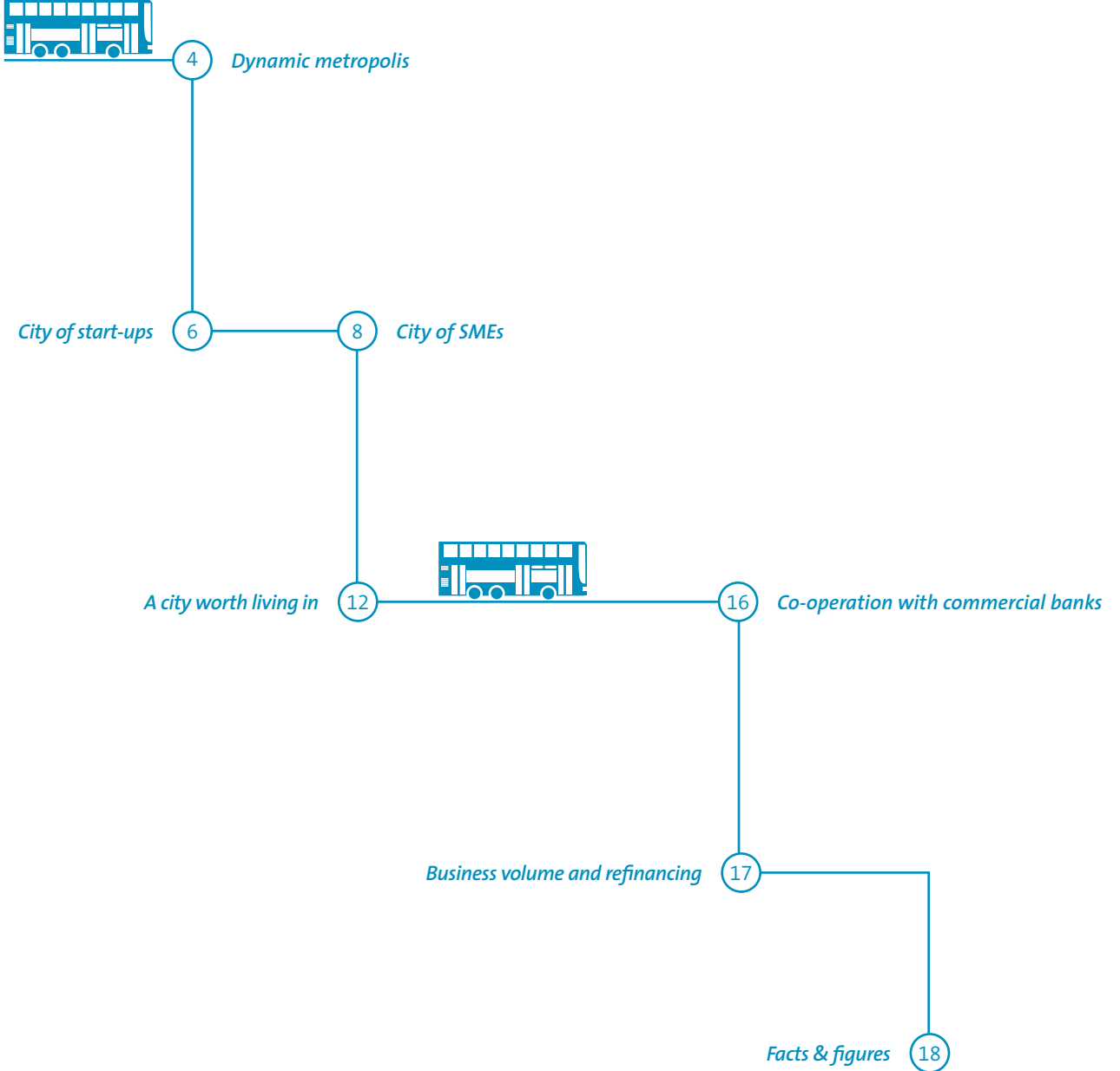
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Mediaspree is Berlin's biggest investment project. This is where everything comes together that goes into making Berlin famous as a dynamic and creative metropolis. Creativity, entrepreneurship and innovation. In addition to setting up new companies, new homes are also being built here. And these are precisely the areas where IBB is working, i.e. in the development and promotion of business and housing in Berlin.



Berlin – A dynamic metropolis

Berlin is a thriving city. With its international, creative atmosphere, the city exerts a fascination especially on young people from all over the world. Berlin is in fashion. Since 2000, Berlin's population has grown by around 100,000. About 3.5 million people now call Berlin home, including around 500,000 foreigners from 190 countries. Berlin now has to provide jobs and prospects for these people. In recent years, Berlin has made way here too. Since 2005, more and more people are finding jobs in the city. Of all German federal states, Berlin has been recording the highest growth rates in employment. Despite the increase in population, the employment rate has risen significantly from 45.8% to 48.8%.

New companies are shaping the city. Since the fall of the wall, the business landscape in Berlin has changed dramatically. Young and innovative companies have been set up. Productivity and competitiveness have been boosted. Goods produced in Berlin are in demand, especially abroad. The steep rise in the export rate for Berlin's industry reflects this development. There's no doubt about it – Berlin is moving up!

And that's our mission.



Berlin – A city of start-ups

*Berlin is Germany's
start-up capital*

Berlin is often called Germany's start-up capital. And rightly so! In terms of the number of employable people, Berlin has had the highest rate of start-ups in Germany for many years. With 135 start-ups for every 10,000 employable people, Berlin is lengths ahead of the rest of the country (national average according to IfM Bonn: 78). These start-ups are important for the city. Without them, economic structural change would not have been possible. Start-ups not only create new jobs, they also drive creativity and innovation.

Professional advice is important

These start-ups need to become sustainably successful companies. And that's our mission. Under the roof of IBB Business Team, we have compiled various support offers for people starting out in business: the Berlin-Brandenburg Business Plan Competition, the Coaching BONUS and deGUT. These offers include seminars and coaching, as well as feedback and contacts.

If you are looking for advice for starting up in business, please contact our Business Customer Centre.

*Above all, loans must be fast
and straight-forward*

In Berlin's 2012 SME Report, only around half of start-ups and young companies stated that their start-up projects were dependent on loans and that the initial financing needed was often quite low. Two fifths of companies need less than EUR 25,000. But things have to move fast if you want to keep ahead of competition. That's why we offer "micro-loans from the SME fund" which we can normally make available within two weeks. When it comes to bigger loans of up to EUR 250,000, our "Berlin Start" programme is available through Berlin's commercial banks.

Start-ups, especially in the field of technology and high-technology require considerable capital and good staying power. These firms often have little or no collateral with future prospects that are hard to evaluate. This makes loan financing difficult. That's where equity capital can be a good alternative, one that is being used increasingly in Germany. IBB has a number of different offers in this area too, for instance, through IBB Beteiligungsgesellschaft GmbH, with open minority partnerships for the field of technology and the creative sector.

Berlin thrives on its lively start-up scene. Many young founders have set up shop in Berlin's famous *Gewerbehöfe* (commercial yards). Berlin has plenty of space for start-ups and business. IBB is the start-up bank in Berlin and the first point of contact for anyone who wants to start a business.



WISTA, the science and business center in Berlin-Adlershof is synonymous for the outstanding potential Berlin has to offer. This is due to the city's technology clusters. IBB has geared its activities to these future fields and has many customers in Adlershof.



Berlin – A city of SMEs

The SME* sector is the cornerstone of Berlin's economy. Not only do the majority of all companies in the city belong to this sector, it also provides the most jobs. As a business promotion bank, we are a reliable partner to the SME sector: when it comes to financing, consultancy or coaching – we're there for you!

A time of change for the SME sector

The economic structure of Berlin's SME sector has undergone radical change in recent decades. The processing industries' share in Berlin's gross value declined over the past two decades from 19% to 12% while the share of company-related service providers rose from 28% to 36%.

In recent years, Berlin has invested heavily in strengthening state-of-the-art industries and industry-related service providers in the city. Thanks to this, Berlin's industries are now in a stable position. In addition to important infrastructure projects, like the expansion of Adlershof Technology Park, business promotion for companies is extremely important. In recent years, for instance, IBB has focused at least two thirds of funds on the technology clusters of the Federal State of Berlin, i.e. the health sector, ICT/media/creative sector, energy technology, traffic/mobility/logistics, and optics.

For many years now, more than two thirds of our entire financing commitments have gone to Berlin's technology clusters

In addition to the important common task programme, "improvement of regional economic structure", which is designed to promote investment, IBB offers programmes that are specially tailored to the needs of SMEs working in technology. Our "Pro FIT" programme, for instance, supports promising projects during all phases of the innovation process – from research to market introduction. Our "Berlin Loan Innovative" has also been especially designed to finance technology-orientated SMEs.

* Small and medium-sized enterprises

The focus is on the transfer of knowledge

The transfer of know-how from science to business is crucial for Berlin's economy. We are supporting this transfer through direct wage subsidies, allowances for external research and development activities and support for co-operation between research institutes and private companies.

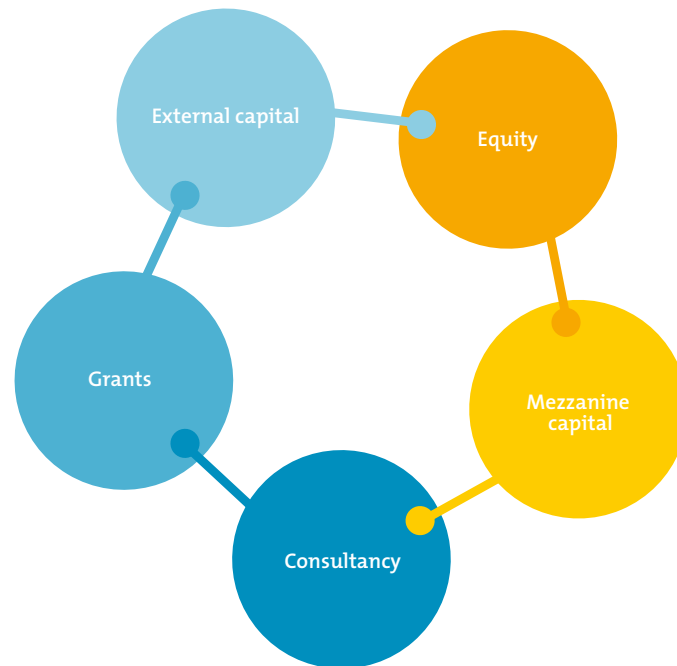
As part of the "Berlin Capital" programme, IBB offers equity and mezzanine capital in the form of silent investment of up to EUR 2.5m for companies that have been established on the market for at least three years. Working with co-investors, up to EUR 5.0m can be made available in this way.

Whether a start-up or an established company – our aim is to ensure that the right financing can be found for sound investment in Berlin

We are, of course, also working outside Berlin's technology cluster. When it comes to SMEs working in the more traditional areas of industry and the manual trades, we have support products that are offered with a minimum of red tape. The most important of these programmes are our "Berlin Loan", "IBB Growth" and "SME Fund" programmes.

Instruments in the field of business promotion

A wide range of instruments to develop and promote business



Ludwig Erhard Haus, a building named after the first Minister for Economics and former Chancellor, is home to other players who are working to promote and develop business in Berlin: IHK Berlin (Berlin's Chamber of Industry and Commerce) and Berlin Partner for Business and Technology. We are working together to promote Berlin's economy.





Berlin has almost 1.9 million apartments and houses, most of which were built during the so-called *Gründerzeit* in the late 19th century. In order to help Berlin achieve its ambitious climate policy goals, we are providing funds to finance energy efficient refurbishment and maintenance.

Berlin – A city worth living in

In terms of climate policy, Berlin has set itself high goals and is aiming to reduce carbon emissions by 40 percent compared to the 1990's levels. The key to this lies in the energy efficient refurbishment of buildings. This will involve considerable investment which is estimated to be in the region of EUR 10bn. For property owners, be it housing associations, co-operatives or private home owners, this is a huge challenge. In future, the value of a building will be increasingly dependent on its energy efficiency, so that energy efficient refurbishment can in fact be economical if complementary measures are individually combined for a specific property and various support funds are intelligently combined. And that's what we are working to achieve.

We are promoting energy efficient refurbishment ...

As the business development and promotional bank of the Federal State of Berlin, we can look back over decades of experience in financing housing. We offer a wide range of financing services for energy efficient refurbishment, from pure forwarding of related KfW products to our own programmes with additional low interest, along with grants for insulation measures on exterior facades of residential buildings.

*We can prepare your property
for the future*

KfW's energy-efficient building programme offers financing for energy efficiency measures in new residential buildings while KfW's energy-efficient refurbishment programme supports related measures in existing residential buildings. When it comes to the refurbishment of rented buildings, the IBB energy efficient refurbishment programme offers additional interest subsidies based on credit rating for the respective interest charged under the KfW programme.

We also offer our own "IBB residential property modernisation" programme. This programme not only supports measures to improve energy efficiency, such as heating system replacement or thermal insulation, it also provides financing for other maintenance and modernisation measures, such as attic conversion and noise protection measures.

Berlin is a city of tenants, around 85% of people live in rented accommodation. Since the 1950s, IBB has promoted the construction of more than half a million rented apartments in Berlin. When it comes to developing and supporting housing, you are on the right track with IBB.



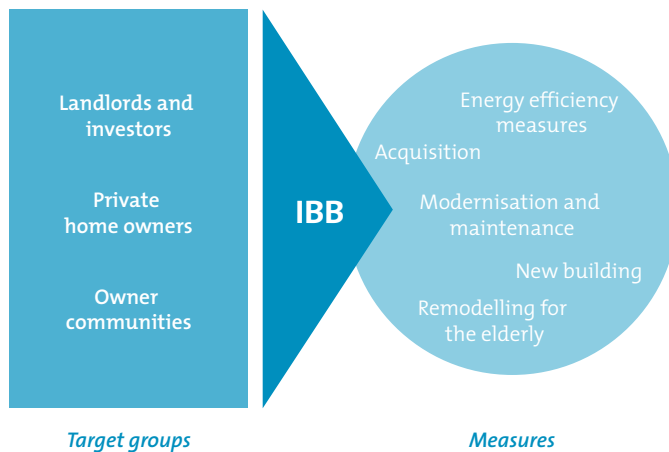
... and barrier-free living

Looking at demographic developments in Berlin, it is clear that demand will rise for barrier-free housing, designed to meet the needs of the elderly. Under our “IBB homes for the elderly” programme or as part of forwarding the KfW’s “Remodelling for the elderly” programme, we can offer financing for projects that focus on refurbishment of housing in Berlin to cater to the elderly.

But our support and assistance for Berlin’s housing sector is not restricted to energy efficient refurbishment for the elderly. Our diverse financing services address landlords, investors, municipal housing associations and co-operatives as well as private home owners. If further financing is required to supplement the support loan, we can round off financing with loans in addition to government support. We are your partner when it comes to support and finance for property. In order to evaluate Berlin’s housing market, we publish our Housing Market Report each spring, followed each autumn by Housing Market Barometer which features an extensive expert survey.

Whether a landlord, investor, housing company or private home owner, IBB is the bank to contact when it comes to financing on Berlin’s housing market

Housing and urban development



Our co-operation with commercial banks

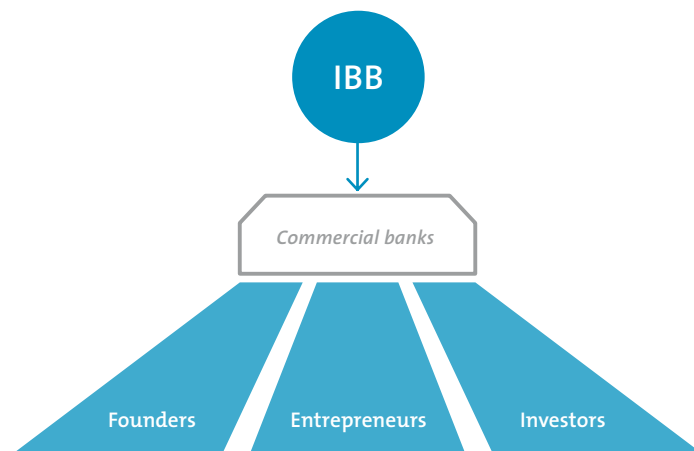
In the customer's interest

Many of our support programmes, which are designed for a broad range of areas, are offered by Berlin's commercial banks. This means that customers can apply for funds directly via their own banks. When it comes to financing, we work as a consortium with commercial banks, so that low-interest financing can be offered to SMEs.

*IBB as a partner to banks –
risk sharing in financing*

Global loans are an important instrument in co-operation with commercial banks. With these loans, we provide commercial banks with low-interest refinancing for loans to SMEs in Berlin in order to promote growth, implement investment projects and to both create and maintain jobs. Global loans are hence another way in which we can supply SMEs and Berlin's housing sector with favourable financing. And that's what we are working to achieve with the commercial banks.

*Together with commercial banks,
we can reach all businesses in Berlin*



Business volume and refinancing

Investitionsbank Berlin is an independent institute under public law with the Federal State of Berlin acting as the sole guarantor. Pursuant to Article 2, section 4 of the IBB law, the Federal State guarantees our liabilities and this results in IBB's "solva-o" status. For IBB liabilities which were incurred prior to 1 September 2004, the Federal State of Berlin continues to additionally bear guarantor's liability.

Since the bank was legally established as an independent entity in 2004, its equity has risen continuously from an initial sum of EUR 300m to today's EUR 697m. IBB's liable equity totals EUR 873m (as per 31 Dec. 2012) with an own funds ratio of 19.3% and a core capital ratio of 16.7%. With a balance sheet total EUR 19.9bn, Investitionsbank Berlin is Germany's largest federal-state business development and promotional bank.

Since the demerger, IBB has doubled its equity step by step

IBB's business volume is in the region of EUR 21bn, new business in 2012 totalled EUR 2bn with housing accounting for EUR 0.9bn and business development and promotion accounting for EUR 1.1bn of this sum. Funds from public budgets (EU, FRG, Federal State of Berlin) are used for refinancing as is refinancing provided by KfW. IBB's treasury operates as comprehensive asset/liability management and is in charge of steering liquidity and refinancing of IBB. Medium to long-term financing on the capital market is effected as senior debt in the form of bearer or registered bonds and debenture loans in the form of private placements and public issues. The size of the issues is usually EUR 250m.

Facts & figures

Institutional development

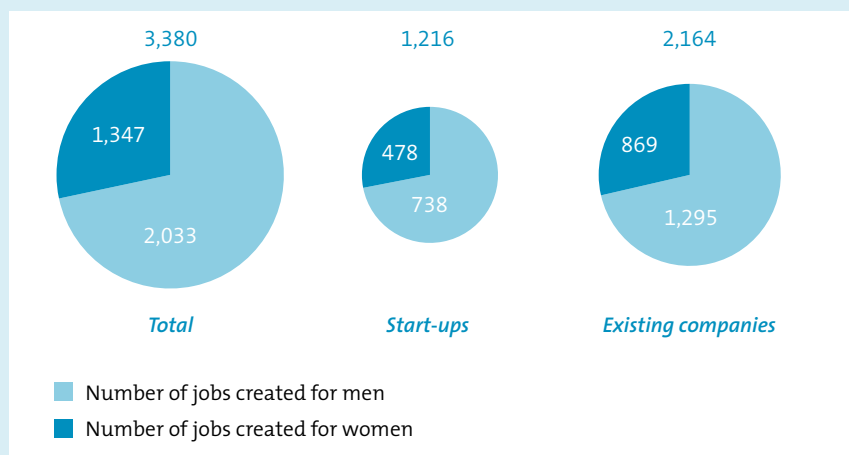
in million EUR	2012	2011
Balance-sheet development:		
Balance-sheet sum	19,935.5	20,230.2
Equity	697.0	657.5
Profit and loss statement:		
Total income	171.4	212.7
Total administrative expenses	76.6	73.9
Risk provisioning/valuations	19.8	82.2
Economic result	72.3	55.5
Support funds and grants for the Federal Land of Berlin*	32.8	33.2
Net income for the year	39.5	22.3
Development of employee numbers:		
Number of employees at the end of the year	640	641

*Support funds and grants for the Federal State of Berlin do not include IBB financing commitments for Berlin-based companies, but merely contain additional services financed at the behest of the Federal State of Berlin which – taking into account all the costs incurred in their implementation as well as income generated – result in an economic loss for the bank.

Ratios concerning the annual financial statement

in %	2012	2011
Equity capital ratio	19.3	18.4
Core capital ratio	16.7	16.0
Financing cost-to-income ratio	44.6	34.7

Job effects of business development and promotion in 2012

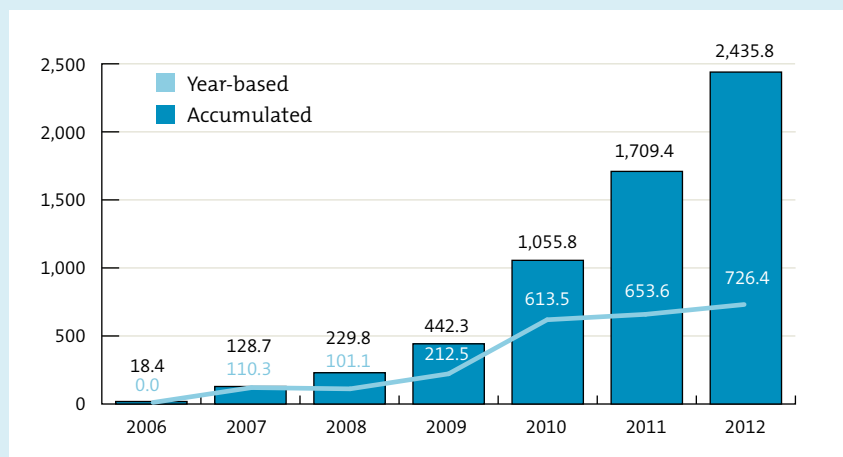


Development of new business

in million EUR		2012	2011
Total volume of new business*		1,304.0	1,206.9
Business promotion	Grants	109.3	105.8
	Loans	223.9	257.0
	Global loans	55.0	100.0
	(Special financing)	(700.0)	(—)
Housing and urban development	Grants	7.0	16.9
	Loans	808.8	647.3
	Global loans	100.0	80.0
	(Special financing)	(9.5)	(52.4)

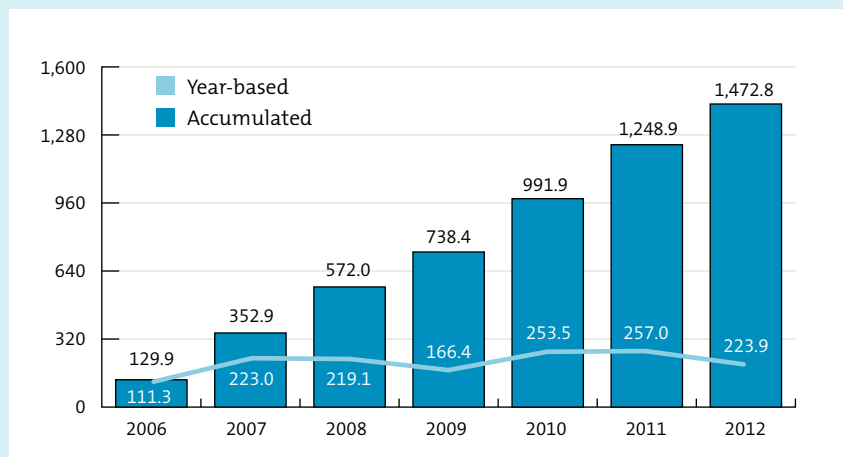
* Without special financing

New business development – housing and urban development in million EUR*



* Loans and guaranteed loans (without grants, refinancing, special financing)

New business development – business promotion in million EUR*



* Loans and guaranteed loans (without grants, global loans, special financing)



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