



# Banca Pública - Experiencias de referencia internacional Investitionsbank Berlin: Experiences and Practices

Dr. Matthias von Bismarck-Osten  
October 2017



- 1. IBB: Berlin's Public Regional Development Bank**
2. Business Model
3. Regulatory Framework
4. Product Portfolio
5. Impact
6. Distribution Channels
7. Looking to the Future of Development Banking

# Berlin's Public Regional Development Bank Overview



- IBB is the **business development bank** of the Federal State of Berlin, an independent institution incorporated under public law and under the control of the Federal Financial Supervisory Authority (BaFin)
- **Balance-sheet** sum: EUR 19.1bn
- 626 **employees**
- IBB provides **financial instruments** for business development, housing, climate protection and infrastructure
- IBB focuses on supporting **start-ups, SMEs and housing companies** with loans and venture capital but also by offering grant programmes and advisory services
- IBB **refinances** itself on the money and capital markets (“AAA” by Fitch) and employs funds from regional, national and EU public budgets



# Berlin's Public Regional Development Bank

## Company Structure



- IBB's bodies are the Board of Management and the Administrative Board as well as an Advisory Board
- IBB's four divisions ensure the separation between front and back office
- The Board of Management manages IBB's business in its own responsibility and subject to law, the statute and the rules of procedure, the guidelines adopted by the Administrative Board, as well as the business rules applicable to the Board of Management



Dr Jürgen Allerkamp  
Chairman of the Board of  
Management



Sonja Kardorf  
Member of the Board of  
Management



Dr. Matthias von  
Bismarck-Osten  
General Representative



Jürgen Lampe  
General Representative

# Agenda

1. IBB: Berlin's Public Regional Development Bank
2. **Business Model**
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# Berlin's Public Regional Development Bank

## Mandate, Mission Statement, Business Model



### Mandate

- Investitionsbank Berlin (IBB) is the development bank of the Federal State of Berlin for business development and housing
  - The overarching mission of the bank is defined by its statutory business development tasks which include
    - boosting the capital city's economic growth,
    - protecting existing and creating new jobs,
    - contributing towards housing development programmes
    - helping the Federal State of Berlin to achieve its climate protection goals
- IBB intends to generate reasonable revenues in order to fulfil its mandate

### Mission Statement

- We are the development bank of the Federal State of Berlin.
- Our focus is on the customer.
- Efficiency, quality and entrepreneurship are the hallmarks of our operations
- We – the employees of IBB– are the foundation upon which the bank is built

October 2017

### Business Model

- To support the economy, housing and climate protection measures in Berlin within the scope of revolving financial instruments such as loans, mezzanine financing, risk capital, guarantees and grants as well as consultancy services
- As a service provider of the Federal State of Berlin, IBB also performs other tasks for the city, such as financing of re-nationalisation of utilities
- Efficient and cost-conscious management of the loan portfolio, especially under the housing and real-estate development programmes by the Federal State of Berlin
- To generate revenue in order to support the business development tasks that are co-ordinated and accounted for with the Federal State once a year as part of support funds and grants for the Federal State of Berlin (the so-called *Berlin-Beitrag*)
- The bank's business policy is based in the principle of ensuring its risk-bearing capability at all times

# Berlin's Public Regional Development Bank

## Important Figures at a Glance



In €m	31.Dec.2015	31.Dec.2016
Balance-sheet sum	19,133.3	17,979.6
Equity	730.7	748.0
Total revenue	201.6	212.6
Total administrative expenditure	-81.3	-80.0
Risk provisioning/valuations	-10.2	-35.0
Allocation to the Berlin Support Fund	-	-45.0
Economic performance	110.1	52.5
Support and grants for the Federal State of Berlin/business development	-31.6	-28.7
New income for the year	78.5	23.8
New business volume*	1,217.1	1,727.0
Core capital ratio in %	17.5 %	18.3 %
Total capital ratio in %	18.4 %	19.0 %
No. of employees	626	628

\* Without special financing

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# Regulatory and Legal Conditions

- Non-trading book institute under public law
- The IBB law, the statute and the rules of procedure form the legal framework
- Public-sector responsibility: The Federal State of Berlin is IBB's sole owner
- IBB has a refinancing guarantee from the Federal State, and a Fitch rating of "triple A"
- Business activities are subject to the subsidy rules of the EU and "Agreement II" between the Federal Republic of Germany and the European Commission
- IBB operates in co-operation or a non-competing manner with commercial banks and VCs

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# Strategic Business Units Overview



## Investitionsbank Berlin

Business development

Housing and urban development

Non-trading  
book

# Strategic Business Units

## Business Development



### Investitionsbank Berlin

Business development

Housing and urban development

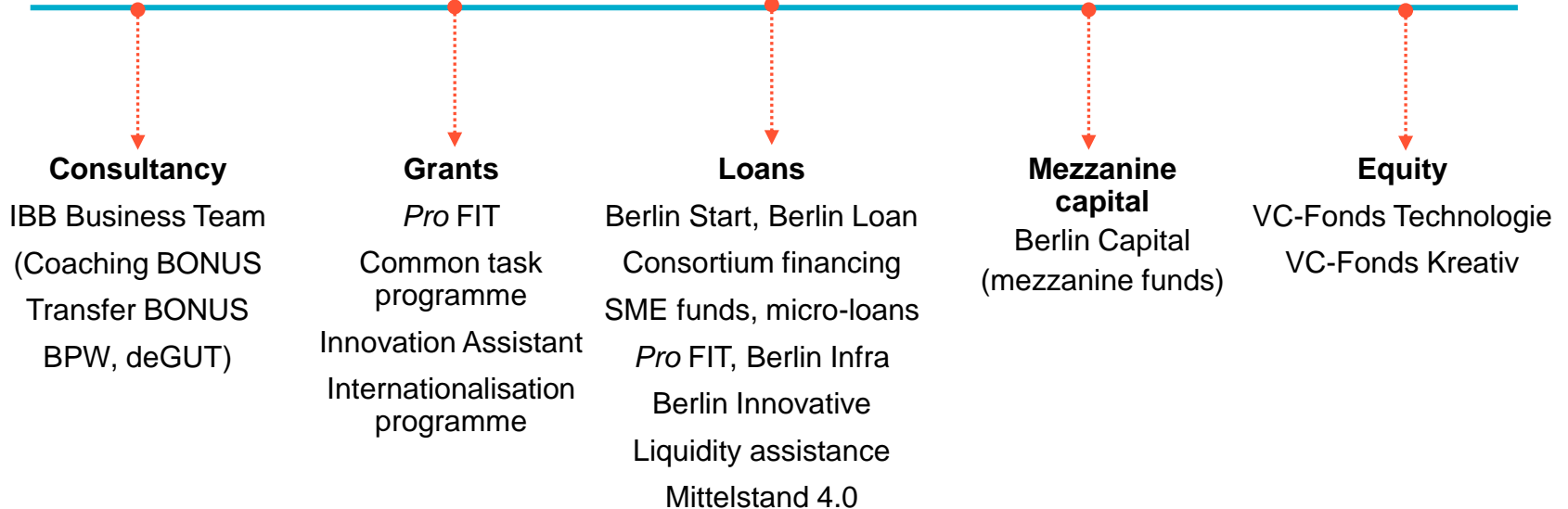
Non-trading  
book

#### Goals

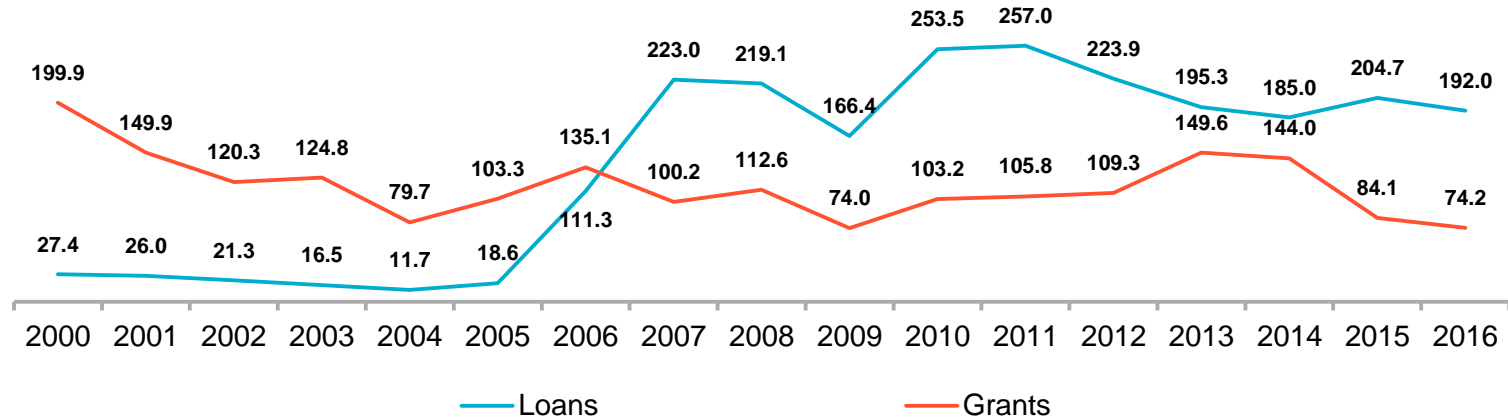
- To strengthen Berlin as a business location
- To provide monetary support for businesses, especially SMEs and people starting up in business
- To support Berlin's clusters
- To close financing gaps with grants, equity, mezzanine loans, loans and consultancy services
- To perform special tasks for the Federal State of Berlin, especially to promote infrastructure

# Instruments

## Business Development



# Focus on Revolving Instruments Since 2005; Grants Continue to Play a Complementary Role Business Development

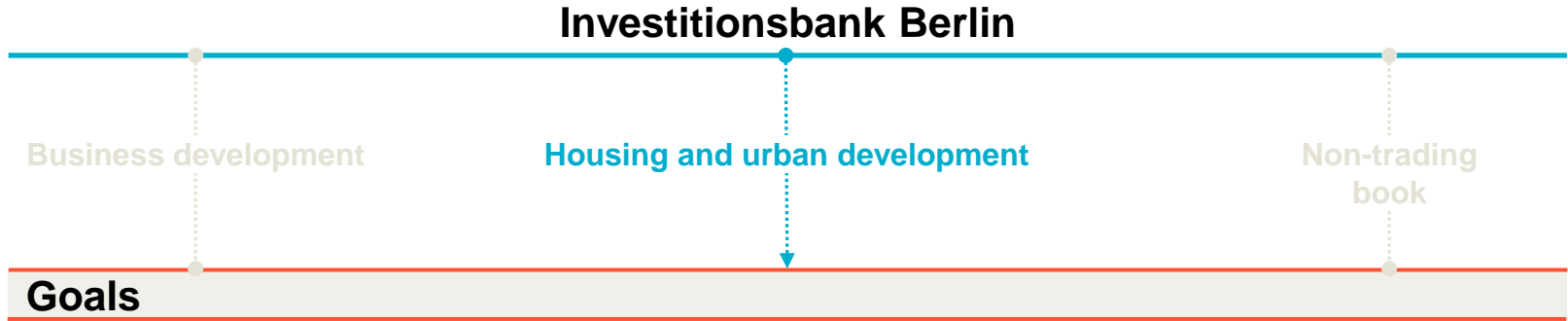


Financing commitments for loans and grants in €m (regular programmes)

As per 31 December 2016

# Strategic Business Units

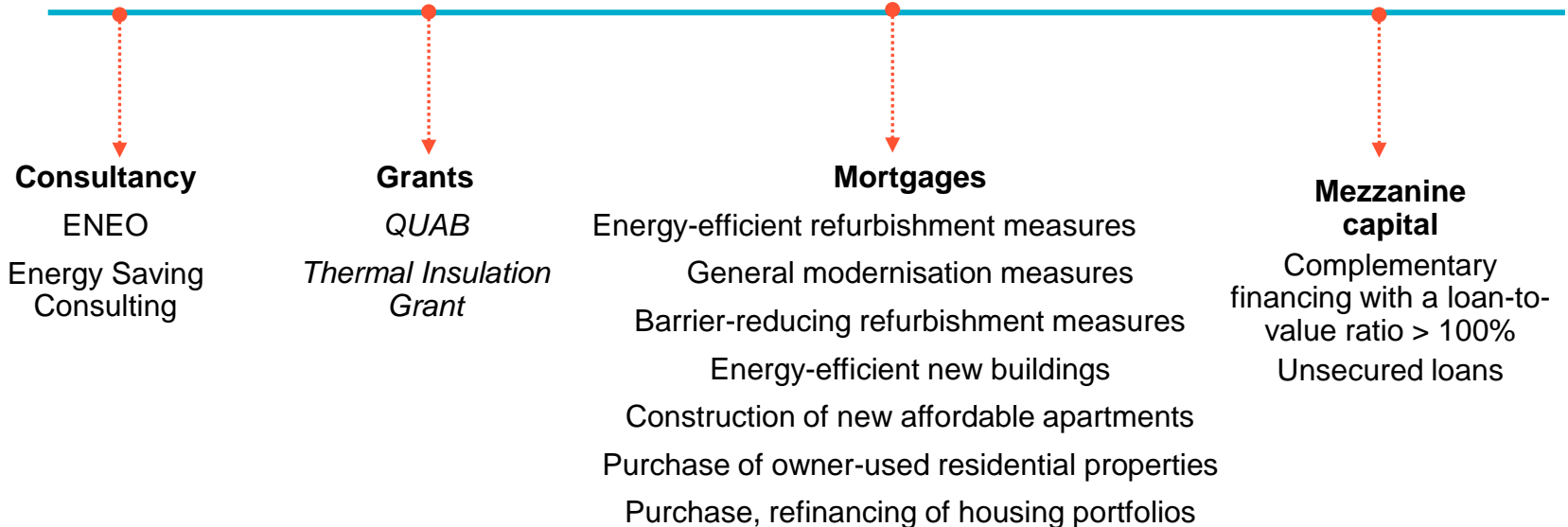
## Housing and Urban Development



- To help the Senate department to achieve the climate protection goals of the Federal State of Berlin
- To promote and finance measures to improve energy use and conditions for the elderly
- To promote new construction and to implement the Federal State's housing policy goals
- To co-operate with commercial banks
  - To close financing gaps in syndicated loan deals
  - To grant global loans
- To actively manage business development
- To maintain the existing volume and to secure revenues

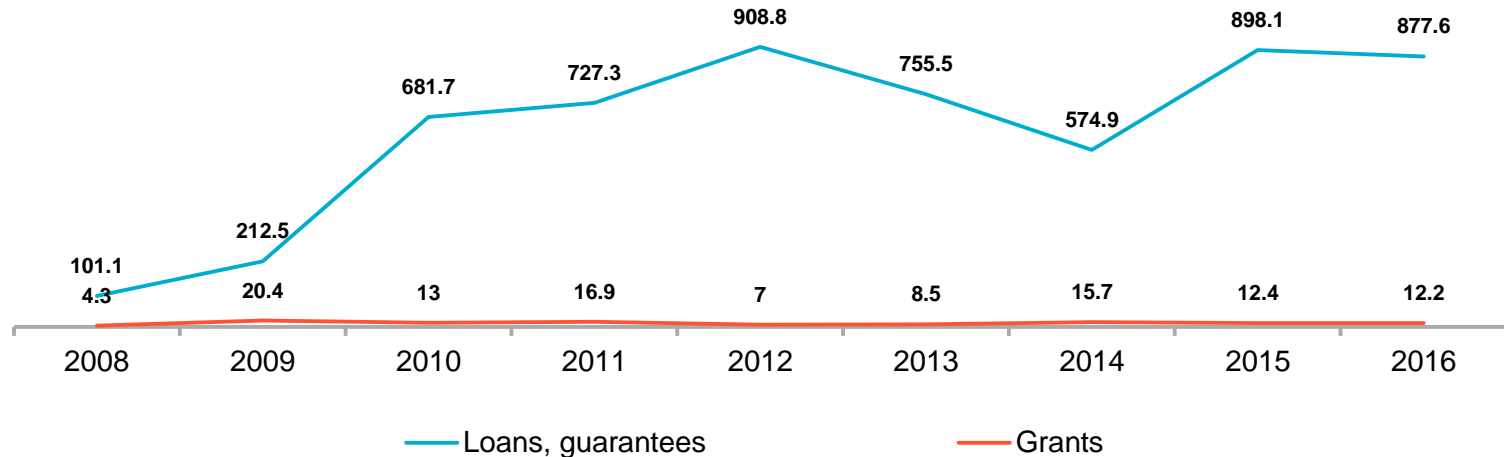
# Instruments

## Housing and Urban Development





# Focussing on Loans Housing and Urban Development



Financing commitments for loans in €m (regular programmes)

As per 31 December 2016

\* Without special financing

# Strategic Business Units

## Non-trading Book

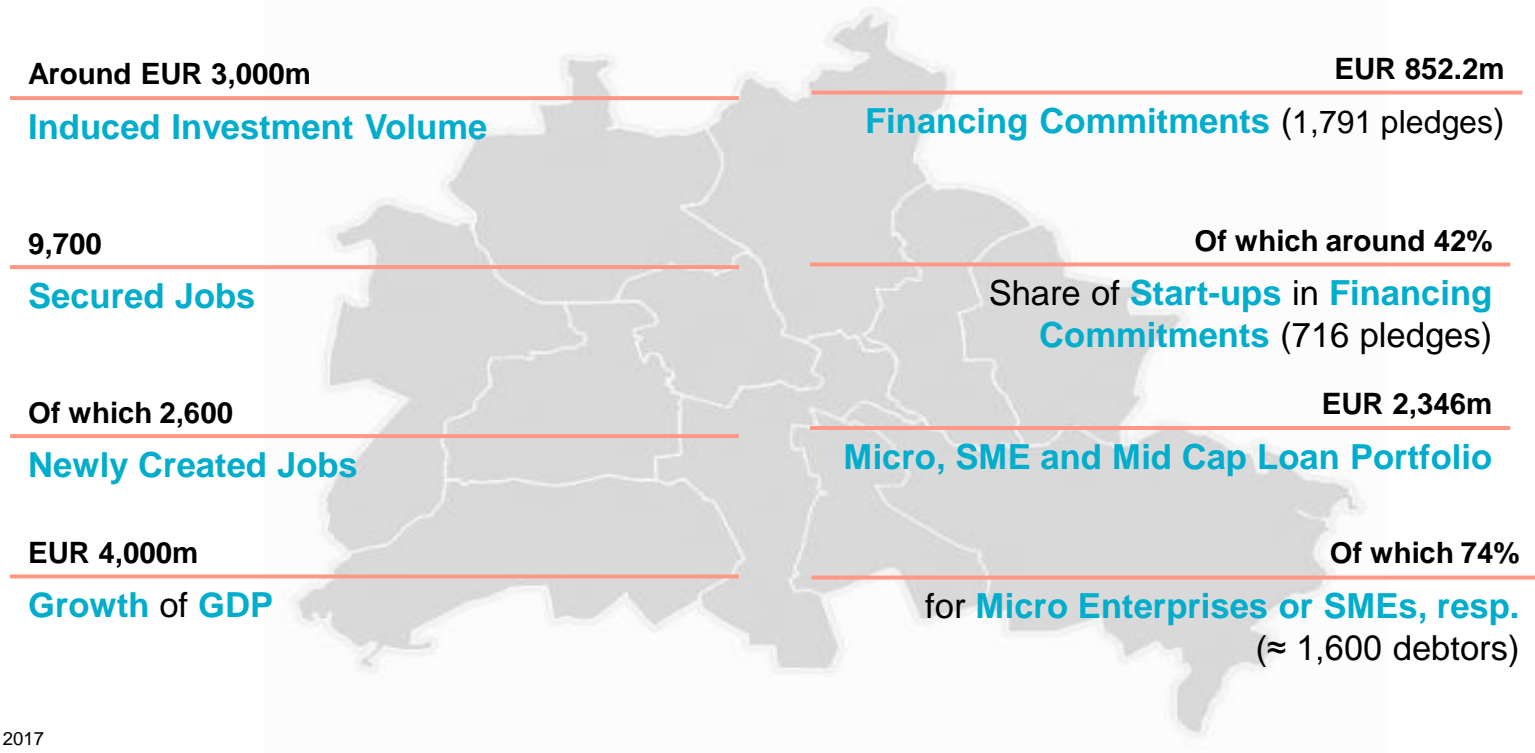


- Comprehensive asset/liability management, to serve as an interface with national and international money and capital markets
- To steer liquidity/refinancing and to ensure that IBB can meet its payment obligations at all times by maintaining a liquidity reserve in compliance with regulatory requirements (including the liquidity and minimum reserve ordinance)
- To steer market price risks (interest change risks and credit spread risks) for the entire bank as part of the specified risk limits
- To secure sustainable, long-term interest income in order to support business development activities

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# Business Promotion 2016 – IBB – a Strong Partner for Enterprises in Berlin

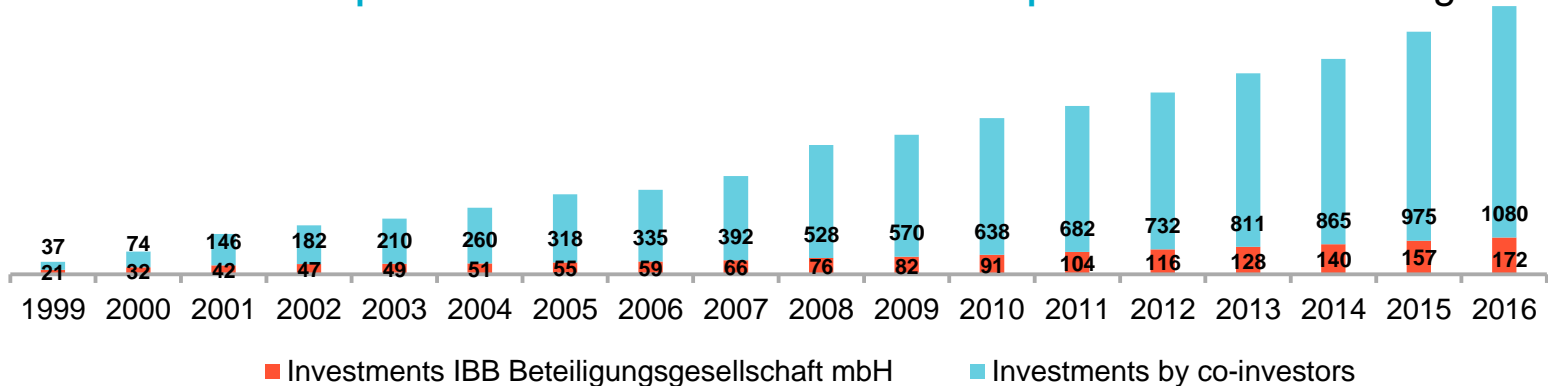


# Leverage Effect of Private Sector Investments

## The Case of IBB's Venture Capital Funds



### VC Fonds Berlin | VC Fonds Kreativwirtschaft Berlin | VC Fonds Technologie Berlin



The European Investment Fund (EIF) conducted a study in 2017 of > 3,600 cases of seed and start-up financing with EIF participation between 1996 and 2015. The main results:

- 70% of exits are losses or distressed sales
- 8% of exits are at acquisition cost
- 17% of exits have a multiple of up to 5-fold
- 4% of exits have a multiple of >5-fold

Results of IBB Venture Capital Funds are astonishingly similar!

# Housing and Real Estate 2016 – IBB – A Strong Partner for Berlin's Housing Market



EUR 877.7m

**Financing Volume**

EUR 276.4m

**New Residential Buildings**

EUR 283.4m

**Approved funding** for **Municipal Housing Associations**

EUR 9.658bn

**Real Estate Loan Portfolio**

EUR 76.5m

Approved funding under the “**IBB Energy-oriented Refurbishment**” scheme

25,063

**Building permits**  
for Residential Units

8,007 tonnes

**Carbon Dioxide Reduction** due to the refurbishment of 3,400 residential units (equivalent to the emissions by 3,600 medium-sized cars)

13,659

**Residential Units Completed**

6,365

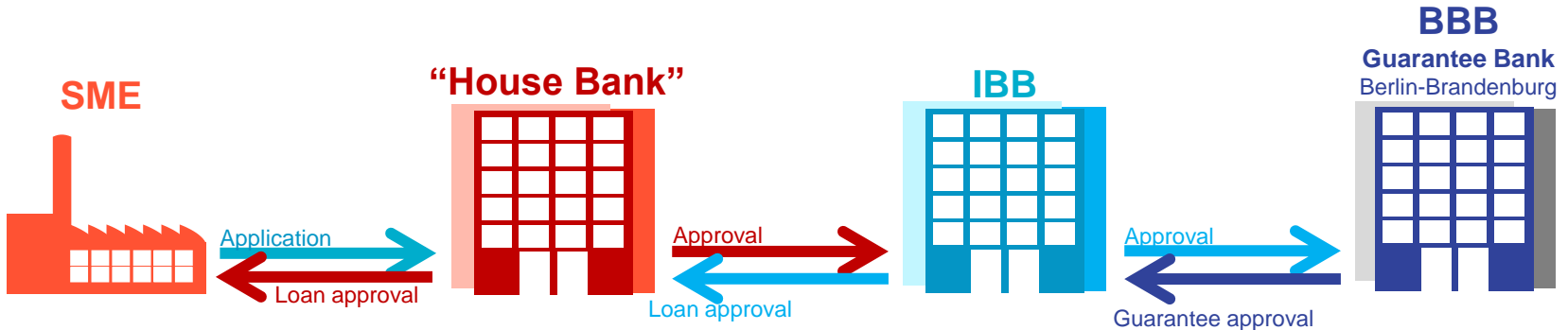
**Residential Units Financed** under the “Wohnungsneubauförderung” Social Housing Promotion Scheme

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# Distribution Channels

1. “House-bank” principle (refinancing and/or guarantee of up to EUR 1m)
2. Co-/syndicate financing (e.g. loans, guarantees and venture capital)
3. Direct financing (e.g. grants, micro-loans)



“House-bank principle”



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# Looking to the Future of Development Banking

- Since the financial crisis the European Commission has become less critical of public banks
- One critical issue for regional development banks is to open up funding sources. They must therefore seek out:
  - Grant schemes, e.g. the European Regional Development Fund (ERDF)
  - (Counter-)guarantees, e.g. the European Investment Fund (EIF)-guarantees under EFSI
  - Refinancing sources at preferred rates, e.g. the European Investment Bank (EIB)

**Regional development banks help to overcome financing obstacles and thus to secure the financing of bankable undertakings/projects.**





# Do you have questions?

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[www.ibb.de](http://www.ibb.de)



# Image



## Berlin – Key Facts 2016



- Area of 892 sqm., Germany's largest city in terms of space
- Population: 3.7 million (2016: increase of 60,500)
- 44% of the population below the age of 45
- Gross domestic product in 2016: EUR 129.5bn (up 2.7% against the previous year)
- Hotel overnight stays in 2016: 31.1m (up 2.7% against the previous year)
- Berlin is the capital city of start-ups: more than 42,000 business registrations and 8,600 business formations
- International location for congresses and exhibitions
- Moody's/Fitch long-term rating for the Federal State of Berlin: Aa1 (stable) or AAA (stable)

## Berlin – Location Advantages

