

# Company Profile 2014



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



---

*Company Profile 2014*

---



---

# Table of Contents

---

To our Business Associates .....	3
Statement by the Chairwoman of the Administrative Board .....	5
Report by the Administrative Board for 2014 .....	7
Business Development .....	9
Business Development in 2014 in figures .....	9
Housing and Urban Development .....	10
Housing and Urban Development in 2014 in figures .....	10
Management Report .....	12
Basics .....	13
Business development bank of the Federal Land of Berlin .....	13
Business model and business strategy .....	13
The bank's steering systems .....	14
Economic review .....	15
Economic factors .....	15
Business development .....	16
The situation of the bank .....	17
Events after the balance-sheet date .....	22
Annual Accounts .....	24
Balance Sheet as per 31 December 2014 .....	25
Profit and Loss Account for the Period from 1 January 2014 to 31 December 2014 .....	27
Notes to the Financial Statements .....	29
Imprint .....	31



## *To our Business Associates*

### *Ladies and gentlemen,*

Berlin is growing and that's good news. The number of people in jobs has risen by a good 15% over the past ten years; that's more than in any other federal state in Germany. Berlin is attractive for innovative entrepreneurs starting out in business. This means population growth, which was initially moderate; but since 2010, Berlin's population has been rising rapidly by more than 40,000 people each year.

And that's good news, too. However, more people moving to Berlin has also led to growing pressure on the housing market in recent years. Entrepreneurs and investors are happy to see vacancies disappearing and prices rising. But for tenants, this means a decline in affordable housing, especially in inner-city districts and in the low-price segment.

That unfortunately is the downside. The Federal Land of Berlin has responded to these developments and in 2014 adopted a programme to promote new construction, a move that had not been necessary for 15 years due to the relaxed market situation.

There has now been a flurry of activity on Berlin's housing market. This can be seen in the number of building permits, which has increased by more than half compared to the previous year, and the growing number of completed new buildings, which can be expected to help stabilise the market situation in the foreseeable future.

This is also mirrored in the economic data: In the first eleven months of 2014, housing construction in Berlin was up by a good 8% compared to the same period

of the previous year and had a key role to play in the overall good result for Berlin's construction sector; based on orders on hand, this development can also be expected to continue next year.

Following a slow spring, Berlin's economy began to rise again steadily and is likely to grow by approx. 1.8% in the year under review. Over the coming months, overall economic output will probably remain relatively stable so that similar growth can be expected in the coming year. This assessment is strongly dependent on global developments. The US, Berlin's most important trade partner, is recording considerable growth. The good euro/dollar exchange rate and higher purchasing power among private households, which is due to low energy costs and is generating added momentum for Berlin's retail sector, are also helping to boost the economy. Berlin's labour market has also had a role to play in this development. For months now, this market has been growing faster than economic output, reaching a record high in October 2014 with 1.3 million people in jobs. An upward trend has settled in here which is only slightly influenced by economic cycles. That being said, the economic outlook for 2015 is still only cautiously optimistic because the significant weakness of important European sales markets and the financial, economic and geopolitical risks that continue to exist are having a dampening effect here.

IBB can look back on a good "business development and support year" in 2014, even if we were not able to maintain the financing results recorded last year in both areas of business development and support. We had expected to see this happen, since commercial banks had become more active on the market and were losing interest in global loans. With financing commitments of EUR 334 m, we almost reached the same result as the previous year for business development. While a strong fall in demand was seen in the second half of the year, a record result was still expected up to the middle of the year. The housing and urban development segment recorded a decline of around EUR 173 m against the previous year (-23%) with global and syndicated loans alone accounting for EUR 157 m. It may seem surprising that IBB's financing results are lower than in the previous year despite strong developments in the construction sector and a very good investment mood, especially in the first half of the year. However, this is proof of further relaxation of the financing situation for companies in Berlin and increased lending activity on the part of commercial banks. This is also evident in the 2014 SME Report, in which around 57% of the SMEs polled considered the

financing situation to be at least satisfactory, far more than in the previous year. Almost 28% of the companies polled in fact saw the situation as being good or very good. Business development banks operate at times in an anti-cyclical manner, compensating for market failures, and are particularly in demand when markets are not working all that well.

In view of the market environment, low interest rates and a decline in lending, the 2014 financial year must be seen as very sound. Revenues amounting to EUR 150.8 m with slightly higher administrative expenditure and risk provisions flat against the year formed the basis for an economic result totalling around EUR 58.8 m. This meant that it was possible to increase the so-called Berlin-Beitrag, which supports institutions and programmes to promote Berlin's economy, by EUR 1.8 m to EUR 32.9 m while still recording annual net income of EUR 25.9 m.

Now, let us take a look at what lies ahead in 2015. Favourable economic conditions give us reason to believe that low interest levels will continue to favour investment planning. In December 2014, the European Commission approved the new operational ERDF programme for Berlin, which will provide Berlin with an impressive EUR 536 m in funding up to 2020 and with relief for the ERDF budget thanks to government co-financing of the "common task" programme. All in all, more funds will be available than under the last programme. Berlin can now continue to promote technology and to finance growth at a high level while allocating another EUR 100m to IBB's VC funds, half of which will come from Berlin's own coffers. New focus areas are also being set. Take, for instance, funding for investment in the environment or internationalisation measures, which we look forward to supporting in the future. We are also pleased to report that by mid-2015 we will have introduced an online application procedure for the business development programmes so that you will be able to submit your applications online in a simple and convenient manner. IBB is the first German business development bank to support electronic legitimisation using the German ID card and hence to provide a media-consistent, simple application procedure. With this in mind, we look forward to working successfully with you!

Yours sincerely



Dr. Jürgen Allerkamp



Sonja Kardorf

## Statement by the Chairwoman of the Administrative Board



**Cornelia Yzer,**  
Senator for Economics,  
Technology and Research,  
Berlin

Berlin's economy continues to rise. Once again, Berlin is the "capital city of start-ups, the services sector is experiencing stable expansion and the business expectations of industry are good at the beginning of 2015. Employment figures continue to improve in Berlin, better than in the rest of the country. Berlin continues to be a magnet, attracting companies, workers and tourists. This good development must be fostered in the future with tailored and hence effective business support. IBB's portfolio of financing instruments has a key role to play here. The result, in conjunction with the common task "improvement of regional economic structure", Berlin's most important business development instrument, deserves special mention in this context. Over the past year, IBB paid out EUR 60 m to companies for investments in the order of EUR 360 m.

This confirmation couldn't come at a better time: 2014 is an anniversary year for IBB, which was founded in 1924 as Wohnungsfürsorgegesellschaft mbH to finance housing construction in Berlin. 2014 also marks the bank's 10th anniversary as an independent lending institute. It is also the year in which IBB once again began supporting new housing construction. This move was made necessary by strong economic growth and the rise in population in recent years, so that affordable housing in particular can be made available to a broad section of the population, in

inner-city districts, as well. Over the past decade, there has been no funding for new construction in Berlin, and IBB's financing activities have focused on refurbishing existing buildings with a view to energy efficiency and catering for the elderly.

In the year under review, IBB has actively supported decisions by entrepreneurs in both the business and real-estate development segments, thus helping to strengthen Berlin further.

Entrepreneurial decisions always involve a certain economic risk. This is particularly true where start-ups are concerned. We have been able to establish Berlin as the second-most important centre for venture capital investment in start-ups in technology and digital media. IBB had an important role to play here with its investment company with two venture capital funds for the technology sector and the creative industry.

I would like to wish continued success to all of you who have committed your energy, skill and determination to strengthen Berlin as a centre for business.

A handwritten signature in black ink, appearing to read "Cornelia Yzer", with a stylized flourish at the end.

Cornelia Yzer  
Senator for Economics, Technology  
and Research of the Federal Land of Berlin





## Report by the Administrative Board for 2014

IBB, an institution incorporated under public law, is the central business development institution of the Federal Land of Berlin.

The Administrative Board of IBB performed the tasks assigned to it by law, the memorandum and articles of association and the business rules. The new rules of the German Bank Law were implemented in the year under review. In order to advise and support the Administrative Board, IBB has set up the following committees which have taken on the tasks of the former loan and labour committee:

- Risk and audit committee  
(chairman: Dr Dietrich Rümker)
- Nomination committee  
(chairwoman: Senator Cornelia Yzer)
- Remuneration control committee  
(chairwoman: Senator Cornelia Yzer)

Pursuant to the German Bank Law, IBB has opted to combine the audit committee and the risk committee in one committee, i.e. the risk and audit committee.

In the year under review, the Administrative Board met for four ordinary and five extraordinary meetings.

The Management Board informed the Administrative Board and its committees about the bank's development and important business. Regular reporting included reports on current business and result developments, the bank's strategic orientation, the risk situation, supervisory and regulatory developments and their impact on IBB as well as the impact of developments on capital markets on the bank's revenue, liquidity and risk situation. The Management Board reported on the business and risk strategy and discussed this with the Administrative Board. Furthermore, the reports on internal audit and compliance activities, as well as the remuneration report for the 2013 financial year, were also presented.

The work performed by the Administrative Board and its committees focused on accompanying the latest developments in the bank's investments and major financing transactions, the audit of the annual and consolidated financial statements as well as board matters, including new appointments to IBB's Board and social insurance matters for former Board members.

With the removal of the former Chairman of the Board as per 21 March 2014 and the departure of the former Back Office Board as per 30 April 2014, these positions had to be filled. As of 1 January 2015, the Administrative Board of IBB appointed Dr Jürgen Allerkamp to the Board and as Chairman of the Board, hence taking over from Mr Rolf Friedhofen, who the Administrative Board had appointed as temporary Chairman of the Board from 14 April 2014 to 31 December 2014. Ms Sonja Kardorf was appointed as member of the Back Office Board as per 1 July 2014.

The work of the Administrative Board was supported by the risk and audit committee, the nomination committee and the remuneration control committee. The committees prepared the topics and resolutions to be addressed in the general body and exercised the committee expertise assigned in the business rules.

The risk and audit committee (formerly the loan committee) met in the year under review for four ordinary and two extraordinary meetings, the nomination committee (formerly the labour committee) met for twelve meetings and the remuneration control committee for one meeting.

The committee chairpersons or deputy chairpersons reported to the Administrative Board regularly on the results of their meetings.

In the period under review, one member of the Administrative Board disclosed a conflict of interest

regarding one issue. In as far as such matters were discussed by the Administrative Board, this member of the Administrative Board did not participate in the discussion.

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Berlin, performed the mandatory audit of the annual accounts for the 2014 financial year and issued an unqualified audit opinion.

Following the explanation by the auditor, the Administrative Board acknowledged the result of the audit in its meeting on 27 March 2015. The committee did not raise any objections against the Annual Accounts of IBB drawn up by the Management Board. During this meeting, the Administrative Board adopted the bank's Annual Accounts for the 2014 financial year and approved the consolidated annual accounts.

Net income for the 2014 financial year minus support funds and grants for the Federal Land of Berlin (Berlin-Beitrag) totals EUR 25.9 m.

The Administrative Board would like to thank the Management Board and all the staff of IBB for their successful work and commitment in the 2014 financial year.

Berlin, 27 March 2015

## Business Development

### Business Development in 2014 in figures

Programmes	Business start-ups			Existing companies			Total			
	Number	Volume (in million EUR)		Number	Volume (in million EUR)		Number	Volume (in million EUR)		
As per 31 December 2014		L, I, G	G		L, I, G	G		L, I, G	G	Total
Berlin Start	67	6.2	0	7	0.6	0	74	6.8	0	6.8
Berlin Loan	1	0.7	0	58	27.8	0	59	28.5	0	28.5
Berlin Capital	0	0	0	2	1.0	0	2	1.0	0	1.0
Berlin Infra	0	0	0	0	0	0	0	0	0	0
Berlin Innovation Loan	5	2.1	0	6	3.7	0	11	5.8	0	5.8
Common task (GRW)	22	0	9.7	111	0	112.4	133	0	122.2	122.2
SME fund	1	0.1	0	3	2.7	0	4	2.7	0	2.7
SME funds – micro-loans up to EUR 25,000	131	2.6	0	28	0.6	0	159	3.3	0	3.3
Growth and syndicated loans	1	2.5	0	14	107.8	0	15	110.3	0	110.3
Pro FIT	45	10.3	3.6	65	12.3	11.3	110	22.6	15.0	37.5
Innovation Assistant	51	0	1.0	103	0	2.1	154	0	3.1	3.1
Intermediate financing for film	4	0.4	0	17	2.4	0	21	2.8	0	2.8
CEE networks	0	0	0	4	0	0.4	4	0	0.4	0.4
Opening up new markets	5	0	0	191	0	3.3	196	0	3.4	3.4
Liquidity assistance	0	0	0	2	1.3	0	2	1.3	0	1.3
<b>Sub-total – support programmes</b>	<b>333</b>	<b>25.0</b>	<b>14.4</b>	<b>611</b>	<b>160.1</b>	<b>129.6</b>	<b>944</b>	<b>185.0</b>	<b>144.0</b>	<b>329.0</b>
Global loans	0	0	0	1	5.0	0	1	5.0	0	5.0
<b>Total</b>	<b>333</b>	<b>25.0</b>	<b>14.4</b>	<b>612</b>	<b>165.1</b>	<b>129.6</b>	<b>945</b>	<b>190.0</b>	<b>144.0</b>	<b>334.0</b>
Additional information:										
IBB Beteiligungsgesellschaft	50	12.6	0	0	0	0	50	12.6	0	12.6
Share of competence fields in support programmes	170	17.0	8.3	405	120.5	86.2	575	137.5	94.5	232.0

L, I, G = loans, investments, guarantees  
G = grants

# Housing and Urban Development

## Housing and Urban Development in 2014 in figures

Year under review	Pledged financing in million EUR	
	2013	2014
<b>Rehabilitation, refurbishment and new buildings</b>		
IBB energy-related refurbishment	54.7	60.1
IBB homes for the elderly	0.9	3.8
IBB housing modernisation	47.2	5.5
KfW energy-efficient rehabilitation	1.8	1.1
KfW remodelling for the elderly	0.1	0.2
<b>Sub-total – refurbishment</b>	<b>104.8</b>	<b>70.7</b>
<b>New buildings</b>		
KfW energy-efficient building	23.8	6.0
KfW home ownership programme	0.6	1.1
Co-operative new building competition	2.5	3.0
New rented housing fund	0.0	4.5
IBB new renting housing	0.0	7.1
<b>Sub-total – new buildings</b>	<b>26.9</b>	<b>21.6</b>
<b>Interbank business</b>		
Syndicated business	133.9	52.0
Global loans	75.0	0.0
<b>Sub-total – interbank business</b>	<b>208.9</b>	<b>52.0</b>
<b>Others</b>		
Berlin Infra	95.6	78.7
Refurbishment loans	35.5	63.3
Loans in addition to government support	124.6	185.0
Grant programmes	8.5	15.7
Berlin Infra	0.0	31.9
<b>Sub-total – others</b>	<b>264.2</b>	<b>374.6</b>
<b>Total new business (including grants)</b>	<b>604.8</b>	<b>519.0</b>
Refinancing	159.2	71.6
<b>Total</b>	<b>764.0</b>	<b>590.6</b>



---

## *Management Report*

---

## Basics

### Business development bank of the Federal Land of Berlin

Investitionsbank Berlin (IBB) is the business development bank of the Federal Land of Berlin. Pursuant to the IBB Law of 25 May 2004, IBB supports the Federal Land of Berlin in the performance of its public tasks. IBB, an institute under public law, is backed by the Federal Land of Berlin. On behalf of the government and subject to the subsidy rules of the European Union, the bank provides funding and performs business development measures in the field of business development, housing development, climate protection and infrastructure development, as well as in other areas laid down in law. In this capacity, the bank operates in a non-competing manner with commercial banks and venture capitalists. It has a broad portfolio of support products and offers revolving instruments in the form of loans, mezzanine capital and partnerships. It also offers grant programmes and consultancy services. In this way it is helping to achieve the more general goals of the Federal Land of Berlin, such as the creation of jobs and the strengthening of economic performance, along with housing construction, urban development and sustainability.

IBB refinances itself on the money and capital markets and employs funds from Federal Land, federal government and EU public budgets. The bank has institutional liability, a refinancing guarantee of the Federal Land of Berlin and a Fitch AAA rating from 28 July 2014, the highest possible credit rating. IBB is subject to the agreement laid down in Understanding II between the Federal Republic of Germany and the European Commission of 27 March 2002.

### Business model and business strategy

IBB's business strategy is derived from its mission. The business strategy contains the long-term corporate policy for IBB. In order to ensure the long-term success of the bank, the business strategy is geared to sustainability, while taking existing boundary conditions and available resources into account. Against the background of internal and external influence factors, goals are laid down for the bank as a whole and for its three business fields, and measures are defined to achieve these goals.

The business strategy is made up of several components: The general section contains the goals and measures and the governance framework of IBB. The goals focus on fulfilling IBB's support mission and positioning the bank sustainably with a view to achieving a healthy balance between risks and revenues.

The second part contains the sub-strategies of the business fields of business development, housing and urban development as well as treasury. The business development unit performs consultancy services related to business development products and their marketing. The most important target groups are start-ups, small and medium-sized enterprises (SMEs) and innovative companies operating in Berlin's future fields. The housing and urban development business unit markets the housing development products as part of the support policy goals pursued by the Federal Land of Berlin. The target groups here are primarily urban and private housing companies, housing associations, private investors, home owners, home owner communities and commercial banks. The task of the treasury business unit is compliance with IBB's support mission; this unit is responsible for the management of liquidity and interest-rate risks of support business. The treasury also has a sufficient liquidity portfolio to maintain the bank's liquidity and to manage adherence to the regulatory ratios in a profit-orientated manner.

The third part describes the functional strategies for risk management (risk strategy), personnel management, organisation and IT (organisation and IT strategy), investments and corporate communications.



### The bank's steering systems

The bank is managed according to customary banking and commercial steering concepts and methods. With regard to its business activities, IBB is primarily committed to providing sustainable support for the Federal Land of Berlin in its structural and economic policy tasks. Due to this public-sector duty, IBB's prime business goal is to promote and support Berlin's economy.

A major condition for steering is the permanent and sustainable strengthening of the bank's equity. IBB defines this value as the equity shown in the balance sheet with all of its components plus its provident funds.

Important success-based **steering parameters** or **financial performance indicators** for IBB are:

- new business volume
- economic result
- cost-to-income ratio of support and promotional measures
- core capital ratio.

In line with its public development mission, the **new business volume** in the housing and urban development and business development segments is an important parameter. In order to steer future strategic growth in support business, the bank calculates the volume of new business broken down according to support programmes. The volume of new business primarily includes all new commitments made. This is additionally supported by follow-up and refinancing, as well as supplementary financing for existing support.

The **economic result** is calculated on the basis of annual earnings plus IBB's support funds and grants for the Federal Land of Berlin (**Berlin-Beitrag**). These support funds and grants for the Federal Land of Berlin reflect the loss-making development and support activities by IBB which the bank carries out at the request of the Federal Land of Berlin. The economic result is controlled at the overall bank level. IBB's activities are not primarily orientated towards generating a profit.

The **cost-to-income ratio of support and promotional measures**, taking into account the Berlin-Beitrag, is calculated on the basis of the ratio between operating revenues and administrative expenditure. Operating revenues include net interest and commission as well as the operating result, including the Berlin-Beitrag.

In addition to economic capital, which is important as a risk steering variable in the calculation of risk bearing capability, the new **core capital ratio** included for the first time in the financial year, which is calculated according to the rules of the Capital Requirements Regulation (CRR) as the ratio between core capital and the sum of risk assets, also serves as another important control variable for IBB.

There are target values for all parameters which as part of overall bank management undergo regular target/actual comparisons, as well as scenario and forecast calculations, in order to set suitable steering measures.

Besides financial performance indicators, IBB has defined for the first time the qualitative development of its staff as a non-financial performance indicator. The success of the bank largely depends on the performance of all of its staff. The bank supports its staff through a diverse range of personnel development measures.

## Economic review

### Economic factors

Only very slight growth was recorded in the euro zone in 2014. According to Eurostat, the European statistics office, gross domestic product over the year rose by a mere 0.9%. The US, on the other hand, was able to reach the same good result as the previous year, increasing last year by 2.4%. Many newly industrialised countries are finding it difficult to overcome growth hurdles and are developing at a slower rate. China, for instance, has dialled down a notch and in 2014 recorded growth of only 7.4% following 7.7% in the previous year. At the same time, some of the core countries in the euro zone are slow in implementing the necessary reforms. The consolidation needed in light of high debt levels is becoming increasingly questionable. In Germany, on the other hand, there are strong signs of recovery. That being said, economic developments over the course of 2014 were extremely volatile. Thanks to a strong final quarter, the 1.6% increase in gross domestic product for the year was higher than expected, despite the worsening of the geopolitical situation in Ukraine and the Middle East.

The past year was marked by continuously falling returns. The ECB's expansive monetary policy, very low inflation and concerns about an economic downturn were the main reasons why the level of returns reached an all-time low. However, during this long phase of persistently low interest, there is a risk that investors will take on greater risks without a sufficient risk buffer. Banks are particularly inclined to take on greater risks when they can expect to receive public funding should difficulties occur.

During the financial crisis, German banks were particularly hard hit by the risks that resulted from loans to foreign countries. According to Deutsche Bundesbank, German banks responded by once again reducing their receivables from foreign countries significantly. All in all, however, Germany's financial system is still closely interwoven with those of other countries, especially with those in the euro zone.

With a view to financial stability, the year 2014 was marked by the creation of institutional and organisational framework conditions. Joint European supervision is an important pillar here. In this context, far-reaching powers have been transferred to the ECB. The balance-sheet audit of 130 banks and a stress test were a first step towards strengthening confidence in the banking sector. Despite the positive result, German banks should continue with measures to improve their capital and earnings position.

In 2014, Berlin's economy continued to grow even if the rate of growth slowed over the course of the year. The economic warning signals did not come from Berlin's economy but from the generally cloudy prospects for the global economy, which also led to uncertainty among companies in Berlin and curbed economic momentum. That being said, IBB's economists believe that there is a good chance that Berlin's economy in 2014 will once again be better than the average for the rest of the country. Due to the high share of services in Berlin, the sluggish processing sector will have only a minor impact on the city's economy.

Berlin's rising population and demographic change in the years to come will not only increase the supply of skilled labour but will also boost demand for well-trained professionals. The number of people in jobs in Berlin has been on the rise again for a number of years now, at a rate that is much higher than the trend for the rest of the country. There are high hopes for the booming start-up scene in the capital city. Berlin is already one of Europe's leading cities for start-ups. Many of these start-ups are in the culture and creative industries. The number of start-ups in ICT and the digital economy is also higher than the average recorded for the rest of the country. Some companies that were founded in Berlin have managed to become global market leaders in just a few years.

Berlin is still undergoing strong structural change with a shift towards services. This change is happening faster in the capital city than in other regions of Germany. In terms of overall commercial turnover, company-near services (without the retail trade, hotel industry and public services) are important in the capital city (share: 28.0 %). These sectors have once again fared well in 2014.

After a weak start to the year, Berlin's industry stabilised over the further course of 2014. Industrial companies in Berlin have opened up more to the global market. More than half (57 %) of all industrial turnover results from business with trade partners abroad.

Last year, Berlin's retail sector managed to boost turnover significantly, so that Berlin's retail trade was once again above the average for the rest of the country. The strong growth seen in Berlin was largely due to increases in retail business on the Internet and with mail order, which in fact recorded double-digit sales growth.

The construction sector was another pillar of Berlin's economy in 2014. The analysis of seasonally adjusted developments in recent months shows, however, that orders on hand as well as turnover in the construction industry are still below the level calculated for the long-term trend.

### Business development

The 2014 financial year was marked by difficult market conditions. This is due, on the one hand, to fewer advantages with support loans as a result of persistently low interest levels, while, on the other hand, improved refinancing conditions are enticing commercial banks to become more active in the market.

In 2014, IBB approved a total of EUR 924.6m in loans, guaranteed loans and grants as part of its business and housing real-estate development measures. Compared to previous years, none of the special business initiated by the Federal Land of Berlin was completed in 2014.

In **housing and urban development**, IBB in its capacity as a favourite partner for Berlin's housing sector pledged financing amounting to EUR 590.6 m (previous year: EUR 764.0m). This means that this figure has fallen against the previous year more than forecast.

As already announced in 2013, in the year under review, IBB launched its re-entry into support for new buildings and successfully introduced support for the construction of rental and co-operative housing (WFB 2014). Initial pledges have been made for trust loans and supplementary IBB financing, and a project pipeline has been set up.

An important part of IBB's activities continues to focus on granting interest-subsidised KfW-refinanced loans, especially under the IBB energy related refurbishment programme for home owners. Demand for financing for construction measures to save energy and hence reduce carbon emissions in existing residential buildings rose against the previous year (EUR 54.7 m) by EUR 5.4 m to EUR 60.1m. In order to support other investment projects to refurbish housing, IBB provided loans totalling EUR 10.7m (previous year: EUR 50.1 m).

As part of the "Berlin Infra" programme, IBB financed infrastructure investments by municipal associations totalling EUR 78.7m (previous year: EUR 95.6 m). There was a noticeable decline in demand for syndicated financing and global loans (EUR 52.0 m) against the previous year (EUR 208.9 m).

Furthermore, IBB also supports existing commitments with individual and demand-orientated financing concepts in the form of follow-up financing and re-financing, as well as supplementary financing to close financing gaps that arise under an existing commitment. As part of this further financing for housing, IBB was able to approve commitments totalling EUR 256.6m, and was hence almost on a par with the previous year's figure (EUR 283.8 m).

In an effort to avoid guarantee and financing loan defaults for the Federal Land of Berlin, IBB is also committed to supporting refurbishment projects and provided loans amounting to EUR 63.3 m (previous year: EUR 35.5 m).

In its **business development** field, financing was granted for loans, guaranteed loans and grants amounting to EUR 334.0 m (previous year without special business: EUR 369.9 m), and alongside the high volumes it was possible to once again achieve a good result, albeit it slightly below the figure forecast.

In the 2014 fiscal year, many start-ups and existing companies made use of IBB's competence as a business development bank. Business development focuses on support for medium-sized enterprises through monetary programmes and comprehensive financing consultancy. IBB works closely here with the commercial banks operating in Berlin.

There was strong demand for the IBB growth programme, especially among companies in the commercial sector. Under this programme, IBB upped its lending volume against the previous year (EUR 94.5 m) to EUR 110.3 m.

With approvals totalling EUR 122.2 m, the "Common task to improve regional economic structure" programme reached another all-time high (previous year: EUR 119.2 m). The preconditions for support under this programme ended on 30 June 2014; another reason why many companies in Berlin used this attractive funding programme for commercial investments, thus helping to create and secure permanent jobs.

Technology promotion under the "Pro FIT" programme also accounts for an important share in the annual result. In the year under review, loans and grants were approved amounting to EUR 37.5 m (previous year: EUR 61.4 m) to support research, development and innovation in the following clusters: ICT/media/creative industry, health sector, transport, mobility and logistics, energy and optics technology. Following a record year in 2013, the amended guidelines resulted in the scheduled decline in approvals in 2014 in line with available funds.

In the year under review, loans to finance start-ups amounted to EUR 10.1 m (previous year: EUR 10.3 m) with demand for micro-loans and start-up loans under the Berlin Start programme remaining expectedly high.

#### **The situation of the bank**

##### **Income position**

All in all, the 2014 financial year was satisfactory for IBB. Despite a tense market situation, the bank was able to record an **economic result** amounting to EUR 58.8 m. As expected, this figure is below the previous year's figure (EUR 68.0 m), while the operating planning figure was almost reached.

IBB's income position is highlighted in the following financial statement in which certain amounts carried in the profit and loss account according to German commercial law are re-classified and/or supplemented from an accounting point of view.

- This applies to **rating effects** resulting from the amortisation of markups with high-interest securities amounting to EUR 14.9 m (previous year: EUR 0.0). These effects have now been suitably re-classified and included in the interest result.
- Furthermore, this also applies to expenditure by IBB which is made available to the Federal Land as the so-called **Berlin-Beitrag** in the form of an advance dividend.

Parts of the profit and loss account item “Other operating expenses” (EUR 15.9 m, previous year: EUR 14.2 m) and “Risk provisions” (EUR 2.3 m, previous year: EUR 2.1 m) are carried as Berlin-Beitrag for the Federal Land of Berlin just like business development services performed by IBB for free (EUR 14.7 m, previous year: EUR 14.7 m), which are considered exclusively as imputed items. These items which are not recognised are carried as operating income in the financial statement and additionally as support funds and grants for the Federal Land of Berlin (Berlin-Beitrag).

in million EUR	2014	2013	Change	
			absolute	in %
Net interest income	134.3	141.8	-7.4	-5.2
Net commission income	6.0	8.3	-2.2	-27.2
Net other operating income/expenses	10.4	8.1	2.3	28.3
Total income	150.8	158.1	-7.4	-4.7
Total administrative expenses	-83.4	-78.0	-5.3	6.8
<b>Operating result before risk provisioning/valuations</b>	<b>67.4</b>	<b>80.1</b>	<b>-12.7</b>	<b>-15.9</b>
Risk provisioning/valuations	-8.6	-11.6	3.0	-26.0
Extraordinary result	0.0	-0.5	0.5	100.0
<b>Economic result</b>	<b>58.8</b>	<b>68.0</b>	<b>-9.2</b>	<b>-13.5</b>
Support funds and grants for the Federal Land of Berlin (Berlin-Beitrag)	-32.9	-31.1	-1.8	5.8
<b>Net income for the year</b>	<b>25.9</b>	<b>36.9</b>	<b>-11.0</b>	<b>-29.8</b>

### Operating revenues

**Net interest income** totalled EUR 134.3 m and continues to be the bank's main source of income. Compared to the previous year (EUR 141.8 m), persistently low interest rates as well as burdens resulting from cash value increases for pension reserves led to a significant decline in the interest result. Thanks to net interest margin contributions from customer business, as well as constant development of the profit from maturity transformation in the treasury segment, it was possible to exceed expectations.

In 2014, income from commission (EUR 6.0 m; previous year: 8.3 m), which is largely determined by fees for handling guarantees and subsidies in housing and real-estate development, is as expected below the previous year's level and slightly below budget due to the support programmes that are coming to an end.

Other operating net income continued to have a positive impact on revenues which increased, due to, among other effects, various reversals of provisions in the past year from EUR 8.1 m to EUR 10.4 m, remaining, however, below the planned figure.

### Administrative expenditure

The bank's administrative expenditure totalled EUR -83.4 m (previous year: EUR -78.0 m) and was higher than in the previous year and also higher than forecast due to one-off effects.

On the whole, personnel expenditure (EUR -48.5 m; previous year: EUR -49.4 m) developed as planned and by the end of the year almost reached the planned figure.

Material expenditure, on the other hand, increased due to unscheduled fire protection reserves for the office building as well as a EUR 6.2 m increase in project costs for regulatory matters to EUR 31.2 m (previous year: EUR -24.9 m), and was higher than expected.

All in all, the **financing cost-to-income ratio** increased in relation to operating revenues and administrative expenditure to 53.0% (previous year: 49.3%), thus largely confirming the plan values.

### Risk provisioning/measurement gains or losses

Due to the improved credit rating of debtors and the absence of significant loan defaults, it was possible to reduce expenditure on risk provisioning once again. The valuation result totals EUR -8.6 m (previous year: EUR -11.6 m) and includes the formation of general provident funds amounting to EUR 14.5 m (previous year: EUR 18.0 m). IBB was once again able to use its good operating result to strengthen its risk-bearing capacity further in line with the bank's strategy.

### Economic result

Based on the economic result, it was also possible to meet expectations for the operating result in the individual segments.

in million EUR	IBB total		Housing and Urban Development		Business Development		Treasury		Corporate Centre	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net interest income	134.3	141.8	68.2	69.5	9.5	8.5	51.2	54.7	5.4	9.0
Net commission income	6.0	8.3	5.6	7.8	0.8	0.9	-0.4	-0.4	0.0	0.0
Net other operating income/expenses	10.4	8.1	-7.3	-7.9	15.7	15.2	0.0	0.0	2.1	0.9
<b>Total income</b>	<b>150.8</b>	<b>158.1</b>	<b>66.5</b>	<b>69.4</b>	<b>26.0</b>	<b>24.6</b>	<b>50.7</b>	<b>54.3</b>	<b>7.5</b>	<b>9.9</b>
Total administrative expenses	-83.4	-78.0	-36.5	-36.6	-22.6	-23.9	-5.6	-5.4	-18.7	-12.1
<b>Operating result before risk provisioning/valuations</b>	<b>67.4</b>	<b>80.1</b>	<b>30.0</b>	<b>32.8</b>	<b>3.5</b>	<b>0.6</b>	<b>45.1</b>	<b>48.9</b>	<b>-11.2</b>	<b>-2.2</b>
Risk provisioning/valuations	-8.6	-11.6	3.4	7.0	-1.7	-3.5	4.2	2.8	-14.5	-18.0
Extraordinary result	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5
<b>Economic result</b>	<b>58.8</b>	<b>68.0</b>	<b>33.4</b>	<b>39.8</b>	<b>1.8</b>	<b>-2.8</b>	<b>49.2</b>	<b>51.7</b>	<b>-25.7</b>	<b>-20.7</b>
Support funds and grants for the Federal Land of Berlin (Berlin-Beitrag)	-32.9	-31.1	-2.9	-0.9	-27.4	-27.7	0.0	0.0	-2.6	-2.5
<b>Net income for the year</b>	<b>25.9</b>	<b>36.9</b>	<b>30.5</b>	<b>38.9</b>	<b>-25.6</b>	<b>-30.5</b>	<b>49.2</b>	<b>51.7</b>	<b>-28.3</b>	<b>-23.2</b>

The **housing and urban development** segment clearly outperformed the figure budgeted, with an operating income of EUR 33.4 m. As expected, this figure was below the figure for the previous year which was due, for instance, to changes in risk provisions (EUR -3.6 m) and a fall of EUR 2.8 m in revenues.

The **business development** segment closed for the first time with a positive economic result amounting to EUR 1.8 m, surpassing both the previous year's figure (EUR -2.8 m) and the figure forecast. This development is largely due to positive net interest of EUR 9.5 m (previous year: EUR 8.5 m) and lower risk provisions compared to the previous year. Administrative expenditure (EUR 22.6 m) was down EUR 1.4 m against the previous year due to lower personnel expenditure.

In the **treasury** segment, the economic result of EUR 49.2 m was as expected below that of the previous year (EUR 51.7 m), but was above the values forecast for 2014. The positive development of net interest was largely due to the higher result from matching maturities and various customer-induced effects.

In the **corporate centre** segment, the economic result totalled EUR -25.7 m and was EUR 5.0 m below the previous year's figure. In addition to net interest of EUR 5.4 m, which is significantly below target due to additional rating effects from expenditure on pensions, the greatest deviation from budget was especially with risk provisions. In order to strengthen the bank's risk-bearing capacity further, another EUR 14.5 m was added here as part of the formation of general provident funds.

#### Net income for the year

Following the deduction of a "Berlin-Beitrag" of EUR 32.9 m to support the development and promotion policy of the Federal Land of Berlin, IBB recorded net income for the year amounting to EUR 25.9 m (previous year: EUR 36.9 m).

The return on investment, the ratio between net income for the year and the balance sheet total, calculated as specified in Section 26a (1), sentence 4, of the German Banking Act, totals 0.13 %.

### Net worth

In the year under review, the balance sheet total declined by EUR 0.3 bn to EUR 20.1 bn. The business volume, which also includes contingent liabilities from guarantees and warranty obligations as well as irrevocable loan commitments, declined by EUR 0.4 bn to EUR 21.1 bn.

As per the end of the year, swaps and derivatives have a nominal volume of EUR 16.1 bn (previous year: EUR 15.9 bn).

in million EUR	31.12.2014	31.12.2013	Change	
			absolute	in %
Loans and advances to banks	2,153.2	1,363.8	789.4	57.9
Loans and advances to customers	13,483.1	14,400.9	-917.8	-6.4
Bonds and other fixed-income securities	4,020.8	4,225.2	-204.3	-4.8
Shares in special funds	150.0	150.0	0.0	0.0
Share holdings/shares in affiliated companies	98.3	94.4	3.9	4.2
Other assets	242.1	232.2	9.9	4.3
<b>Total assets</b>	<b>20,147.6</b>	<b>20,466.5</b>	<b>-318.8</b>	<b>-1.6</b>
Contingent liabilities	123.7	122.5	1.1	0.9
Irrevocable loan commitments	825.1	859.0	-33.9	-3.9
<b>Business volume</b>	<b>21,096.4</b>	<b>21,448.0</b>	<b>-351.6</b>	<b>-1.6</b>

Loans to banks rose against the previous year by EUR 0.8 bn to EUR 2.2 bn due to more time deposits and call money transactions. Receivables from business development activities channelled through customer banks remained constant.

The EUR 0.9 bn reduction in loans and advances to customers is largely due to scheduled and un-scheduled repayments in support loan business. Support for housing and real estate was hardest hit, declining by EUR 0.6 bn. Business development inventories declined by EUR 0.1 bn.

Bonds and other fixed-income securities declined by EUR 0.2 bn due to a regrouping of money market instruments.

Investments/shares in affiliated companies rose largely due to capital increases in VC fund business by EUR 3.9 m to EUR 98.3 m.

### Financial position, capital structure and liquidity

The structure of the refinancing side changed slightly against the previous year. 17% (previous year: 19%) of the volume on the assets side is financed through loans from banks and through the issue of securitised liabilities on the capital market, which rose to 36% (previous year: 35%). Refinancing funds received from customers, which primarily include housing development funds made available by the Federal Land of Berlin, once again remained flat in this financial year at EUR 8.1 bn (previous year: EUR 8.0 bn) with a refinancing share of 40% (previous year: 39%).

IBB's equity according to the balance sheet declined in the past financial year to EUR 678.0 m. This change was largely due to the distribution to the Federal Land of Berlin of the balance sheet profit reported in 2013 amounting to EUR 36.9 m. Subscribed capital remained unchanged at EUR 300 m. The Federal Land of Berlin is the sole owner of IBB.



<b>Statement on changes in equity (German Commercial Code)</b>	<b>Equity</b>	<b>Special- purpose reserves</b>	<b>Balance sheet profit</b>	<b>Total</b>
in million EUR				
As per 31 December 2013	300.0	352.2	36.9	689.1
Transfer to the Federal Land of Berlin			-36.9	-36.9
Reinvestment – special purpose reserve				0.0
Net income for 2014			25.9	25.9
<b>As per 31 December 2014</b>	<b>300.0</b>	<b>352.2</b>	<b>25.9</b>	<b>678.0</b>

Net income for the year 2014 of EUR 25.9 m is recorded in equity as a balance sheet profit (previous year: EUR 36.9 m).

As per the balance-sheet date, the bank recorded liable equity according to the German Banking Law of EUR 897.3 m (previous year: EUR 852.2 m). Capital adequacy is determined on the basis of the Capital Requirement Regulation/German Solvability Ordinance (CRR-SolvV).

in million EUR/in %	<b>2014</b>	<b>2013</b>
Total risk (RWA) <sup>1</sup>	5,351.1	4,560.2
Equity capital ratio	16.8%	18.7%
<b>Core capital ratio</b>	<b>15.9%</b>	<b>17.4%</b>

<sup>1</sup> Values for 31 December 2013 based on the German Solvability Ordinance valid up to that point in time

Liquidity was generated in the year under review by activities on the money market and by issuing capital market instruments worth EUR 2.7 bn.

Both the refinancing guarantee of the Federal Land of Berlin and its role as IBB's sole owner were factors which meant that IBB was able at all times to obtain sufficient liquidity on money and capital markets in 2014 at a reasonable price and with the required maturity.

Thanks to an ECB-enabled portfolio, it was possible to guarantee that no liquidity bottlenecks would occur at any time. The strict secondary conditions of liquidity steering are both compliance with the Liquidity Regulation and fulfilment of the regulatory minimum reserve requirements. The regulatory requirements that apply to capital adequacy and liquidity pursuant to the German Banking Law (KWG) were fulfilled at all times.

## *Events after the balance-sheet date*

With effect as of 1 January 2015, VC Fonds Berlin GmbH, VC Fonds Technologie Berlin GmbH and VC Fonds Kreativwirtschaft Berlin GmbH were merged with IBB Beteiligungsgesellschaft mbH. The purpose of this move is to permanently establish these companies as a taxable entity.

IBB Beteiligungsgesellschaft mbH, which already has operative control over VC Fonds through management contracts, is hence acting as an intermediate holding for the VC Fonds companies of the IBB group.



# *Annual Accounts*

*as per 31 December 2014*

The Annual Accounts of Investitionsbank Berlin as per 31 December 2014 have been prepared in line with the German Commercial Code. In addition to the foregoing, Investitionsbank Berlin also drew up consolidated accounts as per 31 December 2014 on the basis of the International Reporting Standards (IFRS) which can be found on the Internet at: [www.ibb.de/en](http://www.ibb.de/en).

# Balance Sheet

as per 31 December 2014

Assets in EUR thousand		31.12.2014	31.12.2013
<b>1. Cash</b>		<b>21,176</b>	<b>24,259</b>
a) Cash on hand	5		8
b) Balances with central banks	21,171		24,251
of which: with Deutsche Bundesbank	21,171		24,251
<b>3. Loans and advances to banks</b>		<b>2,153,215</b>	<b>1,363,766</b>
a) Payable on demand	284,475		88,113
b) Other loans and advances	1,868,740		1,275,653
<b>4. Loans and advances to customers</b>		<b>13,483,102</b>	<b>14,400,924</b>
of which:			
Secured by liens		6,847,257	6,856,446
Public-sector loans		5,072,415	5,556,163
<b>5. Bonds and other fixed-income securities</b>		<b>4,020,849</b>	<b>4,225,179</b>
a) Money market paper			
ab) from other issuers	34,912		9,964
of which: eligible as collateral at Deutsche Bundesbank	34,912		9,964
b) Bonds and notes			
ba) Issued by public institutions	1,116,791		1,227,070
of which: eligible as collateral at Deutsche Bundesbank	1,116,791		1,175,094
bb) from other issuers	2,868,192		2,988,145
of which: eligible as collateral at Deutsche Bundesbank	2,766,457		2,928,985
c) Own bonds	954		0
Nominal amount	1,000		0
<b>6. Stocks and other variable-income securities</b>		<b>150,000</b>	<b>150,000</b>
<b>7. Investments</b>		<b>2,855</b>	<b>2,055</b>
<b>8. Shares in affiliated companies</b>		<b>95,457</b>	<b>92,337</b>
<b>9. Trust assets</b>		<b>169,024</b>	<b>150,023</b>
of which: Trust loans	169,024		150,023
<b>11. Intangible assets</b>		<b>1,624</b>	<b>334</b>
b) Acquired concessions, industrial property rights and similar rights and values as well as licences thereto	1,624		334
<b>12. Tangible assets</b>		<b>26,603</b>	<b>28,694</b>
<b>14. Other assets</b>		<b>1,199</b>	<b>1,297</b>
<b>15. Prepaid expenses</b>		<b>22,572</b>	<b>27,598</b>
<b>Total assets</b>		<b>20,147,676</b>	<b>20,466,465</b>

<b>Liabilities in EUR thousand</b>		<b>31.12.2014</b>	<b>31.12.2013</b>
<b>1. Liabilities to banks</b>		<b>3,377,615</b>	<b>3,891,226</b>
a) Payable on demand	27,570		85,598
b) With an agreed term or notice period	3,350,045		3,805,628
<b>2. Liabilities to customers</b>		<b>8,079,572</b>	<b>8,030,168</b>
b) Other liabilities			
ba) Payable on demand	935,241		778,557
bb) With an agreed term or notice period	7,144,330		7,251,610
<b>3. Securitised liabilities</b>		<b>7,332,492</b>	<b>7,195,940</b>
a) Bonds issued	7,332,492		7,195,940
<b>4. Trust liabilities</b>		<b>169,024</b>	<b>150,023</b>
of which: Trust loans	169,024		150,023
<b>5. Other liabilities</b>		<b>5,393</b>	<b>5,471</b>
<b>6. Prepaid expenses</b>		<b>107,763</b>	<b>123,444</b>
<b>7. Provisions</b>		<b>193,463</b>	<b>176,808</b>
a) Provisions for pensions and similar obligations	97,171		88,449
c) Other provisions	96,292		88,358
<b>11. Funds for general banking risks</b>		<b>204,311</b>	<b>204,311</b>
<b>12. Equity</b>		<b>678,043</b>	<b>689,076</b>
a) Called-in capital			
Subscribed capital	300,000		300,000
c) Retained earnings			
cd) Other revenue reserves (special-purpose reserve)	352,180		352,180
d) Net retained profit	25,863		36,897
<b>Total liabilities and shareholders' equity</b>		<b>20,147,676</b>	<b>20,466,465</b>
<b>Off-balance sheet items</b>			
<b>1. Contingent liabilities</b>		<b>123,672</b>	<b>122,533</b>
b) Liabilities in relation to guarantees and warranties		123,672	122,533
<b>2. Other obligations</b>		<b>825,137</b>	<b>859,049</b>
c) Irrevocable loan commitments		825,137	859,049

## Profit and Loss Account

for the Period from 1 January 2014 to 31 December 2014

Expenditure in EUR thousand				Previous year
<b>1. Interest expenses</b>			<b>302,081</b>	<b>314,077</b>
<b>2. Fee and commission expenses</b>			<b>714</b>	<b>656</b>
<b>4. General administrative expenses</b>				
a) Personnel expenses				
aa) Wages and salaries	39,535			39,310
ab) Social security contributions and expenses for pensions and other benefits of which: for pensions	9,009			11,020
	2,417			4,651
		48,544		50,330
b) Other administrative expenses		31,161		24,983
			79,705	75,313
<b>5. Amortisation and write-downs on intangible assets and tangible assets</b>			<b>3,647</b>	<b>3,707</b>
<b>6. Other operating expenses</b>			<b>25,803</b>	<b>26,412</b>
<b>7. Amortisation and write-downs on receivable and certain securities as well as additions to reserves in loan business</b>			<b>25,366</b>	<b>14,666</b>
<b>8. Amortisation and write-downs on shareholdings, shares in affiliated companies and securities treated as fixed assets</b>			<b>421</b>	<b>0</b>
<b>9. Expenditure from loss transfer</b>			<b>1,268</b>	<b>0</b>
<b>13. Other taxes not reported under item 6</b>			<b>65</b>	<b>80</b>
<b>15. Net income for the year</b>			<b>25,863</b>	<b>36,897</b>
<b>Total expenses</b>			<b>464,933</b>	<b>471,808</b>
<b>Net income for the year</b>			<b>25,863</b>	<b>36,897</b>
<b>Profit brought forward from the previous year</b>			<b>0</b>	<b>0</b>
<b>Net retained profit</b>			<b>25,863</b>	<b>36,897</b>

<b>Income in EUR thousand</b>			<b>Previous year</b>
<b>1. Interest income from</b>			
a) Lending and money market transactions	366,766		376,809
b) Fixed-income securities and book entry securities	84,492		79,018
		451,258	455,828
<b>2. Current revenue from</b>			
b) Investments		2	1
<b>4. Fee and commission income</b>		<b>6,720</b>	<b>8,908</b>
<b>7. Revenue from additions to investments, shares</b>			
in affiliated companies and securities treated as securities		<b>0</b>	<b>897</b>
<b>8. Other operating income</b>		<b>6,954</b>	<b>6,175</b>
<b>Total income</b>		<b>464,933</b>	<b>471,808</b>

# Notes to the Financial Statements for the 2014 Financial Year

## General notes

Investitionsbank Berlin (IBB) prepared the annual accounts as per 31 December 2014 in line with the German Commercial Code and in adherence to the Ordinance Regulating Reporting by Banks (RechKredV). The generally accepted accounting standards were observed.

The format of the balance sheet and of the profit and loss account is in line with the forms of the Ordinance Regulating Reporting by Banks. Form 2 (account form) was chosen for the profit and loss account.

## Accounting and measurement methods

Assets, liabilities and pending transactions were valued in accordance with the regulations of articles 252 seq. of the German Commercial Code in conjunction with sections 340 seq. of the German Commercial Code. The Ordinance Regulating Reporting by Banks (RechKredV) was observed.

Loans and advances to banks and customers are generally carried at their nominal amount.

Premiums and discounts are appropriated to prepaid expenses and deferred income, respectively, and reversed as scheduled.

Pro-rata interest on interest rate swaps is recognised on an accruals or deferrals basis, respectively. It is carried under loans and advances to banks or customers and liabilities to banks or customers. Income resulting from interest rate derivatives is carried in the bank's interest result. Incoming and outgoing close-out payments have been recognised in full in the profit and loss account.

Risks in the loan business are addressed by value adjustments for accounts receivable and provisions for off-balance-sheet transactions. Furthermore, value adjustments for receivables bearing lower interest are formed due to margin waivers in conjunction with business development.

In accordance with IAS 39, individual impairments were carried out in the case of significant receivables for identifiable address risks whilst flatrate individual impairments were applied to non-significant receivables. A first check is carried out to determine whether there are objective indications of a reduction in value. In a second step, a check is then performed to determine whether the value of the receivable has in fact declined. The amount of the individual value adjustment is determined by subtracting the cash value of all payments still expected from the book value of the receivable. The amount of the flat-rate individual impairment is determined by multiplying the book value by an expected loss given default.

With regard to latent risks in the receivables portfolio, portfolio impairments amounting to the expected default taking into account default probability, default rate and a factor for the time between the detection of the threatening default and the actual occurrence of the default event were made in accordance with IAS 39.



On the basis of the principle of individual valuation pursuant to section 252 (1) No. 3 of the German Commercial Code [§ 252 Abs. 1 Nr. 3 HGB], the option permitted under section 253 (3) in conjunction with section 340e of the German Commercial Code [§ 253 Abs. 3 i.V.m. § 340e HGB] (valuation according to the diluted lower of cost or market principle) was exercised throughout for securities held as fixed assets. If sustained impairment of value is expected, write-downs are always carried at the strict lower of cost or market principle.

The securities of the liquidity reserve are valued at the strict lower of cost or market principle.

Other financial assets (stocks and other variable-income securities, shareholdings and shares in affiliated companies) are carried at their cost of acquisition; if their value is likely to continue to be impaired, they are written down to their fair value.

The IDW RS BFA 3 comments were taken into account in full within the scope of the balance sheet and measurement as per 31 December 2014. The cash equivalent approach is applied in order to determine any provision for anticipated losses which may be necessary. The trading book's valued-based ability to bear losses serves as the basis for calculation. The book value is deducted from net assets, and the risk and administrative costs as well as the bank-specific refinancing costs for fictitious closing transactions are taken into account to the extent necessary.

Scheduled write-downs of fixed assets are made on assets with a limited useful life over their expected useful life. Low-value assets are written off immediately.

Liabilities are carried at their repayment amount.

Reserves for pension obligations are calculated by external actuarial experts according to the projected unit credit method using Prof. Dr. Heubeck's 2005 G tables. A projected salary/contribution assessment ceiling increase of 2.5% and a projected pension increase of 1.75% (or 1.0% in the case of commitments by Versorgungsanstalt des Bundes und der Länder (VBL)) were taken into consideration. The evaluation was based on an assumed interest rate of 4.53%. The change in assumed interest was carried in net interest income in the profit and loss account. The change in other valuation assumptions was carried in the profit and loss account under current service cost. The interest share of the sum added to pension reserves is carried in interest expenditure.

Other provisions are carried at the amount required in line with prudent business considerations. Provisions with a term of more than one year are discounted. The change in assumed interest is carried as net interest income in the profit and loss account. The interest share of the sum added to other reserves is carried in interest expenditure.

#### Principles of currency translations

IBB conducts all transactions in euro.

---

# Imprint

---

## Publisher

Investitionsbank Berlin  
Corporate Communication-Executive Unit  
Bundesallee 210  
10719 Berlin, Germany  
Phone :+49 (0) 30 2125-0  
Fax: :+49 (0) 30 2125-2020  
[www.ibb.de](http://www.ibb.de)

## Conceptual design and layout

Heimrich & Hannot GmbH  
Stralauer Allee 2  
10245 Berlin, Germany  
[www.heimrich-hannot.de](http://www.heimrich-hannot.de)

## Print

DBM Druckhaus Berlin-Mitte GmbH  
Wilhelm-Kabus-Straße 21–35  
10829 Berlin, Germany  
[www.druckhaus-berlin-mitte.de](http://www.druckhaus-berlin-mitte.de)

## Picture

Thomas Kierok (Seite 4)  
Investitionsbank Berlin (Seite 7)





Investitionsbank Berlin  
Bundesallee 210  
10719 Berlin, Germany

Phone: +49 (0) 30 2125-0  
Fax: +49 (0) 30 2125-2020

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

