LFA FÖRDERBANK BAYERN
AT A GLANCE

Start-up  Growth  Innovation  Energy and environment  Stabilisation  Infrastructure
The objective of Bavarian economic policy is to safeguard and expand further the high level of international competitiveness of Bavarian companies, as well as their innovative power and the high level of employment.

For this reason, our main focus is on actively supporting the establishment of start-ups, investments and innovations. To achieve this aim, we will continue to fully exploit the instruments of LfA Förderbank Bayern. LfA provides investment incentives and favourable financing terms in the form of low-interest loans and assumption of risk, together with impartial advisory services.

LfA supports those aiming to set up new business enterprises, as well as small and medium-sized companies wishing to invest in growth, energy efficiency or in environmental protection, but also those with liquidity or profitability difficulties. In addition, development funding is available for local authorities investing in infrastructure projects to enhance the appeal of the local area as a business location.

Everyone in Bavaria looking to undertake a venture is cordially invited to find out about the development support options at LfA.

Franz Josef Pschierer
Chairman of the Administrative Board of LfA,
Bavarian Minister of Economic Affairs, Energy and Technology
Welcome to LfA

As a bank which is owned by the Free State of Bavaria, LfA provides advantageous credit facilities to small and medium-sized companies.

The establishment of start-ups or investments in growth, innovation, energy efficiency and environmental protection often require significant financial resources. Smaller enterprises in particular find it very difficult to overcome these financial hurdles without suitable help. LfA, together with affiliated companies in the LfA Group, Bayerische Beteiligungsgesellschaft (BayBG), Bayern Kapital and Bayern Innovativ, ensures that equal opportunities are available.

All loan financing by LfA is handled via the commercial banks. This cooperation in line with the commercial bank principle has proven to be successful. One exception to this approach is the provision of direct loans for infrastructure investment by local authorities. If businesses have difficulty providing the standard forms of collateral required by banks, we can offer different kinds of guarantee to help overcome this problem.

The purpose of this brochure is to offer you an initial overview of the development support available from LfA. Our Foreign Trade Finance team is at your disposal for further consultation. Their contact information can be found in the Important Addresses list on page 17.

We look forward to hearing from you!

f. l.: Dr. Josef Bayer, Dr. Hans Schleicher, Dr. Otto Beierl and Hans Peter Göttler
1 INTRODUCTION

BAVARIA AS A LOCATION FOR BUSINESS

With a population of over 12 million, Bavaria is one of the most important economic locations in Europe. Its industrial enterprises alone generate annual sales of over €300 billion and provide employment to approximately 1.2 million people. Skilled trades represented by over 100,000 companies and more than 900,000 employees also have a long tradition in Bavaria. Bavaria’s creative potential can be clearly seen in annual company investments of over €13 billion in research and development. Small and medium-sized companies in particular make a large contribution to this positive economic performance. They create and safeguard a large number of jobs in Bavaria.

WHO WE ARE

LfA Förderbank Bayern, founded in 1951, is the specialist development bank of the Free State of Bavaria. Its mandate is to use the instruments of a bank to provide financial support for the projects of commercial companies and professions in practically all branches of industry and for other measures designed to improve the economic, transport, energy and environmental structure of Bavaria.

At the centre of LfA’s business activities is the provision of support for investment by those looking to start a business and by small and medium-sized companies in order to compensate for financial disadvantages specific to the size of the enterprise compared with larger companies. The aim is to create new employment and safeguard existing jobs in Bavaria. If the development loans contain subsidy elements, they generally concentrate on small and medium-sized enterprises as defined by the European Commission.

WHAT WE DO

LfA supports companies with projects involving start-ups, growth, innovation, energy and environment as well as stabilisation having a positive effect for Bavaria. LfA also supports local authority investment projects aimed at sustaining the appeal of Bavaria as a business location.

OUR CORE TASKS INCLUDE:

• making it easier for less-experienced entrepreneurs to enter new markets
• increasing the efficiency of small and medium-sized enterprises
• bringing more new products and processes onto the market
• removing differences in regional economic power
• reducing environmental damage caused by production
• helping companies in a crisis
• improving the conditions for economic activity by expanding business-related infrastructure
• aiding companies with their international expansion if this will help to consolidate their base in Bavaria
• ensuring the financing of major projects in cooperation with other banks
**LFA DEVELOPMENT SERVICES FOR COMPANIES**

LFA offers a comprehensive range of services to support companies in Bavaria:

**Long-term loans**
The core element of the LFA development support products are long-term loans at consistently favourable interest rates. Payment-free years make it easier for businesses to cope with the difficult start-up phase and ensure better liquidity. LFA offers suitable development loans for every business area, i.e. establishment, growth, innovation, energy and environment, stabilisation and – for local authorities – infrastructure.

**Equity financing**
As a further means to optimise corporate financing, LFA, together with the companies belonging to the LFA Group, BayBG and Bayern Kapital, provides the option of equity financing. In this way, the equity base can be strengthened and credit standing improved significantly.

**Guarantees**
If you are unable to furnish sufficient collateral to obtain finance for your project, LFA Förderbank Bayern can assume responsibility for the risk by offering different kinds of guarantee. With a guarantee, the credit risk of the commercial bank decreases proportionately. The assumption of risk by LFA also enables banks to finance projects even if the credit rating of the borrower is inadequate.

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**Consultancy**
LFA specialists provide expert and non-competitive advice free of charge. The main focus of this consultancy work is providing information and advice on financing. LFA has offices in Nuremberg and Hof that serve the area of Northern Bavaria. To ensure that advisory services are available throughout the whole of Bavaria, LFA holds regular consultancy days in all administrative districts, participates at a large number of trade fairs, and organises information events at varying locations on the subject of development funding. Companies who are experiencing difficulties can contact the Task Force or request assistance from the „Bavarian Round Table“ initiative (Initiative Runder Tisch Bayern).

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**LFA DEVELOPMENT SERVICES FOR LOCAL AUTHORITIES**
The range of development support provided by LFA is rounded off by direct loans and subsidies for local authorities. For the financing of major projects, LFA will also participate in syndicated financial deals at the invitation of commercial banks.
DEVELOPMENT SUPPORT AVAILABLE FROM LFA

START-UP
Establishment financing – for the best start possible!
Starting an independent career costs energy and money – whether this is for establishing a new enterprise, acquiring an existing business or actively investing in another company. With financing help from LFA, prospective entrepreneurs can count on a solid financial base.

GROWTH
Growth financing – investing in the future!
For anyone looking for promising future growth for a company, thorough planning and, not least, a sustainable financing concept are the best pre-conditions for success. LFA supports a number of investments – from purchasing land to construction activity, construction cost subsidies, advance lease payments, deposits, the acquisition of machinery or equipment, goodwill, patents, licences as well as hardware and software.

INNOVATION
Innovation financing – you’re risking innovation?
We will support you!
Businesses must be innovative if they are to be successful in competitive markets. Innovation is therefore highly significant from an economic perspective because competitive businesses safeguard growth and create jobs. However, innovation can become a drain on liquidity, particularly for small and medium-sized enterprises. LFA supports innovative small and medium-sized businesses with needs-based development loans covering the entire range of innovations and the whole of the innovation process.

ENERGY AND ENVIRONMENT
Energy and environment financing – thinking about tomorrow!
Environmental protection and energy efficiency concern everyone! For all entrepreneurs, whether setting up a new business enterprise or with many years of experience in running a traditional business, there are a number of ways in which their company can do something positive for the environment. LFA provides suitable financing assistance for investments in environmentally-friendly and energy-efficient solutions. Success, both ecological and economic, gives an extra positive boost to your company’s growth trajectory.

STABILISATION
Stabilisation – recognising and overcoming crises!
Crises recognised early on are easier to deal with. With sound advice and financial assistance, quick action can protect a company from the looming downswing. With its economic development scheme, LFA can help your company overcome a difficult financial situation.

INFRASTRUCTURE
Infrastructure – strengthening Bavaria as a business location!
Well-developed, efficient infrastructure is a prerequisite for attracting businesses, creating jobs and reinforcing the regional economy as a whole. LFA therefore supports capital investment in infrastructure undertaken by local authorities in Bavaria to ensure that the appeal of the region as an economic centre is maintained in the future.
FURTHER FINANCING

ORDER GUARANTEES AND FOREIGN TRADE FINANCE

LfA provides order guarantees to support Bavarian businesses with order-related requirements for guarantees or working capital finance. These order guarantees can be used in connection with both domestic and international orders or contracts.

LfA supports foreign investment by Bavarian small and medium-sized businesses if this investment strengthens the base of the business concerned in Bavaria. This support can take the form of low-interest funding or the assumption of risk.

FILM FUNDING

Providing support for the film and media industries in Bavaria is a key commitment for LfA Förderbank Bayern. It provides this support through the FilmFernsehFonds Bayern (FFF) and the Bayerischen Banken-Fonds. LfA Förderbank Bayern conducts the banking business for the FilmFernsehFonds Bayern. On a wider economic level, film funding in Bavaria is also an important factor for follow-up investments.

Similarly, LfA is involved in providing funding for the Bavarian computer games industry. Games development is supported in the „concept development“, „prototype development“ and „production“ phases.
3

HOW TO GET DEVELOPMENT SUPPORT

THE DEVELOPMENT SUPPORT PRINCIPLES OF LFA

Before making an application for public development support, you must take into consideration the principles of development support:

Proportional financing
Public development support should initially always be „support for self-help“, i.e. in addition to LfA loans, part of the financing should come from a company’s own resources or commercial banks.

Application prior to the start of the project
The application must be received by the commercial bank prior to the start of the project. The start of the project means the conclusion of a supply or service agreement.

Commercial bank principle
All LfA loans are provided by your commercial bank. This means LfA is not in competition with the commercial banks – quite the contrary, it works closely with them. With public development support, your commercial bank generally holds primary liability (although there are exceptions where LfA assumes responsibility for the risk). The application is also processed directly via the commercial bank.

Exceptions are local authority loans, applications for which must be submitted directly to LfA.
**IMPORTANT ADDRESSES**

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