

# ISB SERVICES FOR INVESTORS



Located in the heart of Europe, Rheinland-Pfalz offers ideal conditions for business growth and innovation. The Investment and Economic Development Bank of Rheinland-Pfalz (ISB) is here to help companies thrive, with specialized support for enterprises at every stage of their journey.

## **Your Partner for Tailored Financing Solutions**

Whether you're planning to establish/expand a business, or invest in new projects, ISB provides custom financing solutions that include Low-Interest Loans, Grants, Equity Investments and Loan Guarantees.

## **Comprehensive "One-Stop" Assistance**

We simplify your journey with "one-stop" assistance, combining ISB's offerings with funding from German and EU programmes, including collaboration with KfW and the European Investment Bank (EIB).

## **Location & Expansion Services**

Relocating or expanding in Rheinland-Pfalz? ISB assists with site selection, property contacts, permit facilitation, and business registration. Our free online Location Finder helps you identify suitable commercial properties based on your criteria.

## **Support for SMEs and Startups**

Rheinland-Pfalz's economy thrives on small and medium-sized enterprises (SMEs). ISB offers dedicated programmes for SMEs, including loans for operating resources, funding for innovation through "InnoTop" and supporting research and development projects that bring new products to market.

# Talk to us!

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# FREQUENTLY ASKED QUESTIONS

## **What industries can the ISB provide assistance to?**

As a general matter, all industries are eligible to receive support. Individual programmes may have certain restrictions.

## **Who can apply for loan assistance from the ISB?**

Small and midsize enterprises from the commercial economy (skilled workers, trade and commerce and other service-sector companies) and also natural persons who rent out or lease commercial property can obtain funding loans, provided the company headquarters or the site of the investment is located in Rheinland-Pfalz.

## **Is the choice of legal form of the company relevant for the granting of financial aid?**

In principle, no. Whether financial aid is offered does not depend on the legal form under which an existing or newly established business is conducted.

## **Can I still apply for financial aid if my project is already underway?**

The various aid programmes require that an application be made prior to the start of the project.

## **Does the possible aid depend on the size of the company?**

Some aid programmes offered by the ISB are designed for small and medium-sized enterprises (SMEs) in accordance with the definition used by the EU. Small enterprises by this definition are those employing up to 50 persons and with annual revenues or a balance sheet total of no more than 10 million Euros. Medium-sized enterprises are companies with up to 250 employees and annual revenues of not more than 50 million Euros, or a balance sheet total of not more than 43 million Euros.

Some other programmes offered by the ISB can benefit larger or “mid-cap” companies. “Mid-cap” companies are companies employing more than 250 but fewer than 3,000 people.

## **Can different ISB aid programmes be combined with one another, or with programmes offered by other development agencies and institutions?**

As a general rule, the various aid programmes offered by the ISB can be combined with one another and with those offered by other development agencies and institutions.

## **How long is the processing time for applications for financial aid?**

We already offer a service guarantee for applicants for many of our programs. This means that a decision will be made regarding the aid applied for within a set number of bank working days after the application documents have been submitted in full. These service guarantees are for periods of five to ten bank working days, depending on the programme.

## **What is exemption from liability?**

Exemption from liability means that the ISB (Investment and Economic Development Bank of Rheinland-Pfalz) proportionately accepts a share of the open-ended credit risk. The size of the exemption from liability possible is given in each respective loans programme. The borrowers however remain obliged for the full extent of their repayment. Through exemption from liability the default risk of the principal bank is reduced, so that with insufficient collateral they should rather be prepared to accept a corresponding risk for granting the loan.

Indication: Exemptions from liability cannot be combined with ISB surety programs or with other financial assistance programs exempted from liability.

## RLP WORKING CAPITAL LOAN

**The programme offered by the Investitions- und Strukturbank Rheinland-Pfalz (ISB) is intended to help assure the long-term availability of working capital for companies and thus also for the creation and securing of jobs in Rheinland-Pfalz.**

### Who is eligible for assistance?

Commercial enterprises (manufacturing companies, artisans and tradesmen, merchants and other service providers) in accordance with the applicable EU definition for small and medium-sized enterprises (SMEs), as well as MidCap companies and freelancers.

Companies undergoing restructuring or in economic difficulty in accordance with the EU guidelines, are not eligible for assistance.

### What is financed?

- medium and long-term working capital needs
- warehouses

Restructuring of debts or supplementary financing of previously concluded projects, follow-up financing, and prolongations are excluded.

### How is assistance provided?

Loans are extended by the ISB to the borrower's principal bank for disbursement to the end borrower. The form and scope of the security provided is agreed during the loan negotiations between the applicant and its principal bank.

*Maximum loan amount: 5 million EUR*

100% of the costs are eligible for financing with this loan, provided that EU state aid regulations are complied with.

100% of the loan is paid out.

The borrower's principal bank sets the interest rate for the end borrower, based on a price class using the risk-adjusted interest rate system of the KfW. This is determined by taking into account the borrower's economic situation (creditworthiness) and the security provided for the loan.

### Loan terms:

- up to 10 years, with no more than 1 initial year in which no principle payments are made

### Repayment options:

- equal quarterly instalments
- quarterly annuity
- lump sum at the end of the loan term

The project may not have commenced at the time the application is submitted.

### Where does one apply?

The application is submitted to the ISB by the borrower's principal bank.

#### ISB SUPPORT

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## GUARANTEES

**By issuing guarantees, the state of Rheinland-Pfalz, together with the Investitions- und Strukturbank Rheinland-Pfalz (ISB) and the Bürgschaftsbank Rheinland-Pfalz GmbH (guarantee bank) assists companies in the financing of economically and financially viable projects in Rheinland-Pfalz, if the company is not able to provide adequate guarantees. This applies to maximum amount guarantees which are provided to banks, insurance companies and building societies for the securing of investment and working capital loans as well as guarantee credits.**

### Who is eligible for assistance?

Companies domiciled in, and/or with business premises in Rheinland-Pfalz, e.g. manufacturing companies, trading companies and crafts enterprises, housing sector companies, developers, members of free professions, start-ups.

For the issuance of a guarantee, a one-off processing fee and an ongoing guarantee fee are charged in accordance with the general terms and conditions.

The term is usually 10 to 15 years, for working capital loans and for guarantee credits usually between six and eight years; the term may not exceed 15 years (or 23 years for construction measures for business purposes).

### What is financed?

Guarantees are provided for investment loans or for working capital loans (cash-/guarantee credits).

### How is assistance provided?

The guarantee ratio amounts to:

- maximum 80% for investment loans
- maximum 60% for working capital loans
- maximum 70% for guarantee credits.

### Where does one apply?

Depending on the guarantee amount, the application is submitted to the ISB by the borrower's principal bank or the Bürgschaftsbank Rheinland-Pfalz.

The guarantee commitment is made to the company's principal bank.

### *Bürgschaftsbank - maximum guarantee amount:*

- up to 2.0 million EUR

### *ISB maximum guarantee amount:*

- from 2.0 million EUR to maximum 3.5 million EUR
- (from 3.5 million EUR federal state guarantee programme)

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## RESEARCH AND DEVELOPMENT (INNOTOP)

For operational research and development, the InnoTop funding programme allows for the application for non-repayable grants for the implementation of R&D projects. Eligible for this programme is research and development of new products, processes or service provisions which extend the state of the art and carry a significant realisation risk. The R&D activities associated with the realisation must fall under the research categories of industrial research and/or experimental development. Specifically, the projects of the experimental development must show successful economic exploitation prospects for the medium term and indicate an appropriate added value in a business establishment of the supported company located in Rheinland-Pfalz. The InnoTop support programme is divided into funding modules which each have their own application processes. This way, the development process for new products, processes or service provisions can be funded from first analyses and assessments of the potential in terms of prospects of success (support module: Feasibility study) to the implementation of a R&D project including prototypical testing (support module: R&D project).

### Who is eligible for assistance?

Small and medium-sized companies (SMEs) in accordance with the applicable EU definition with a registered office or business premises in Rheinland-Pfalz. Subject to budgetary availability, large companies are also eligible for assistance, provided a project is of special significance for the federal state of Rheinland-Pfalz, or if an outstanding economic effect can be expected for the federal state.

### What is financed?

Four types of expenditure are eligible for assistance:

- personnel expenses
- general expenses
- material expenses
- expenses for external services

Personnel expenses and general expenses are applied for and granted in lump sums.

### How is assistance provided?

Grants for **feasibility studies** and **R&D projects** are funded by the European Regional Development Fund (ERDF) under the scope "Investments in growth and jobs" Rheinland-Pfalz, funding period 2014-2020. For feasibility studies the maximum amount for eligible expenses is set at 75,000 EUR. The non-repayable grant is up to 70% of the ex-

penses eligible for assistance and is limited to a maximum of 52,500 EUR. For R&D projects, the amount of the grant depends on the presence of a demanding level of innovation and significant realisation risks. The maximum grant amount is 500,000 EUR. The entry funding rate for industrial research projects is up to 50%, and for experimental research projects up to 25%. In addition, allowances may be granted depending on the size of the company, the cooperation with other companies and the integration of research institutes, which means that a funding rate of up to 80% of the eligible expenses is possible.

### Where does one apply?

The application is submitted electronically or by post directly to the ISB. No submission deadlines apply. A non-committal preliminary talk is possible before application. For this, a brief project sketch is required.

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# ISB SYNDICATED FINANCING FOR BUSINESSES IN THE COMMERCIAL SECTOR IN RHEINLAND-PFALZ

**The Investitions- und Strukturbank Rheinland-Pfalz (ISB) participation in a loan syndication is aimed to assist projects in Rheinland-Pfalz which are important to structural policies. In particular, there is a special structural effect when the project is suitable to improve the economic and/or housing structure or labour supply in Rheinland-Pfalz. The syndicated loan should contribute to the creation and preservation of competitive companies, jobs with a secure future, additional and/or contemporary housing.**

## **Requirements for borrowers**

Potential borrowers are enterprises that have their registered office and/or business premises in Rheinland-Pfalz or housing construction companies that build or renovate housing development in Rheinland-Pfalz.

The creditworthiness and risk analysis by both the syndicate leader and the ISB must justify a commitment. The credit rating of the borrower/target company may principally not exceed an average 1-year default risk of 2.00% (= ISB rating grade 9 as per DSGV)

Syndicated loans are not available for restructuring or for businesses in financial difficulties.

## **Type and condition of the loan syndication**

The ISB is available as a syndicate partner. The ISB will not act as a syndicate leader in a loan consortium.

The ISB can participate either in a disclosed internal consortium (consortium of banks) or as a bond holder (third-party initiated bond emission).

The share of the ISB syndicated loan may not exceed 50% of the overall syndicated loan. The ISB's share must not exceed that of any other syndicate member.

## **Type of syndicated loan**

The aim of the syndicated loan is to cover the credit needs of businesses in the commercial sector.

The syndicated loan can be used for both investment and working capital financing as well as for the provision of bank guarantees.

The term of the syndicated loan is usually up to 10 years, for construction measures up to 20 years and for housing construction up to 25 years.

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## TRADE FAIR GRANT

**This programme is for a straight (non-repayable) grant for costs incurred for the participation in export-oriented trade fairs and product presentations.**

### **Who is eligible for assistance?**

Small and medium-sized companies (SMEs) in accordance with the applicable EU definition for SMEs with a registered office or business premises in Rheinland-Pfalz, including agricultural holdings and members of the free professions. Companies with a majority public shareholding are excluded from the programme.

### **What is financed?**

Costs for participation in trade fairs abroad, providing the trade fair is listed in the internet database of the Ausstellungs- und Messeausschuss der Deutschen Wirtschaft e.V. (Exhibition and Trade Fair Committee of the German Economy) ([www.auma.de](http://www.auma.de)). The presentation of the products is performed by employees of the applicant company.

### **How is assistance provided?**

Funding is provided in the form of fixed amount financing with a grant for the event costs. The grant amount for participation in trade fairs

- within Europe is: 3,000 EUR.
- outside Europe is: 5,000 EUR.

The grant paid out as a fixed amount may not exceed the amount of the eligible expenses.

### **Which expenses are eligible for assistance?**

All costs directly related to the event such as e.g. stand rental, stand construction costs, personnel costs, travel and accommodation costs, advertising media, costs for exhibits, insurances, mailing campaigns etc...

### **Where does one apply?**

The application is submitted to the ISB.

The ISB will only consider applications that are presented to it at least one day before the start of the trade fair.

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# ISB SUPPORT PROGRAMME FOR SMEs (ISB SME LOAN)

– OPTIONALLY WITH A LIABILITY RELEASE BY THE ISB FOR THE PASS-THROUGH BANK –

**The reduced-interest ISB SME Loan is based on the KfW ERP Development Loan for SMEs. The Investitions- und Strukturbank Rheinland-Pfalz (ISB) additionally subsidises KfW's already favourable loans – if possible.**

## Who is eligible for assistance?

- Companies in the commercial economy (crafts, trade, and other service industries) according to the respective valid EU definition for small and medium-sized enterprises (SMEs) as well as freelancers.
- Entrepreneurs in the commercial economy and freelancers.

Companies undergoing restructuring or in economic difficulty are not eligible for assistance in accordance with the EU guidelines.

## What is financed?

- investments
- additional working capital requirements
- warehouses
- corporate acquisitions and active participations

Only projects in Rheinland-Pfalz are financed.

Debt rescheduling or supplementary financing of previously concluded projects, follow-up financing, and prolongations are excluded.

## How is assistance provided?

The loan is granted by the ISB to the principal bank for on-lending to the ultimate borrower. The form and scope of the security provided is agreed between the applicant and its principal bank during the loan negotiations.

### Maximum loan amount:

- 5 million EUR for investment loans
- 2 million EUR for working capital and warehouse loans

100% of the costs can be financed through this loan in compliance with EU state aid law.

100% of the loan is paid out.

The principal bank sets the interest rate for the ultimate borrower based on a price class using KfW's risk-adjusted interest rate system. This results from considering the borrower's economic circumstances (creditworthiness) and the security provided for the loan.

*Credit term options (maximum repayment-free years are in brackets).*

- Investment loan:  
up to 5 (1), up to 10 (2) and up to 20 (3) years
- Working capital loan:  
2 (2) and up to 5 (1) years
- Warehouse loan:  
2 (2), up to 5 (1) (maximum credit term with liability release) and up to 10 (2) years

The project may not have commenced at the time the application is submitted.

## Liability release

Within the framework of an investment loan, the loan can be extended to companies which have been active in the market for at least three years, with a 50% liability release for the principal bank. This way the credit risk is shared between the principal bank and the ISB.

### Maximum loan amount:

- 800,000 EUR for investment and working capital loans

The liability release does not constitute a security within the meaning of a guarantee.

## Where does one apply?

The application is submitted to the ISB by the borrower's principal bank.

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## REGIONAL SUPPORT

– – ECONOMIC DEVELOPMENT AREA OF THE JOINT PROJECT –

**Investment projects of companies in structurally weak regions of Rheinland-Pfalz are supported in the context of economic support programmes. This creates opportunities for supporting the community objective of "Improvement of the regional economic structure" (GRW regions).**

### Who is eligible for assistance?

Assistance is available to manufacturing companies operating mainly supra-regionally, as well as certain artisan trades and service providers (including tourist enterprises)

For small to medium-sized companies (SMEs), the following are eligible for funding

Eligible for assistance:

Small and medium-sized companies (SMEs)

- construction of new business premises
- expansion of existing business premises
- diversification of the production of an existing manufacturing site to include products not previously produced
- fundamental change in the overall production process of an existing manufacturing site.

For large corporations, initial investments for new economic activities in the relevant region are eligible for support.

The provision of assistance is generally predicated on the creation of new jobs or the securing of existing permanent positions.

### What is financed?

Eligible for financing are investments in fixed assets (new assets) used by the owner for productive purposes (construction costs, machinery/facilities) and certain intangible assets. Not eligible for assistance are investments made for purchasing real estate, motor vehicles, aircraft, ships, used assets, replacement investments, company-created assets, and assets not remaining exclusively within the physical location of the premises eligible for assistance, as well as rented or leased assets or those acquired through a lease-to-own programme.

Only investment projects which can be implemented within the maximum possible investment period of 36 months will be considered.

### How is assistance provided?

Assistance is provided in the form of a (non-repayable) investment grant in the amount of the relevant maximum aid rate. Depending on the size of the company, the contribution may total from 10% and up to 35% of the costs eligible for subsidies. For investment measures with a total volume of more than 10 million EUR, a funding rate of 5% of the amount exceeding 10 million EUR is provided. Assistance will only be provided for planned investment amounts, that allow for a grant of 20.000 EUR or more.

### Application process

The application for funding must have been received by the ISB prior to the start of the investment (this is the binding written or oral conclusion of a contract for goods or services attributable to the realisation of the investment). Entering a loan agreement or concluding a finance contract for the intended project, or the commencement of payment of personal contributions can be considered as the start of an investment.

***An investment project should only be commenced once written confirmation has been received from the approving authorities that a project is eligible for assistance.***

Once an application has been made, the ISB will obtain expert opinions from the relevant chamber (IHK, HWK) as well as from the Agentur für Arbeit (Federal Labour Office).

The investment project must commence no later than three months after filing of the application. The investment project must commence no later than three months after filing of the application.

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## REGIONAL SUPPORT

– STATE FUNDING PROGRAMME – “STRENGTHENING STRUCTURALLY WEAK REGIONS” (REGIO)

With funding from the European Development Fund (ERDF)

**Investment projects of companies in structurally weak regions of Rheinland-Pfalz are supported in the context of economic support programmes. This opens up funding opportunities in the state support region.**

### Who is eligible for assistance?

Assistance is available to manufacturing companies as well as certain artisan trades and service providers. Accommodation facilities, restaurants and camp sites are not eligible for this funding programme.

For small to medium-sized companies (SMEs), the following are eligible for funding

- construction of new business premises
- expansion of existing business premises.

The provision of assistance is predicated on the securing of existing and creation of new permanent positions.

### What is financed?

Eligible for financing are investments in fixed assets (new assets) used by the owner for productive purposes (construction costs, machinery/facilities and certain intangible assets). Not eligible for assistance are investments made for purchasing real estate, motor vehicles, aircraft, ships, used assets, replacement investments, company-created assets, and assets not remaining exclusively within the physical location of the premises eligible for assistance, as well as rented or leased assets or those acquired through a lease-to-own programme. Only investment projects which can be implemented within the maximum possible investment period of 36 months will be considered.

### How is assistance provided?

Assistance is provided in the form of a (non-repayable) investment grant in the amount of the relevant maximum aid rate.

Depending on the size of the company, the contribution may total from 10% and up to 20% of the costs eligible for subsidies. For investment measures with

a total volume of more than 10 million EUR, a funding rate of 5% of the amount exceeding 10 million EUR is provided. The minimum grant amount at the grant date is 20,000 EUR (for small companies, eligible costs at least 100,000 EUR, for medium-sized companies, at least 200,000 EUR).

### Application process

The application is submitted electronically or by post directly to the ISB. Your grant application must have been received by the ISB prior to the start of the investment (this is the binding written or oral conclusion of a contract for goods or services attributable to the realisation of the investment).

**The written confirmation from the ISB, stating that the grant conditions, subject to a detailed audit, are basically met, must have been issued prior to the commencement of the project.**

Entering a loan agreement or concluding a finance contract for the intended project, or the commencement of payment of personal contributions can be considered as the start of an investment.

Once the application has been submitted, the ISB will obtain expert opinions from the relevant chamber (Chamber of Industry and Commerce (IHK), Chamber of Crafts (HWK) as well as from the Agentur für Arbeit (Federal Labour Office).

The investment project must commence no later than three months after filing of the application.

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## VENTURE CAPITAL (HOLDING)

**The Investitions- und Strukturbank Rheinland-Pfalz (ISB) provides venture capital to companies in Rheinland-Pfalz via its various subsidiaries (equity funds) in the form of direct investments (acquisition of company shares) and/or typical silent partnerships. The equity capital is intended to strengthen the economic equity of the applicant company.**

### **Who is eligible for assistance?**

Small and medium-sized companies (SMEs) in the form of a corporation with business premises in Rheinland-Pfalz in accordance with the applicable EU definition. A holding by the Innovation Fund Rheinland-Pfalz predicates that the company was founded no earlier than five years prior to the point in time of the application. The applicant company is expected to submit an innovative business model including growth perspective.

### **What is financed?**

The development and/or market launch of an innovative or technology-oriented product/process or service provision, for which patent protection can generally be applied for. Pure distribution companies are not eligible for venture capital financing. In particular, funding is provided for research and development costs, market launch costs and investments in tangible assets.

### **How is finance provided?**

Participation can be offered in the form of an open shareholding via the acquisition of company shares or as a typical silent partnership. Often, financing is provided in a combination of an open and typical silent partnership.

The shareholding is provided within the framework of direct project financing; the maximum limit for a

holding in the first financial round is 500,000 EUR and aligns itself with the financial contributions of the shareholders or other investors.

For a silent partnership, a fixed payment as well as a profit-based payment is to be paid, which is individually agreed upon based on the company rating performed. The term for a silent partnership is between five and ten years. For the acquisition of company shares, a purchase price is negotiated with the company on the basis of a company valuation. A processing fee of usually 1% of the investment sum must be paid when applying.

### **Where does one apply?**

Applications are submitted directly to the ISB. Prior to application, it is recommended to make use of a consultation with the relevant ISB department, in order to clarify the application requirements and further action in a personal meeting. The venture capital department will gladly supply you with preliminary information by phone.

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