

Hamburgische Investitions- und Foerderbank

Update

Key Rating Drivers

Owner Support Drives Ratings: Hamburgische Investitions- und Foerderbank's (IFB Hamburg) ratings are based on support from its sole owner, the State of Hamburg (Hamburg; AAA/Stable/F1+). Hamburg provides an explicit and irrevocable, unlimited, unconditional and first-demand statutory guarantee covering all of IFB Hamburg's liabilities, a maintenance obligation (Anstaltslast), which ensures its continuation as an economic entity, and a statutory guarantor's liability (Gewehrtraegerhaftung).

Unlike its peers, IFB Hamburg is additionally covered by a statutory loss-absorption obligation from its owner, which offsets any annual loss. The owner's very strong ability and very high propensity to support IFB Hamburg drive the equalisation of the bank's ratings with Hamburg's.

Stable Outlook: The Stable Outlook on IFB Hamburg's Long-Term Issuer Default Rating (IDR) mirrors that of the bank's owner and guarantor, as the nature of support from Hamburg is unlikely to change due to IFB Hamburg's role for Hamburg's economy.

Ratings Aligned with Germany's: As a fully state-owned bank of Hamburg, IFB Hamburg's ratings are indirectly linked to the German sovereign ratings (AAA/Stable/F1+). This is because the ratings of the German Laender (federal states), including Hamburg, are linked to those of Germany due to a strong mutual support system between the Laender and extensive financial equalisation among them, together with the solidarity principle.

Development Bank for Hamburg: IFB Hamburg's primary mandate is to provide funding and grants to support Hamburg's economic, environmental, social, and business development, and to foster innovation. Housing and urban development is the key focus. IFB Hamburg finances predominantly multi-family real estate projects providing affordable housing across all income groups, including subsidised rental homes in cooperation with its owner.

IFB Hamburg's economic promotional activities target entrepreneurs and SMEs in Hamburg. In addition, it takes on special tasks on request by Hamburg and, to a smaller extent, participates in projects initiated by other European development institutions.

Support Compliant with EU Rules: Similar to its peers', IFB Hamburg's business model complies with EU state-aid rules as it exclusively undertakes non-competitive activities. A state guarantee framework agreed in 2002 by Germany and the European Commission allows German public development banks to receive state support.

Legal Insolvency Protection: IFB Hamburg is insolvency-remote by law and, in line with its peers, has not been subject to capital requirement regulation since June 2019, but has to follow minimum capital standards set by the local regulator. It is exempt from the Single Resolution Mechanism, the Recovery and Resolution Act, and the Restructuring Fund Act.

Funding Access Benefits from Guarantee: Banks and insurance companies investing in IFB Hamburg's debt benefit from 0% regulatory risk-weighting and level 1 treatment for their liquidity coverage ratios, due to the guarantee from Hamburg. This ensures IFB Hamburg's reliable access to debt markets.

No VR Assigned: As with other German development banks, Fitch does not assign a Viability Rating (VR) to IFB Hamburg as its operations are largely determined by its policy role as a development bank.

Ratings

Foreign Currency	
Long-Term IDR	AAA
Short-Term IDR	F1+

Shareholder Support Rating	aaa
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Sovereign Risk (Germany)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	3

Applicable Criteria

Bank Rating Criteria (March 2025)

Related Research

Fitch Affirms Hamburgische Investitions- und Foerderbank at 'AAA'; Outlook Stable (September 2024)

Fitch Affirms German Development Banks' Joint Agency Social Bond at 'AAA' (September 2024)

Fitch Affirms Germany at 'AAA'; Outlook Stable (February 2025)

Fitch Affirms State of Hamburg at 'AAA'; Outlook Stable (August 2024)

Analysts

Markus Glabach
+49 69 768076 195
markus.glabach@fitchratings.com

Marco Diamantini
+49 69 768076 114
marco.diamantini@fitchratings.com

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

IFB Hamburg’s ratings are primarily sensitive to negative changes in Hamburg’s ratings, which are linked to those of Germany.

A downgrade of Hamburg’s or Germany’s IDRs would trigger a downgrade of IFB Hamburg’s IDRs. IFB Hamburg’s ratings are also sensitive to adverse changes in Fitch’s assumptions about Hamburg’s propensity to support. This could result from a weakening of the terms of the guarantee.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

IFB Hamburg’s ratings are at the highest level on Fitch’s rating scale and cannot be upgraded.

Other Debt and Issuer Ratings

Rating Level	Rating	Outlook
Senior unsecured: long term	AAA	
Source: Fitch Ratings		

IFB Hamburg’s senior unsecured debt rating is aligned with the bank’s Long-Term IDR, which is at the highest level on Fitch’s rating scale.

Financials

Financial Statements

	31 Dec 21 12 months (EURm)	31 Dec 22 12 months (EURm)	31 Dec 23 12 months (EURm)	31 Dec 24 12 months (EURm)
Summary income statement				
Net interest and dividend income	56	58	67	93
Net fees and commissions	0	0	-1	-1
Other operating income	51	48	30	25
Total operating income	107	106	96	117
Operating costs	77	71	61	62
Pre-impairment operating profit	30	34	36	55
Loan and other impairment charges	8	12	16	17
Operating profit	22	22	19	37
Other non-operating items (net)	-21	-21	-18	-34
Tax	-	-	-	-
Net income	1	1	1	3
Summary balance sheet				
Assets				
Gross loans	5,356	5,412	5,504	5,535
Net loans	5,347	5,412	5,504	5,535
Interbank	235	644	574	659
Other securities and earning assets	578	610	713	743
Total earning assets	6,160	6,667	6,792	6,937
Cash and due from banks	0	0	3	0
Other assets	122	165	85	105
Total assets	6,282	6,832	6,880	7,042
Liabilities				
Customer deposits	239	477	398	407
Interbank and other short-term funding	3,073	3,313	2,892	2,593
Other long-term funding	1,854	1,930	2,439	2,713
Total funding and derivatives	5,166	5,721	5,729	5,714
Other liabilities	297	291	330	504
Total equity	819	820	821	824
Total liabilities and equity	6,282	6,832	6,880	7,042
Exchange rate	USD1= EUR0.8842	USD1= EUR0.9376	USD1= EUR0.9127	USD1= EUR0.9622

Source: Fitch Ratings, Fitch Solutions, IFB Hamburg

Key Ratios

	31 Dec 21	31 Dec 22	31 Dec 23	31 Dec 24
Ratios (%; annualised as appropriate)				
Profitability				
Operating profit/risk-weighted assets	0.7	0.7	0.6	1.1
Net interest income/average earning assets	0.9	0.9	1.0	1.4
Non-interest expense/gross revenue	71.8	67.6	63.0	53.3
Net income/average equity	0.1	0.1	0.1	0.4
Asset quality				
Growth of gross loans	3.3	1.0	1.7	0.6
Loan impairment charges/average gross loans	0.2	0.2	0.3	0.3
Capitalisation				
Common equity Tier 1 capital ratio	26.4	25.3	25.0	25.0
Tangible common equity/tangible assets	13.0	12.0	11.9	11.7
Funding and liquidity				
Gross loans/customer deposits	2,239.2	1,134.1	1,382.6	1,358.3
Liquidity coverage ratio	970	300	310	250
Customer deposits/total non-equity funding	4.6	8.3	7.0	7.1
Net stable funding ratio	120.6	121.5	126.2	124.4
Source: Fitch Ratings, Fitch Solutions, IFB Hamburg				

Support Assessment

Shareholder Support	
Shareholder IDR	AAA
Total Adjustments (notches)	0
Shareholder Support Rating	aaa
Shareholder ability to support	
Shareholder Rating	AAA/ Stable
Shareholder regulation	Equalised
Relative size	Equalised
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	Equalised
Integration	Equalised
Support record	Equalised
Subsidiary performance and prospects	Equalised
Legal commitments	Equalised

The colours indicate the weighting of each KRD in the assessment.

Higher influence Moderate influence Lower influence

The strong statutory support mechanisms and IFB Hamburg's important strategic role for Hamburg's economy have a high influence on the bank's SSR, and drive the alignment of its IDRs with those of Hamburg.

Environmental, Social and Governance Considerations

FitchRatings Hamburgische Investitions- und Foerderbank

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Hamburgische Investitions- und Foerderbank has 5 ESG potential rating drivers		key driver	0	issues	5	
➡	Hamburgische Investitions- und Foerderbank has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.	driver	0	issues	4	
➡	Governance is minimally relevant to the rating and is not currently a driver.	potential driver	5	issues	3	
		not a rating driver	4	issues	2	
			5	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance	How to Read This Page ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.
GHG Emissions & Air Quality	1	n.a.	n.a.	5	
Energy Management	1	n.a.	n.a.	4	
Water & Wastewater Management	1	n.a.	n.a.	3	
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2	
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1	

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance	How to Read This Page ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance. The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5	
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4	
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3	
Employee Wellbeing	1	n.a.	n.a.	2	
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1	

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance	CREDIT-RELEVANT ESG SCALE How relevant are E, S and G issues to the overall credit rating?	
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2	2	Irrelevant to the entity rating but relevant to the sector.
				1	1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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