Hamburgische Investitions- und Foerderbank

Key Rating Drivers

Owner Support Drives Ratings: Hamburgische Investitions- und Foerderbank's (IFB Hamburg) ratings reflect the highest probability of shareholder support from the bank's sole owner, the State of Hamburg (AAA/Stable/F1+). Hamburg explicitly, directly, irrevocably and unconditionally guarantees the bank's funding and provides a statutory guarantor's liability (Gewaehrtraegerhaftung) and a maintenance obligation (Anstaltslast) that ensures IFB Hamburg's continuation as an economic entity.

Unlike its peers, IFB Hamburg is also covered by a statutory loss-absorption obligation from its owner, which offsets any annual loss. The Stable Outlook on IFB Hamburg's Long-Term Issuer Default Rating (IDR) mirrors that on Germany's rating.

Ratings Aligned with Germany's: As a fully owned development bank of Hamburg, IFB Hamburg's ratings are indirectly linked to Germany's 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 among Laender, an extensive financial equalisation mechanism and the principle of solidarity.

Regional Development Bank: IFB Hamburg is a public-law institution with a mandate to support Hamburg's economic, social and environmental development through promotional funding, grants and guarantees. The focus of its activities is on housing and urban development. IFB Hamburg primarily finances affordable multi-family housing projects across all income groups, including subsidised rental homes in cooperation with Hamburg. Its economic promotional activities target entrepreneurs and small and medium-sized corporates in Hamburg.

In addition, IFB Hamburg takes on special tasks on request by Hamburg and, to a lesser extent, participates in projects initiated by other European development institutions.

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

Insolvency-Remote Public Institution: IFB Hamburg can only be dissolved by law, benefits from insolvency protection and is exempt from various provisions of the Capital Requirements Regulation and the Capital Requirements Directive, in line with its peers. It is exempt from the minimum requirements for own funds and eligible liabilities, the Single Resolution Mechanism, the Recovery and Resolution Act, and the Restructuring Fund Act. However, it is subject to the German Banking Act and supervision by the Federal Financial Supervisory Authority and the German central bank.

Funding Access Benefits from Guarantee: The funding guarantee means banks and insurance companies investing in IFB Hamburg's debt benefit from 0% regulatory risk weighting, level one treatment (classification of high-quality liquid assets) for their liquidity coverage ratios, and preferential treatment under Solvency II. This provides the bank with reliable access to debt markets.

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

Rating Sensitivities

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

A downgrade of Hamburg's or Germany's IDRs would trigger a downgrade of IFB Hamburg's IDRs. The bank's ratings are also sensitive to adverse changes in Fitch's assumptions about Hamburg's propensity to support, such as a weakening of the terms of Hamburg's guarantees, which we consider to be highly unlikely.

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

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

Other Debt and Issuer Ratings

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

IFB Hamburg's long-term senior unsecured debt rating is aligned with the Long-Term IDR.

Company Summary and Key Qualitative Factors

Business Profile

IFB Hamburg’s promotional business is regional and adapted to Hamburg’s requirements and economic structure as a city state. Developing affordable housing in Hamburg is the bank’s key priority. Consequently, the vast majority of its loan book relates to housing, while the remainder is municipal lending (primarily for environmental projects) and loans to corporates in Hamburg. IFB Hamburg’s share of pass-through promotional business, where the end-borrowers’ house bank assumes the credit risk, is small compared with that of peers.

Hamburg’s support to corporates, SMEs and households reached a similar level in 2025 to in the previous year. It has remained substantial, with EUR1.8 billion new promotional business. IFB Hamburg’s new promotional lending business remained at EUR1.1 billion in 2025 and was dominated by the housing sector (EUR982 million). The latter reflects the scarcity of social housing stock – also due to high financing costs and lower affordability. IFB Hamburg supported the construction of over 2000 housing units per year, on average, and expects a further high demand for 2026, with a budgeted support for construction of over 3,000 housing units (2025: 2742 units).

Fitch expects the investment needed to achieve Hamburg’s climate-neutrality target by 2040 to support stronger growth in IFB’s modernisation financing than in new-build lending, resulting in a gradual shift in IFB's focus towards the refurbishment and decarbonisation of the existing building stock. Although the necessary support programmes are largely established, uncertainty remains as to whether current funding budgets will be sufficient, especially in light of Hamburg’s 2040 climate-neutrality target, which is earlier than Germany’s 2045 goal.

IFB Hamburg has a central role in Hamburg's startup landscape through its provision of grants, venture capital and advisory services for innovative early-stage companies. Following the transfer of Startup City Hamburg and the Startup Unit Hamburg to IFB Hamburg and its subsidiary IFB Innovationsstarter in 2026, the bank's role has expanded beyond financing towards a broader development function, combining financial support with networking, investor access and startup promotion activities.

Financial Profile

Asset Quality

Robust asset quality reflects the bank's prudent underwriting standards in direct lending and lower-risk municipal loans. We expect asset quality to be stable overall despite the economic stagnation in Germany and increased risks in the real estate sector. The bank’s cooperation with established real estate developers and its conservative valuation of property collateral mitigate the local concentration of its loan book. The properties it finances are typically fully let, and rents are partly paid by public sources. In addition, these properties are long-term commitments by their owners and are not considered to be tradeable assets.

The bank manages its securities portfolio conservatively, as it uses the portfolio for liquidity management only. Unlike some of its peers, it refrains from engaging in maturity transformation as part of its asset/liability management.

Earnings and Profitability

Hamburg directly compensates IFB Hamburg for its provision of promotional services. This complements the bank’s interest income, which is its main revenue source, primarily arising from its lending activities and treasury portfolio. The bank also receives interest-rate compensation from Hamburg in relation to its interest-rate lending, which is the difference between promotional lending and market rates and depends on the bank’s business volumes, as well as refinancing and market rates. Grants are a main source of promotion for corporates and are reimbursed by Hamburg. Consequently, IFB Hamburg’s net annual income is structurally close to nil.

Capitalisation and Leverage

In 2025 IFB Hamburg's capital reserve was increased by EUR50.0 million following an equity contribution from Hamburg. As a result its CET1 ratio increased to 28.57%, which is significantly above the regulatory required minimum of 12.56%. The bank reports under German GAAP and measures its risk-weighted assets conservatively under the standardised approach for credit risk.

We expect a further increase in the capital ratio, as the bank does not distribute profits in accordance with the IFB Hamburg Act.

Funding and Liquidity

IFB Hamburg is purely wholesale-funded and does not collect deposits from the public. IFB Hamburg's funding remains dominated by KfW pass-through loans, reflecting about 30% of its liabilities, followed by unsecured debt, including bearer bonds. IFB's issuance volume in these instruments has averaged EUR600 million–800 million in recent years, within its target range.

IFB Hamburg's liquidity is sound and the absence of deposits results in very strong liquidity coverage (end-2025: 300%) and net stable funding (123.8%) ratios.

Financials

Financial Statements

	31 Dec 22 12 months (EURm)	31 Dec 23 12 months (EURm)	31 Dec 24 12 months (EURm)	31 Dec 25 12 months (EURm)
Summary income statement				
Net interest and dividend income	58	67	93	95
Net fees and commissions	-1	-1	-1	-1
Other operating income	48	30	25	28
Total operating income	106	96	117	122
Operating costs	71	61	62	71
Pre-impairment operating profit	34	36	55	51
Loan and other impairment charges	13	16	17	25
Operating profit	22	19	37	26
Other non-operating items (net)	-21	-18	-34	-24
Tax	—	—	—	—
Net income	1	1	3	2
Summary balance sheet				
Assets				
Gross loans	5,412	5,504	5,535	5,547
– of which impaired	—	—	—	—
Loan loss allowances	—	—	—	7
Net loans	5,412	5,504	5,535	5,540
Interbank	644	574	659	531
Derivatives	—	—	—	—
Other securities and earning assets	610	713	743	724
Total earning assets	6,667	6,792	6,937	6,795
Cash and due from banks	0	3	1	1
Other assets	165	85	105	114
Total assets	6,832	6,880	7,042	6,910

Liabilities				
Customer deposits	477	398	408	465
Interbank and other short-term funding	3,313	2,892	2,593	2,449
Other long-term funding	1,930	2,439	2,714	2,517
Trading liabilities and derivatives	—	—	—	131
Total funding and derivatives	5,721	5,729	5,714	5,562
Other liabilities	291	330	504	454
Preference shares and hybrid capital	—	—	—	—
Total equity	820	821	824	894
Total liabilities and equity	6,832	6,880	7,042	6,910
Exchange rate	USD1= EUR0.9376	USD1= EUR0.9127	USD1= EUR0.9622	USD1= EUR0.8511

Source: Fitch Ratings, Fitch Solutions, IFB Hamburg

Key Ratios

(%)	31 Dec 22	31 Dec 23	31 Dec 24	31 Dec 25
Profitability				
Operating profit/risk-weighted assets	0.7	0.6	1.1	0.9
Net interest income/average earning assets	0.9	1.0	1.4	1.4
Non-interest expense/gross revenue	67.6	63.0	53.3	57.9
Net income/average equity	0.1	0.1	0.4	0.2
Asset quality				
Growth in gross loans	1.0	1.7	0.6	0.2
Loan impairment charges/average gross loans	0.2	0.3	0.3	0.5
Capitalisation				
Common equity Tier 1 ratio	25.3	25.0	25.0	28.6
Tangible common equity/tangible assets	12.0	11.9	11.7	12.9
Funding and liquidity				
Gross loans/customer deposits	1,134.1	1,382.6	1,358.3	1,193.2
Liquidity coverage ratio	300.0	—	250.0	300.0
Customer deposits/total non-equity funding	8.3	7.0	7.1	8.6
Net stable funding ratio	121.5	126.2	124.4	123.8

Source: Fitch Ratings, Fitch Solutions, IFB Hamburg

Support Assessment

Shareholder Support

Shareholder		State of Hamburg
Shareholder Long-Term Issuer Default Rating	•	AAA/Stable

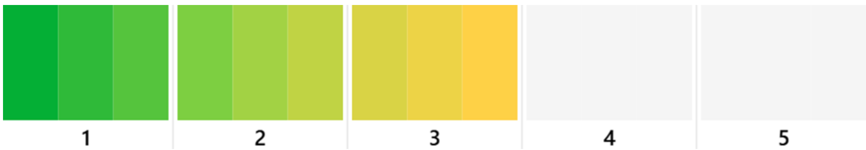
Total adjustment (notches)	0
Shareholder Support Rating	aaa
Shareholder ability to support	
Shareholder regulation	Equalised
Relative size	Equalised
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	Equalised
Integration	Equalised
Support record	Equalised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

The colours indicate the influence of each support factor in our assessment. Influence: Dark blue = neutral; Red = higher

Source: Fitch Ratings

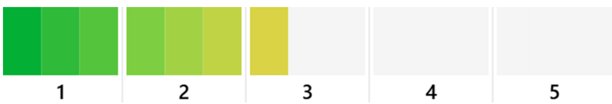
The strong statutory support mechanisms and IFB Hamburg's important strategic role for Hamburg's economy have a high influence on the bank's SSR, and drive the alignment of its IDRs with those of Hamburg.

Environmental, Social and Governance Considerations



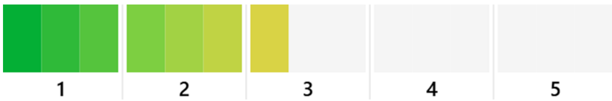
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned, financed or managed assets, which could impact asset prices, profitability, etc.	Operating Environment; Business Profile; Risk Profile; Asset Quality
Energy Management	1	n.a.	n.a.
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
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; Risk Profile; Asset Quality



Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Business Profile; Risk Profile
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; Risk Profile
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile
Employee Wellbeing	1	n.a.	n.a.
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; Financial Profile



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Operational implementation of strategy	Business Profile
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; Earnings & Profitability; Capitalisation & Leverage
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile

ESG Scoring

ESG relevance scores range from '1' to '5' based on a 15-level colour 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 general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.

Credit-Relevant ESG Scale

	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 the Navigator.
	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 the Navigator.
	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 the Navigator.
	2	Irrelevant to the entity rating but relevant to the sector.
	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 https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Ratings

Foreign Currency	
Long-Term IDR	AAA
Short-Term IDR	F1+
Shareholder Support Rating	aaa
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

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

Climate Vulnerability

2035 Climate Vulnerability Signal:
Transition (VSt):
Physical (VSp):

Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Fitch Affirms Hamburgische Investitions- und Foerderbank at 'AAA'; Outlook Stable (August 2026)
Fitch Affirms German Development Banks' Joint Agency Social Bond at 'AAA' (August 2026)
Fitch Affirms Germany at 'AAA'; Outlook Stable (May 2026)
Fitch Affirms State of Hamburg at 'AAA'; Outlook Stable (November 2025)

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