

26 Sep 2019 | New Rating

Fitch Rates Hamburgische Investitions- und Foerderbank 'AAA'; Outlook Stable

Fitch Ratings-Frankfurt am Main-26 September 2019:

Fitch Ratings has assigned Hamburgische Investitions- und Förderbank (IFB Hamburg) a Long-Term Issuer Default Rating (IDR) of 'AAA' and a Support Rating (SR) of '1'. The Outlook on the Long-Term IDR is Stable.

A full list of rating actions is at the end of this rating action commentary.

Key Rating Drivers

IDRS, SR and SENIOR DEBT

IFB Hamburg's Long-Term IDR is equalised with that of the bank's guarantor, the State of Hamburg (Hamburg; AAA/Stable). Its 'F1+' Short-Term IDR is mapped to its 'AAA' IDR.

IFB Hamburg is a regional German development bank, 100%-owned by Hamburg and fulfils a specific policy function. IFB Hamburg's mandate to provide promotional and development funding is outlined in the Law Concerning IFB Hamburg (IFB Law) and its statutes. The bank's SR of '1' is based on formalised support from Hamburg. IFB Hamburg is covered by a maintenance obligation (Anstaltslast), which ensures the entity's economic viability, an explicit and direct refinancing guarantee obligation and a statutory guarantor's liability (Gewährtraegerhaftung), all from Hamburg. IFB-Hamburg is also insolvency-remote and can only be dissolved by law.

Hamburg's creditworthiness is underpinned by the strength of the German solidarity system, which links the creditworthiness of the German federal states to that of the Federal Republic of Germany (see "Institutional Framework for German Subnationals", dated 11 September 2015 at www.fitchratings.com).

Unlike other German development banks, IFB-Hamburg is covered by a statutory loss absorption obligation from its owner. Therefore, its yearly financial result is always at least balanced and its capitalisation protected from unexpected losses. In addition, IFB-Hamburg contractually receives an interest rate compensation for its promotional residential real estate activities, which covers the difference between rates for subsidised loans in this segment and market rates.

IFB Hamburg provides funding for economic, social, municipal, infrastructure, environmental and affordable and energy-efficient real-estate lending in Hamburg. The vast majority of its loans relate to its housing activities. In addition, IFB Hamburg takes on special tasks as requested by Hamburg and, to a smaller extent, participates in projects initiated by other European development institutions.

Fitch does not assign a Viability Rating to IFB Hamburg as its operations are largely determined by its policy role as a development bank.

RATING SENSITIVITIES

IDRs, SENIOR DEBT AND SR

The bank's IDRs are sensitive to a change in Fitch's assumptions around the owner's support, specifically a downgrade of the State of Hamburg, or a change in the terms of the state guarantees.

The Stable Outlook reflects Fitch's view that the nature of the state support is unlikely to change significantly in the medium term due to the strategic importance of IFB Hamburg to the local economy and its entrenchment in the regional financial system.

The bank's support structure was approved by the European Union in 2002 and under competition law the bank may only engage in non-competitive activity. This also makes significant changes to the bank's business model unlikely in the medium term.

Public Ratings with Credit Linkage to other ratings

The rating of IFB Hamburg is equalised with that of its guarantor, the State of Hamburg.

Hamburgische Investitions-und Foerderbank; Long Term Issuer Default Rating; New Rating; AAA;
RO:Sta
; Short Term Issuer Default Rating; New Rating; F1+
; Support Rating; New Rating; 1
---senior unsecured; Long Term Rating; New Rating; AAA

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Additional information is available on www.fitchratings.com

Applicable Criteria

[Bank Rating Criteria \(pub. 12 Oct 2018\)](#)

[Short-Term Ratings Criteria \(pub. 02 May 2019\)](#)

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