

# Investitionsbank Berlin

## Key Rating Drivers

**Owner Support Drives Ratings:** Investitionsbank Berlin's (IBB) ratings reflect Fitch Ratings' view of the highest probability of support from the bank's ultimate owner, the federal State of Berlin (AAA/Stable/F1+). The equalisation of IBB's ratings with Berlin's is underpinned by the latter's explicit, irrevocable, unlimited, unconditional and first-demand guarantee covering all of IBB's liabilities and a maintenance obligation (Anstaltslast), indirectly through the holding company IBB Unternehmensverwaltung, that ensures its continuation as an economic entity.

Unlike its German development bank peers, IBB does not benefit from a statutory guarantor liability (Gewehrtraegerhaftung). This does not weaken Berlin's support, in Fitch's view. The Stable Outlook on IBB's Long-Term Issuer Default Rating (IDR) mirrors that on Berlin as the nature of the support from Berlin is unlikely to change due to the bank's strategic role in the state's economy.

**Ratings Aligned with Germany's:** As a fully state-owned bank of Berlin, IBB'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 Berlin, are linked to those of Germany due to a strong mutual support system among Laender, an extensive financial equalisation mechanism, and the solidarity principle.

**Important Policy Role:** IBB is a public-law institution and its primary policy mandate is to support the economic, social and environmental development of Berlin by providing promotional funding and grants. IBB's activities include the provision of housing loans, of which a significant share is funded by Berlin, and funding for urban and economic development projects, including venture capital. The bank also funds special projects for Berlin on request and manages the distribution of European structural funds in the region.

**Support Compliant with EU Rules:** Similar to its peers, IBB's business model is compliant 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 Law Institution:** IBB can only be dissolved by law and benefits from insolvency protection. It is exempt from the Capital Requirements Directive, Capital Requirements Regulation, the Single Resolution Mechanism, the Recovery and Resolution Act and the Restructuring Fund Act. However, it is subject to key banking regulations and banking supervision by the Federal Financial Supervisory Authority and the Bundesbank.

**Guarantee Facilitates Market Funding:** Banks and insurance companies investing in IBB's debt benefit from 0% regulatory risk-weighting and level one treatment (classification of high-quality liquid assets) for their liquidity coverage ratios. This reflects Berlin's guarantee and provides IBB with reliable access to debt markets. IBB's funding mix also includes funds from Berlin, KfW, the EU and the European Investment Bank.

**No Viability Rating:** Fitch does not assign a Viability Rating to IBB 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

### 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 Investitionsbank Berlin at 'AAA'; Outlook Stable \(August 2025\)](#)

[Fitch Affirms Germany at 'AAA'; Outlook Stable \(July 2025\)](#)

[German Development Banks - Peer Review 2024 \(November 2024\)](#)

## Analysts

Roger Schneider  
+49 69 768076 242  
[roger.schneider@fitchratings.com](mailto:roger.schneider@fitchratings.com)

Justus Roppertz  
+49 69 768076 232  
[justus.roppertz@fitchratings.com](mailto:justus.roppertz@fitchratings.com)

## Rating Sensitivities

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

IBB's ratings are primarily sensitive to negative changes in Berlin's ratings, which are linked to those of Germany.

A downgrade of Berlin's or Germany's IDRs would be most likely to result in a downgrade of IBB's IDRs. IBB's ratings are also sensitive to adverse changes in Fitch's assumptions about Berlin's propensity to support, such as a weakening of the terms of Berlin's guarantees, which we consider highly unlikely.

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

IBB's ratings are at the highest level on Fitch's rating scale and, therefore, can not be upgraded.

## Other Debt and Issuer Ratings

Rating Level	Rating
Senior unsecured: long term	AAA

Source: Fitch Ratings

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

## Company Summary and Key Qualitative Factors

### Business Profile

#### Key Contributor to Berlin's Economic Development

IBB's business profile is in line with its role as Berlin's state development bank. Similar to its peers, IBB focuses on housing loans, of which Berlin funds a significant proportion, as well as finance for urban and economic development projects and municipal needs. IBB also supports SME investments and disburses subsidies to create and safeguard employment, thereby increasing Berlin's economic output.

The bank additionally funds special projects for Berlin on request. Like its peers, IBB co-finances European projects and deploys funds from the federal government and EU public budgets. IBB also supports Berlin's sustainability policies and targets by providing development loans.

#### Solid Promotional Business in 2024

IBB's new promotional business rose to EUR3.7 billion in 2024 (2023: EUR2.2 billion), mainly due to financing the remunicipalisation of Berlin's district heating network, which resulted in a special transaction of EUR1.5 billion. Excluding this transaction, IBB's volume of new promotional business in 2024 was in line with the long-term average.

#### Real Estate Financing Drives Business Volumes

The financing of real estate and urban development is IBB's largest segment, accounting for about 75% of total new financing (excluding the remunicipalisation transaction), underpinning Berlin's housing needs as a city state. New business in the segment in 2024 (EUR1.7 billion) was above previous years due to higher financing volumes for social housing, but was below IBB's expectations.

IBB expects a decrease in new business in 2025, driven by lower volumes in the real estate segment. This is largely due to a temporary reduction in financing commitments from Berlin for new school construction.

Fitch expects the fiscal measures recently announced by the German government, dedicated to strengthening Germany's infrastructure, to lead to higher business volumes at development banks, including IBB. The degree of economic support and corresponding business volumes will depend on the scale, structure and implementation speed of the measures.

## Financial Profile

### Asset Quality

IBB's lending focuses on Germany, and mostly on the local real estate and corporate sectors in Berlin. Its asset quality benefits from its strategic focus on low-risk housing loans, of which Berlin guarantees a material part. Fitch therefore expects IBB's asset quality to remain sound overall, despite the challenging operating environment in Germany. IBB has a smaller share of pass-through development loans than peers. This mitigates credit risk by transferring it to a customer's Hausbank.

IBB's high-quality liquidity portfolio mainly comprises sub-sovereign and sovereign issuers, covered bonds and unsecured bank bonds. It has built up its investments in green and social bonds since 2020.

### Earnings and Profitability

IBB does not aim to maximise its profit, but rather aims to preserve its equity. Nevertheless, it has consistently generated sufficient recurring earnings to perform its promotional business and other statutory tasks without recourse to state subsidies, which we expect to continue. Like its peers, IBB relies on net interest income, mainly from its housing and urban development segment, as its main revenue source.

The bank's earnings capacity is constrained by its low-margin promotional lending business. However, income from treasury activities, including maturity transformation, provides a material – though rather volatile – contribution to operating profits. IBB reported an increased operating profit of EUR61 million at end-2024 (end-2023: EUR33 million), as higher net interest income offset rising operating expenses. We expect profit to fall in 2025, as IBB's cost base is likely to increase due to digitalisation and administrative expenses.

### Capitalisation and Leverage

IBB's common equity Tier 1 ratio is solid at 21.8% at end-2024, considering the conservative risk-weighting that results from use of the standardised approach to measure its credit risk. Regular profit retention ensures sufficient buffers over regulatory requirements.

### Funding and Liquidity

IBB refinances itself on the capital markets, mainly through private placements and benchmark bonds. It has an established domestic investor base, which it is aiming to broaden in Europe. IBB issued EUR3.1 billion debt securities in 2024 (2023: EUR3.5 billion), and its share of refinancing from capital markets was stable at 52% at end-2024 (end-2023: 53%). We expect the 2025 funding volume to remain at a similar level.

## Financials

### Financial Statements

	31 Dec 24		31 Dec 23	31 Dec 22	31 Dec 21
	12 months (USDm)	12 months (EURm)	12 months (EURm)	12 months (EURm)	12 months (EURm)
<b>Summary income statement</b>					
Net interest and dividend income	152	146	130	118	99
Net fees and commissions	26	25	21	17	12
Other operating income	58	56	48	54	39
Total operating income	236	228	199	189	150
Operating costs	184	177	150	131	110
Pre-impairment operating profit	52	50	49	58	39
Loan and other impairment charges	-12	-11	17	25	21
Operating profit	64	61	33	34	19
Other non-operating items (net)	0	0	5	5	288
Net income	63	61	38	39	307
<b>Summary balance sheet</b>					
<b>Assets</b>					
Gross loans	15,596	15,006	13,404	12,812	13,037
Loan loss allowances	46	44	46	48	-
Net loans	15,550	14,962	13,358	12,764	13,037
Interbank	1,992	1,916	2,800	2,050	1,532
Other securities and earning assets	5,362	5,160	4,778	4,963	4,831
Total earning assets	22,904	22,038	20,937	19,777	19,399
Cash and due from banks	26	25	16	11	698
Other assets	159	153	148	132	93
Total assets	23,089	22,216	21,101	19,919	20,191
<b>Liabilities</b>					
Customer deposits	4,251	4,091	3,624	3,384	3,580
Interbank and other short-term funding	4,245	4,085	4,109	5,059	6,233
Other long-term funding	12,642	12,164	11,629	9,765	8,695
Total funding and derivatives	21,139	20,339	19,361	18,208	18,509
Other liabilities	330	318	335	330	324
Total equity	1,620	1,559	1,404	1,381	1,358
Total liabilities and equity	23,089	22,216	21,101	19,919	20,191
Exchange rate		USD1 = EUR0.962186	USD1 = EUR0.912742	USD1 = EUR0.937559	USD1 = EUR0.884173

Source: Fitch Ratings, Fitch Solutions, Investitionsbank Berlin

**Key Ratios**

(%)	31 Dec 24	31 Dec 23	31 Dec 22	31 Dec 21
<b>Profitability</b>				
Operating profit/risk-weighted assets	0.9	0.5	0.5	0.3
Net interest income/average earning assets	0.7	0.6	0.6	0.5
Non-interest expense/gross revenue	78.0	75.3	69.3	73.7
Net income/average equity	4.1	2.7	2.8	25.5
<b>Asset quality</b>				
Growth in gross loans	12.0	4.6	-1.7	10.7
Loan impairment charges/average gross loans	-0.1	0.1	0.2	0.2
<b>Capitalisation</b>				
Common equity Tier 1 ratio	21.8	20.4	20.4	20.9
Tangible common equity/tangible assets	7.0	6.6	6.9	6.7
<b>Funding and liquidity</b>				
Gross loans/customer deposits	366.8	369.9	378.6	364.2
Customer deposits/total non-equity funding	20.1	18.7	18.6	19.3

Source: Fitch Ratings, Fitch Solutions, Investitionsbank Berlin

## 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

IBB's important role for Berlin's economic development, and Berlin's legal commitments arising from the explicit and direct guarantee on IBB's liabilities, have a high influence on the bank's Shareholder Support Rating of 'aaa', driving the alignment of the bank's IDRs with those of Berlin.

Environmental, Social and Governance Considerations

FitchRatings Investitionsbank Berlin

Banks  
Ratings Navigator

Credit-Relevant ESG Derivation

Investitionsbank Berlin has 5 ESG potential rating drivers ➔ Investitionsbank Berlin 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. ➔ Governance is minimally relevant to the rating and is not currently a driver.	key driver	0	issues	5	
	driver	0	issues	4	
	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
GHG Emissions & Air Quality	1 n.a.	n.a.	n.a.	5
Energy Management	1 n.a.	n.a.	n.a.	4
Water & Wastewater Management	1 n.a.	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1 n.a.	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

**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, signalling 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. Scores of 3, 4 or 5) and provides a brief explanation for the score.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
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.	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

**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.

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 <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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