Fitch Ratings

Fitch Affirms Investitionsbank Berlin at 'AAA'; Outlook Stable

Fitch Ratings - Frankfurt am Main - 02 October 2019:

Fitch Ratings has today affirmed Investitionsbank Berlin’s (IBB) Long and Short-Term Issuer Default Ratings (IDRs) at ‘AAA’ and ‘F1+’ respectively. The Outlook on the Long-Term IDR is also maintained as Stable.

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

Key Rating Drivers

IDRs, SENIOR UNSECURED DEBT and SUPPORT RATING (SR)

The bank's IDRs and senior unsecured debt ratings are underpinned by the institutional support mechanisms provided by the State of Berlin (AAA/ Stable), the sole owner of the bank. The SR has been affirmed at '1' based on the guarantee it receives from the State of Berlin. Berlin's creditworthiness is based on the solidarity system between the German federal states and the German sovereign.

Berlin ensures the continuation of IBB as an economic entity through an institutional liability (Anstaltslast) and provides an explicit and direct guarantee for all the bank's liabilities. IBB is exempt from any insolvency proceedings through specific legislation and from the scope of the EU's Capital Requirements Directive V and the Capital Requirements Regulation since June 2019.

IBB covers a range of promotional activities dedicated to the needs of the city-state Berlin. The bank provides housing loans, of which a significant share are funded by Berlin, as well as funding for urban and economic development projects, including venture capital. Unlike its peers, IBB has a low share of pass-through loans and rarely uses other banks as intermediaries. Nevertheless, its asset quality is sound. The credit risk for about 20% of its loan exposure is borne by Berlin. In addition, the wholesale-funded bank has good access to capital markets, drawing on an established investor base and, despite its modest profitability, due to its policy role it has sufficient earnings to continue to support its promotional lending activities.

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

Rating Sensitivities

IDRs, SENIOR UNSECURED DEBT AND SR

IBB's IDRs, senior debt ratings and SR are sensitive to a weakening in Berlin's propensity to support the bank. The ratings are sensitive to those of Berlin and Germany. The Stable Outlook on the Long-Term IDR mirrors that on Germany.

Public Ratings with Credit Linkage to other ratings

https://www.fitchratings.com/site/pr/10091584
The ratings of IBB are equalised with that of its guarantor, the State of Berlin.

### RATING ACTIONS

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### FITCH RATINGS ANALYSTS

**Primary Rating Analyst**  
Roger Schneider  
Director  
+49 69 768076 242  
Fitch Deutschland GmbH  
Neue Mainzer Strasse 46 - 50  
Frankfurt am Main D-60311

**Secondary Rating Analyst**  
Caroline Lehmann  
Associate Director  
+49 69 768076 176

**Committee Chairperson**  
Lindsey Liddell  
Senior Director  
+44 20 3530 1008

### MEDIA CONTACTS

Adrian Simpson  
London  
+44 20 3530 1010  
adrian.simpson@thefitchgroup.com

Louisa Williams  
London  
+44 20 3530 2452  
louisa.williams@thefitchgroup.com
Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)
Short-Term Ratings Criteria (pub. 02 May 2019)

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