

Hamburgische Investitions-und Foerderbank

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	AAA
Short-Term IDR	F1+
Support Rating	1

Sovereign Risk

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

Outlooks

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

Financial Data

Hamburgische Investitions-und Foerderbank

	31 Dec 18	31 Dec 17
Local GAAP		
Total assets (EURm)	5,346	5,115
Total equity (EURm)	817	817
Operating profit (EURm)	20	17
Operating ROAA (%)	0.4	0.3
Operating ROAE (%)	2.5	2.1
Impaired loans/gross loans (%)	0.4	0.6
Fitch Core Capital/RWAs (%)	23.6	24.2

ROAA: Return on Average Assets
 ROAE: Return on Average Equity
 FCC: Fitch Core Capital
 RWA: Risk-Weighted Assets
 Source: Fitch Ratings, Fitch Solutions

Related Research

Fitch Rates Hamburgische Investitions-und Foerderbank 'AAA'; Outlook Stable (September 2019)

Germany - September 2019 Global Economic Outlook Forecast (October 2019)

State of Hamburg (December 2018)

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Key Rating Drivers

Ratings Equalised with Hamburg: Hamburgische Investitions-und Foerderbank's (IFB Hamburg) Issuer Default Ratings (IDRs) are equalised with that of the bank's owner and guarantor, the State of Hamburg (Hamburg; AAA/Stable). 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.

Strong Support Mechanism: IFB Hamburg maintains a statutory guarantor liability (Gewahrtraegerhaftung) from Hamburg for all of its obligations. The owner's institutional liability (Anstaltslast) ensures its continuation as an economic entity. All of the bank's liabilities are covered by a direct, unconditional and explicit refinancing guarantee. Hamburg is also statutorily obliged to cover IFB Hamburg's losses, should they occur. Specific legislation exempts the bank from insolvency procedures; it can only be dissolved by law.

Focus on Promotional Housing: IFB Hamburg is a regional German development bank, and fulfils a specific policy function. It provides funding for economic, social, municipal, infrastructure and environmental projects in Hamburg. The vast majority of its loans relate to affordable housing activities. The bank takes on special tasks as requested by its owner and, to a smaller extent, participates in projects initiated by other European development institutions.

Low Non-Performing Loans: A low-risk appetite and adequate collateralisation of housing loans underpin the bank's strong asset quality and a low level of non-performing loans or overdue payments. However, IFB Hamburg's asset quality would suffer from a pronounced real estate crisis in the region. The bank's securities portfolio for liquidity purposes is of high quality.

Non-Profit Orientation: Profit maximisation is of minor relevance to IFB Hamburg. Statutory loss absorption and a contractual compensation mechanism (on interest rates) ensure a sustainably balanced financial performance and allow it to conduct its promotional activities.

Regulation Could Affect Capitalisation: IFB Hamburg's capitalisation is protected by the statutory loss absorption. The bank's solid common equity Tier 1 ratio of 23.5% at end-2018 provides material flexibility for regulatory changes, such as revisions to the Basel III framework. Its leverage ratio of 14.5% at end-2018 compares well with that of its peers.

Funding Benefits from Guarantee: IFB Hamburg is wholesale-funded, including funds obtained from state-owned development bank KfW (AAA/Stable). The 0% regulatory risk-weighting of its liabilities reflects Hamburg's explicit state guarantee and provides the bank with privileged access to the debt capital markets. Its liquidity is sound and underpinned by a large pool of unencumbered assets. Hamburg can act as a liquidity provider of last resort.

Rating Sensitivities

Guarantor's Ratings: The bank's IDRs are sensitive to a change in Fitch Ratings' assumptions about the owner's support, specifically a downgrade of Hamburg, or a change in the terms of the state guarantees. The Stable Outlook reflects our view that the nature of state support is unlikely to change significantly in the medium term. This is due to the strategic importance of IFB Hamburg to the local economy and its entrenchment in the regional financial system.

Support

Ratings Reflect Strength of Support Mechanism

IFB Hamburg's IDRs reflect the bank's policy role and the explicit support commitment of the federal state, Hamburg, provided through three formal support arrangements. The federal state has an institutional liability (Anstaltslast), which obliges it to ensure the bank's continued operation in the event of financial difficulties. IFB Hamburg also carries a statutory liability (Gewährträgerhaftung) of its owner. This obliges the guarantor to provide support in the event of insolvency or liquidation of the bank, if the assets of the bank do not cover the creditors' claims.

In addition, IFB Hamburg's liabilities are covered by a direct, explicit and unconditional guarantee from Hamburg. The guarantee is stipulated in IFB Hamburg's governing law and is unlimited in terms of volume and duration. A creditor can directly present his claims against IFB Hamburg to Hamburg based on the guarantee.

Unlike guarantors of other peer development banks, Hamburg has a statutory obligation to cover IFB Hamburg's losses in a financial year, should they occur.

IFB Hamburg's state support is compatible with EU competition rules, because it is engaged in non-competitive business only. An agreement from 2002 between the German federal government and the European Commission allows German public-sector development banks to continue receiving state support for their development business. This applies as long as the banks' activities remain purely promotional and non-competitive.

German Federal States' Solidarity System Drives Hamburg's 'AAA' Rating

Hamburg's ratings reflect the stability and sustainability of the solidarity system for German federal states. The German government and the federal states are jointly responsible for supporting states that face financial hardship, in line with the German constitution. The federal states share equal responsibilities and must be financially able to fulfil their constitutional duties while exercising their right of autonomy.

Banking Reform Exempts IFB Hamburg from CRD

In April 2019, the EU's Economic and Financial Affairs Council agreed on a banking reform package. It excludes German development banks from the scope of the Capital Requirements Directive V and the CRR, due to their specific business model with effect from 27 June 2019. However, certain provisions linked to Article 1a of the German Banking Act, which defines financial services institutions, remain in place, for example capital and liquidity requirements.

The amended Article 46f of the German Banking Act, in force since July 2018, allows German banks to issue two classes of senior unsecured bonds, preferred and non-preferred. However, it does not apply to banks that are insolvency-remote by law, which includes IFB Hamburg. This is because the difference in ranking of preferred and non-preferred obligations applies on insolvency.

Operating Environment

Hamburg is a Prosperous Region

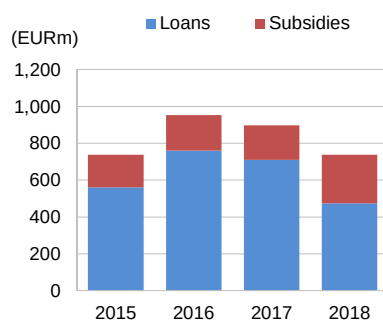
Hamburg's GDP increased by 1.7% in real terms in 2018 and moderately exceeded the nationwide average of 1.4%. Its GDP per capita of EUR65,603 in 2018 is the highest among German states and substantially above Germany's average. This is due to its city-state status, which reflects a high density of inhabitants, and its wealthy economy. Hamburg's economic profile is largely determined by a broad services sector (media, IT, tourism and insurance) and trade (third-biggest container harbour in Europe). IFB Hamburg's end-2018 balance-sheet size was equivalent to 4.5% of Hamburg's GDP.

Related Criteria

[Bank Rating Criteria \(October 2018\)](#)

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

Promotional volume



Source: Fitch Ratings, HIFB

Company Profile

Business Model Determined by the Policy Mandate

The bank's governing law narrowly specifies its mandate with a focus on the promotion of and support for Hamburg's economic, social and structural public duties. IFB Hamburg is a member of the Compensation Scheme and Deposit Protection Fund of the Association of German Public Sector Banks.

IFB Hamburg is the legal successor of Hamburgische Wohnungsbaukreditanstalt, a public law institution established in 1953, with the primary role to finance and develop the residential housing sector in the post-war years. IFB Hamburg was established on 1 August 2013 to cover a broader scope of promotional activities, including support for smaller enterprises and business start-ups through loans, subsidies and guarantees. IFB Hamburg provides funding to start-ups through a subsidiary.

Focus on Real Estate Borrowers in Hamburg

Given its origin, the real estate segment is IFB Hamburg's most important business line and represents 95% of its loan exposure as of 1H19. The 'economy and environment' segment has a total volume of EUR280 million or 5% of its total loan exposure and the 'Innovation' segment's share is at this stage negligible at just EUR3.1 million at end-1H19. The bank reported EUR738.5 million of new promotional business volume in 2018 of which about 35% comprised subsidies rather than promotional loans.

Management and Strategy

Legal Framework Defines Strategic Objectives

IFB Hamburg's legal framework and statutes determine its strategic objectives and business principles. The bank cooperates closely with its owner through an annual business and budgetary planning process, which feeds directly into Hamburg's financial planning. A monthly controlling process reviews actual and budgeted developments. IFB Hamburg complies with the regional Hamburg Governance Code.

IFB Hamburg has two board members and is supported by an advisory council, a dedicated risk and audit committee and a governance council for innovation. Its chief executive office has been a board member since 2007 and has been in its current role since 2010.

Risk Appetite

Conservative Risk Strategy in Line with Mandate; Adequate Risk Control

IFB Hamburg's risk appetite is low and limited to the risks inherent in its policy role, and the bank has no incentive to increase its risk appetite to generate additional financial returns. This is different from other German regional development banks, which generally aim to generate sufficient earnings on their own to conduct their promotional activities and strengthen their capital, without relying on regular financial contributions from their owners.

As a result, IFB Hamburg's security portfolio, used for liquidity management purposes only, is smaller in relation to its total assets (5% at end-2018) than at other development bank peers, which often rely on their securities portfolios for income generation.

IFB Hamburg manages its real estate loans primarily through direct secured lending. Its SME loans are granted generally through the borrowers' main commercial banks, which assume the credit risk on a pass-through principle. However, the share of pass-through loans is very low compared with that of peers, accounting for less than 3% of its total loans at end-2018.

Volatile Interest Rate Risk in the Banking Book

IFB Hamburg does not undertake material trading activity and interest-rate risk is IFB Hamburg's only material market risk as its long-term lending drives maturity mismatches. The bank uses derivatives to hedge interest-rate risk in its banking book.

At end-2018, a 200bp parallel upward shift of the yield curve would have reduced the present value of the banking book by the equivalent of 5.8% of its own funds, which is moderate and well below the 20% regulatory threshold for market risk. However, this figure can be temporarily volatile and IFB Hamburg reported an equivalent of 10.1% of its own funds at end-1H19.

Low-Risk Appetite in Securities Portfolio

Fitch views the bank's investment strategy as conservative, with a focus on highly rated senior preferred and covered bonds as well as sovereign and sub-sovereign issuers. IFB Hamburg does not invest in corporate bonds or any kind of structured securities. There is no exposure to peripheral eurozone countries or the UK. Bonds are required to be listed and the share of issuers with a rating of 'AA' or above needs to be at least 25%.

Multiple Supervision Underpins Control Framework

IFB Hamburg is supervised by BaFin as the national competent authority in cooperation with the Bundesbank. IFB Hamburg's risk reporting and management tools, including its stress testing capabilities, are adequate for the activities it undertakes. An additional layer of oversight is also exercised by the government of Hamburg through the Landesrechnungshof, an independent institution to review accounting and expenses of state institutions.

Asset Quality

Sound Asset Quality but Some Concentration Risks

IFB Hamburg's low impaired loan ratio (below 1% for the last four years) reflects its robust asset quality. Its rental property portfolio is fully performing, and only a minimal share of its owner-occupied loan exposure relating to private individuals has defaulted.

However, the bank's loan exposure is concentrated regarding geography and property type, due to its focused business model. Its credit profile is comparable to a regional, mono-line residential real estate lender. IFB Hamburg works with a selected number of established real estate developers and has concentration risk in its loan book. The bank is also significantly exposed to the ultimate credit risk of its guarantor, as entities related to Hamburg are a key constituent of its treasury portfolio (around 30% at end-1H19).

The majority of IFB Hamburg's loans are granular, but the bank also has significant large loan exposures to some borrowers. However, the concentration is mitigated by strong asset quality. IFB Hamburg's key risk in the loan portfolio is a regional housing crisis, although this would ultimately be covered by the state's statutory loss absorption.

Earnings and Profitability

Hamburg's Contribution Ensures Balanced Financial Result

IFB Hamburg is compensated by its owner for the costs of its promotional services, which are booked as a non-recurring expense. The bank receives a contractual interest-rate compensation for its real estate activities, which covers the difference between promotional lending and market rates. The value of this compensation can vary depending on the evolution of activities, refinancing and market rates and the bank received EUR20.3 million in 2018. Consequently, its net profit is always moderately positive. The bank's sources of income are concentrated, primarily in interest income from its real estate activities.

Capitalisation and Leverage

Comfortably Capitalised Due To Legacy Capital Contribution

IFB Hamburg is well-capitalised due to a legacy special contribution, dedicated to promotional housing from Hamburg, of EUR610.6 million. The level of capitalisation comfortably exceeds its SREP requirement and provides a robust buffer also under stressed scenarios. The bank calculates its credit risk-weighted assets under the standardised approach, which explains IFB Hamburg's high-risk density of 65% and its leverage ratio of 14.5% at end-2018 (14.0% end-1H19).

Capitalisation is Ultimately Protected by Loss Absorption

IFB Hamburg's capitalisation has proved stable over the last five years, driven by moderate movements in its risk-weighted assets, and the bank does not expect a significant business growth in the future. Management's calculations on the impact of the revised Basel III framework could represent a significant drag on its reported capital ratios due to its real estate focus. However, its capital ratio is likely to remain above regulatory requirements with a safe margin. Ultimately its capitalisation is protected by Hamburg's loss absorption and, therefore, financial losses will not erode its capital base.

Funding and Liquidity

State Guarantee Ensures Stable Access to Capital Market Funding

In line with peers, IFB Hamburg is wholesale-funded and does not accept deposits from the public, as reflected in the high loan/deposit ratio. IFB Hamburg's funding benefits from the guarantee from its owner. Its liabilities benefit from Level 1 treatment for bank investors' liquidity coverage ratios.

IFB Hamburg has issued bearer bonds since 2013, but also covered a material share of its funding through KfW and debenture notes issued through private placements. It has since broadened its investor base. The bank's refinancing volume is moderate, between EUR500 million and EUR700 million a year.

Adequate Liquidity Management

IFB Hamburg reported a sound liquidity coverage ratio of 150% at end-2018. It benefits from stable money inflows (state payments), little volatility in its credit business and good asset quality. The bank's liquidity portfolio has a high share of repo-eligible securities and unencumbered assets. Liquidity lines are provided by KfW and by Hamburg; the latter can act as liquidity provider of last resort. However, IFB Hamburg has not had to draw on this facility so far.

Debt Ratings Aligned With IDR

IFB Hamburg's debt instruments are rated in line with its 'AAA' Long-Term IDR.

Hamburgische Investitions-und Foerderbank

Income Statement

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
	Audited -	Audited -	Audited -	Audited -
	Unqualified	Unqualified	Unqualified	Unqualified
1. Interest Income on Loans	182	196	210	227
2. Other Interest Income	3	4	5	5
3. Dividend Income	n.a.	n.a.	n.a.	n.a.
4. Gross Interest and Dividend Income	185	199	215	232
5. Interest Expense on Customer Deposits	n.a.	n.a.	n.a.	n.a.
6. Other Interest Expense	135	157	173	183
7. Total Interest Expense	135	157	173	183
8. Net Interest Income	50	43	42	49
9. Net Fees and Commissions	2	2	2	3
10. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	n.a.	n.a.
11. Net Gains (Losses) on Assets and Liabilities at FV	n.a.	n.a.	n.a.	n.a.
12. Net Gains (Losses) on Other Securities	n.a.	n.a.	n.a.	n.a.
13. Net Insurance Income	n.a.	n.a.	n.a.	n.a.
14. Other Operating Income	5	7	10	8
15. Total Non-Interest Operating Income	7	9	13	12
16. Total Operating Income	58	51	55	61
17. Personnel Expenses	18	17	16	16
18. Other Operating Expenses	13	10	9	10
19. Total Non-Interest Expenses	31	28	25	26
20. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	n.a.	n.a.
21. Pre-Impairment Operating Profit	27	23	30	34
22. Loan Impairment Charge	7	6	4	4
23. Securities and Other Credit Impairment Charges	(0)	n.a.	n.a.	n.a.
24. Operating Profit	20	17	26	30
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	n.a.	n.a.
26. Goodwill Impairment	n.a.	n.a.	n.a.	n.a.
27. Non-recurring Income	n.a.	n.a.	n.a.	n.a.
28. Non-recurring Expense	19	17	26	29
29. Change in Fair Value of Own Debt	n.a.	n.a.	n.a.	n.a.
30. Other Non-operating Income and Expenses	0	0	0	0
31. Pre-tax Profit	1	1	1	1
32. Tax expense	n.a.	n.a.	n.a.	n.a.
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	n.a.	n.a.
34. Net Income	1	1	1	1
35. Change in Value of AFS Investments	n.a.	n.a.	n.a.	n.a.
36. Revaluation of Fixed Assets	n.a.	n.a.	n.a.	n.a.
37. Currency Translation Differences	n.a.	n.a.	n.a.	n.a.
38. Remaining OCI Gains/(losses)	n.a.	n.a.	n.a.	n.a.
39. Fitch Comprehensive Income	1	1	1	1
40. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	n.a.	n.a.
41. Memo: Net Income after Allocation to Non-controlling Interests	1	1	1	1
42. Memo: Common Dividends Relating to the Period	n.a.	n.a.	n.a.	n.a.
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	n.a.	n.a.

Hamburgische Investitions-und Foerderbank

Balance Sheet

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
Assets				
A. Loans				
1. Residential Mortgage Loans	4,022	3,857	3,702	3,659
2. Other Mortgage Loans	n.a.	n.a.	n.a.	n.a.
3. Other Consumer/ Retail Loans	n.a.	n.a.	n.a.	n.a.
4. Corporate & Commercial Loans	0	0	0	0
5. Other Loans	833	692	768	752
6. Less: Loan Loss Allowances	11	11	10	9
7. Net Loans	4,844	4,538	4,461	4,402
8. Gross Loans	4,855	4,549	4,470	4,411
9. Memo: Impaired Loans included above	20	27	32	14
10. Memo: Specific Loan Loss Allowances	n.a.	n.a.	n.a.	n.a.
B. Other Earning Assets				
1. Loans and Advances to Banks	207	172	183	262
2. Reverse Repos and Securities Borrowing	n.a.	n.a.	n.a.	n.a.
3. Derivatives	n.a.	n.a.	n.a.	n.a.
4. Trading Securities and at FV through Income	n.a.	n.a.	n.a.	n.a.
5. Securities at FV through OCI / Available for Sale	n.a.	n.a.	n.a.	n.a.
6. Securities at Amortised Cost / Held to Maturity	n.a.	n.a.	n.a.	n.a.
7. Other Securities	266	298	330	368
8. Total Securities	266	298	330	368
9. Memo: Government Securities included Above	88	88	109	109
10. Memo: Total Securities Pledged	n.a.	n.a.	n.a.	n.a.
11. Equity Investments in Associates	1	1	1	1
12. Investments in Property	n.a.	n.a.	n.a.	n.a.
13. Insurance Assets	n.a.	n.a.	n.a.	n.a.
14. Other Earning Assets	n.a.	n.a.	n.a.	n.a.
15. Total Earning Assets	5,317	5,008	4,973	5,033
C. Non-Earning Assets				
1. Cash and Due From Banks	0	66	0	0
2. Memo: Mandatory Reserves included above	n.a.	n.a.	n.a.	n.a.
3. Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
4. Fixed Assets	16	17	17	17
5. Goodwill	n.a.	n.a.	n.a.	n.a.
6. Other Intangibles	0	0	0	0
7. Current Tax Assets	n.a.	n.a.	n.a.	n.a.
8. Deferred Tax Assets	n.a.	n.a.	n.a.	n.a.
9. Discontinued Operations	n.a.	n.a.	n.a.	n.a.
10. Other Assets	12	24	18	10
11. Total Assets	5,346	5,115	5,009	5,059
Liabilities and Equity				
D. Interest-Bearing Liabilities				
1. Total Customer Deposits	274	271	269	317
2. Deposits from Banks	2,760	2,798	2,915	3,210
3. Repos and Securities Lending	n.a.	n.a.	n.a.	n.a.
4. Commercial Paper and Short-term Borrowings	n.a.	n.a.	n.a.	n.a.
5. Customer Deposits and Short-term Funding	3,034	3,070	3,185	3,527
6. Senior Unsecured Debt	n.a.	n.a.	n.a.	n.a.
7. Subordinated Borrowing	n.a.	n.a.	n.a.	n.a.
8. Covered Bonds	n.a.	n.a.	n.a.	n.a.
9. Other Long-term Funding	1,355	1,103	903	602
10. Total LT Funding	1,355	1,103	903	602
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	n.a.	n.a.
12. Trading Liabilities	n.a.	n.a.	n.a.	n.a.
13. Total Funding	4,388	4,173	4,087	4,128
14. Derivatives	n.a.	n.a.	n.a.	n.a.
15. Total Funding and Derivatives	4,388	4,173	4,087	4,128
E. Non-Interest Bearing Liabilities				
1. Fair Value Portion of Debt	n.a.	n.a.	n.a.	n.a.
2. Credit impairment reserves	n.a.	n.a.	n.a.	n.a.
3. Reserves for Pensions and Other	35	31	29	26
4. Current Tax Liabilities	n.a.	n.a.	n.a.	n.a.
5. Deferred Tax Liabilities	n.a.	n.a.	n.a.	n.a.
6. Other Deferred Liabilities	2	3	3	4
7. Discontinued Operations	n.a.	n.a.	n.a.	n.a.
8. Insurance Liabilities	n.a.	n.a.	n.a.	n.a.
9. Other Liabilities	103	91	74	86
10. Total Liabilities	4,529	4,298	4,193	4,244
F. Hybrid Capital				
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	n.a.	n.a.
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	n.a.	n.a.
G. Equity				
1. Common Equity	817	817	816	815
2. Non-controlling Interest	n.a.	n.a.	n.a.	n.a.
3. Securities Revaluation Reserves	n.a.	n.a.	n.a.	n.a.
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	n.a.	n.a.
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	n.a.	n.a.
6. Total Equity	817	817	816	815
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as E	817	817	816	815
8. Total Liabilities and Equity	5,346	5,115	5,009	5,059
9. Memo: Fitch Core Capital	817	817	816	815

Hamburgische Investitions-und Foerderbank

Summary Analytics

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	3.6	4.0	4.3	4.8
2. Interest Income on Loans/ Average Gross Loans	3.9	4.3	4.7	5.3
3. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	3.2	3.8	4.2	4.7
5. Net Interest Income/ Average Earning Assets	1.0	0.9	0.8	1.0
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.8	0.7	0.8	0.9
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.0	0.9	0.8	1.0
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	0.6	0.5	0.8	0.9
2. Non-Interest Expense/ Gross Revenues	53.7	54.2	45.9	43.5
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	24.8	26.1	11.8	12.5
4. Operating Profit/ Average Total Assets	0.4	0.3	0.5	0.6
5. Non-Interest Income/ Gross Revenues	12.7	16.8	23.2	19.0
6. Non-Interest Expense/ Average Total Assets	0.6	0.6	0.5	0.6
7. Pre-impairment Op. Profit/ Average Equity	3.3	2.9	3.6	4.2
8. Pre-impairment Op. Profit/ Average Total Assets	0.5	0.5	0.6	0.7
9. Operating Profit/ Average Equity	2.5	2.1	3.2	3.7
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	0.1	0.1	0.1	0.1
2. Net Income/ Average Total Assets	0.0	0.0	0.0	0.0
3. Fitch Comprehensive Income/ Average Total Equity	0.1	0.1	0.1	0.1
4. Fitch Comprehensive Income/ Average Total Assets	0.0	0.0	0.0	0.0
5. Taxes/ Pre-tax Profit	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.0	0.0	0.0	0.0
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	23.6	24.2	24.2	23.2
2. Tangible Common Equity/ Tangible Assets	15.3	16.0	16.3	16.1
3. Equity/ Total Assets	15.3	16.0	16.3	16.1
4. Basel Leverage Ratio	14.5	15.0	15.3	14.8
5. Common Equity Tier 1 Capital Ratio	23.5	24.2	24.1	23.1
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Tier 1 Capital Ratio	23.5	24.2	24.1	23.1
8. Total Capital Ratio	23.5	24.2	24.1	23.1
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	1.2	2.0	2.7	0.6
10. Impaired Loans less Loan Loss Allowances/ Equity	1.2	2.0	2.7	0.6
11. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
12. Risk Weighted Assets/ Total Assets	64.9	65.9	67.4	69.6
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	0.4	0.6	0.7	0.3
2. Growth of Gross Loans	6.7	1.8	1.3	4.9
3. Loan Loss Allowances/ Impaired Loans	52.7	39.3	29.9	67.2
4. Loan Impairment Charges/ Average Gross Loans	0.2	0.1	0.1	0.1
5. Growth of Total Assets	4.5	2.1	(1.0)	10.3
6. Loan Loss Allowances/ Gross Loans	0.2	0.2	0.2	0.2
7. Net Charge-offs/ Average Gross Loans	0.0	0.0	0.0	0.0
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.4	0.6	0.7	0.3
F. Funding and Liquidity				
1. Loans/ Customer Deposits	1,773.1	1,677.9	1,659.2	1,393.3
2. Liquidity Coverage Ratio	150.0	270.0	710.0	n.a.
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	6.2	6.5	6.6	7.7
4. Interbank Assets/ Interbank Liabilities	7.5	6.2	6.3	8.2
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	1.0	0.6	(14.9)	(6.2)

Hamburgische Investitions-und Foerderbank

Reference Data

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End
	EURm	EURm	EURm	EURm
A. Off-Balance Sheet Items				
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	n.a.	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	n.a.	n.a.
3. Guarantees	4	5	6	9
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	n.a.	n.a.
5. Committed Credit Lines	427	524	590	427
6. Other Contingent Liabilities	n.a.	n.a.	n.a.	n.a.
7. Other Off-Balance Sheet items	n.a.	n.a.	n.a.	n.a.
8. Total Assets under Management	n.a.	n.a.	n.a.	n.a.
B. Average Balance Sheet				
1. Average Loans	4,702	4,504	4,441	4,309
2. Average Earning Assets	5,163	4,991	5,003	4,799
3. Average Total Assets	5,230	5,062	5,034	4,822
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	n.a.	n.a.
5. Average Interest-Bearing Liabilities	4,280	4,130	4,108	3,906
6. Average Common equity	817	816	816	815
7. Average Equity	817	816	816	815
8. Average Customer Deposits	273	270	293	327
C. Maturities				
Asset Maturities:				
Loans & Advances < 3 months	107	67	255	282
Loans & Advances 3 - 12 Months	160	153	121	108
Loans and Advances 1 - 5 Years	884	812	736	708
Loans & Advances > 5 years	3,694	3,506	3,349	3,303
Debt Securities < 3 Months	n.a.	n.a.	n.a.	n.a.
Debt Securities 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Debt Securities > 5 Years	n.a.	n.a.	n.a.	n.a.
Loans & Advances to Banks < 3 Months	8	8	53	4
Loans & Advances to Banks 3 - 12 Months	23	20	35	174
Loans & Advances to Banks 1 - 5 Years	88	77	49	31
Loans & Advances to Banks > 5 Years	88	67	46	53
Liability Maturities:				
Retail Deposits < 3 months	0	0	0	5
Retail Deposits 3 - 12 Months	2	2	2	47
Retail Deposits 1 - 5 Years	101	106	40	0
Retail Deposits > 5 Years	171	163	224	264
Other Deposits < 3 Months	n.a.	n.a.	n.a.	n.a.
Other Deposits 3 - 12 Months	n.a.	n.a.	n.a.	n.a.
Other Deposits 1 - 5 Years	n.a.	n.a.	n.a.	n.a.
Other Deposits > 5 Years	n.a.	n.a.	n.a.	n.a.
Deposits from Banks < 3 Months	81	188	228	210
Deposits from Banks 3 - 12 Months	289	428	474	661
Deposits from Banks 1 - 5 Years	923	851	1,177	1,297
Deposits from Banks > 5 Years	1,467	1,330	1,036	1,042
Senior Debt Maturing < 3 months	102	2	0	2
Senior Debt Maturing 3-12 Months	3	2	53	50
Senior Debt Maturing 1- 5 Years	250	250	150	200
Senior Debt Maturing > 5 Years	1,000	850	700	350
Total Senior Debt on Balance Sheet	1,355	1,103	903	602
Fair Value Portion of Senior Debt	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing < 3 months	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	n.a.	n.a.
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	n.a.	n.a.
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	n.a.	n.a.
Fair Value Portion of Subordinated Debt	n.a.	n.a.	n.a.	n.a.
D. Risk Weighted Assets				
1. Risk Weighted Assets	3,469	3,370	3,378	3,522
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Fitch Core Capital Adjusted Risk Weighted Assets	3,469	3,370	3,378	3,522
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
5. Fitch Adjusted Risk Weighted Assets	3,469	3,370	3,378	3,522
E. Fitch Core Capital Reconciliation				
1. Total Equity as reported (including non-controlling interests)	817	817	816	815
2. Fair-value adjustments relating to own credit risk on debt issued	0	0	0	0
3. Non-loss-absorbing non-controlling interests	0	0	0	0
4. Goodwill	0	0	0	0
5. Other intangibles	0	0	0	0
6. Deferred tax assets deduction	0	0	0	0
7. Net asset value of insurance subsidiaries	0	0	0	0
8. First loss tranches of off-balance sheet securitizations	0	0	0	0
9. Fund for general banking risks if not already included and readily convertible into equity	0	0	0	0
10. Fitch Core Capital	817	817	816	815

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