KfW IPEX-Bank GmbH

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(***Editor's Note:*** *S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.*)

This report does not constitute a rating action.

Ratings Score Snapshot

SACP: bbb+

Anchor	bbb+	
Business position	Moderate	-1
Capital and earnings	Strong	1
Risk position	Moderate	-1
Funding	Strong	1
Liquidity	Strong	
CRA adjustment		0

Support: +6

ALAC support	0
GRE support	6
Group support	0
Sovereign support	0

Additional factors: 0

Holding company ICR
AA+/Stable/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Extremely high likelihood of extraordinary support from the German government.	A loan portfolio with larger single borrower concentration.
Direct ownership by KfW, which provides stability, particularly in terms of funding and liquidity.	Significant exposure to cyclical sectors such as energy production, maritime industry, and industrials.
Important role in the German economy, with tailored project and guaranteed export financing.	

The 'AA+' rating reflects our expectation that KfW IPEX-Bank GmbH will remain tightly integrated with its direct owner, KfW (AAA/Stable/A-1+). We think IPEX will remain key in supporting Germany's economic policy via export promotion, by carrying out KfW's export-finance business. Therefore, we see an extremely high likelihood that its parent, KfW, and ultimately the German government would provide extraordinary support.

Our 'bbb+' stand-alone credit profile (SACP) assessment reflects IPEX's business model as a specialized lender. The business model remains solely in export and project finance, which remains intrinsically more sensitive to structural industry shifts and economic changes. Positively, IPEX benefits from strong risk-adjusted capital (RAC), while the robustness of its funding and liquidity profile is supported by its integration with its owner, both of which favor the SACP.

Concentration risks and exposure to countries with weaker governance are intrinsic to IPEX's business model. This contributes to structurally higher asset quality risks, which guarantees from export credit agencies (ECAs) effectively mitigate, preventing severe asset quality deterioration.

Outlook

The stable outlook reflects our expectation that IPEX's ownership structure and KfW's strong commitment to the bank will keep IPEX's business risk profile unchanged over the next two years. Moreover, we think the likelihood of timely and sufficient support from Germany (unsolicited; AAA/Stable/A-1+) will remain extremely high over that period. Therefore, we do not anticipate that potential moderate movements in the bank's SACP would affect our ratings.

Downside scenario

We could downgrade IPEX if we considered that support from Germany through KfW had weakened. We do not anticipate this, however. Beyond this, we could consider a negative rating action if, for example, any EU regulatory initiatives were to introduce meaningful barriers to extraordinary government support for the bank, but we also see this as unlikely.

Upside scenario

We consider a positive rating action unlikely, unless IPEX unexpectedly expands its role for the German government.

Key Metrics

KfW IPEX-Bank GmbH--Key ratios and forecasts by S&P Global

	--Fiscal year ended Dec. 31 --				
(%)	2023a	2024a	2025e	2026f	2027f
Growth in operating revenue	37.5	20.6	(0.3)-(0.4)	3.4-4.1	5.3-6.4
Growth in customer loans	20.6	20.0	0.9-1.1	5.4-6.6	5.4-6.6
Cost-to-income ratio	40.3	34.4	35-37	36-38	35-37
New loan loss provisions/average customer loans	0.0	0.0	0.25-0.35	0.25-0.35	0.2-0.3
Gross nonperforming assets/customer loans	3.4	2.2	2.6-2.9	2.5-2.8	2.3-2.6
Risk-adjusted capital ratio	14.8	14.7	14.5-15.0	14.4-14.9	13.5-14

All figures include S&P Global Ratings' adjustments. NIM--Net interest margin. a--Actual. e--Estimate. f--Forecast.

Anchor: 'bbb+', Reflecting IPEX's German Domicile And Global Footprint

The anchor is the starting point in assigning an issuer credit rating. Our anchor for a bank operating mainly in Germany is 'bbb+', based on an economic risk score of '2' and an industry risk score of '4'. We view the economic and industry risk trends as stable. Germany accounts for approximately 30% of IPEX's credit exposures, while the EU represents about 20%. The rest is diversified globally, with notable contributions from the U.K. (10%) and North America (5%). This distribution results in a weighted-average economic risk score of '3.3', which also corresponds to a 'bbb+' anchor.

Our economic risk assessment for Germany reflects our positive view of its robust economic profile, supported by significant wealth, diversification, moderate debt, and the strongest external balance sheet among the major economies. Structural challenges to the country's export-oriented economic model, amplified by trade and geopolitical sensitivities, contribute to a weak economic performance. However, we anticipate that large-scale fiscal spending will bolster economic activity and credit demand from 2026.

Our industry risk assessment for Germany indicates that intense competition will continue to pressurize the banking sector's long-term profitability, and that the profitability gap compared to peer countries will persist. This assessment also reflects the structure of the German banking system, which is characterized by limited market consolidation and savings and cooperative institutions' significant market shares. We view the banking sector's access to a stable and broad domestic funding market as a positive factor.

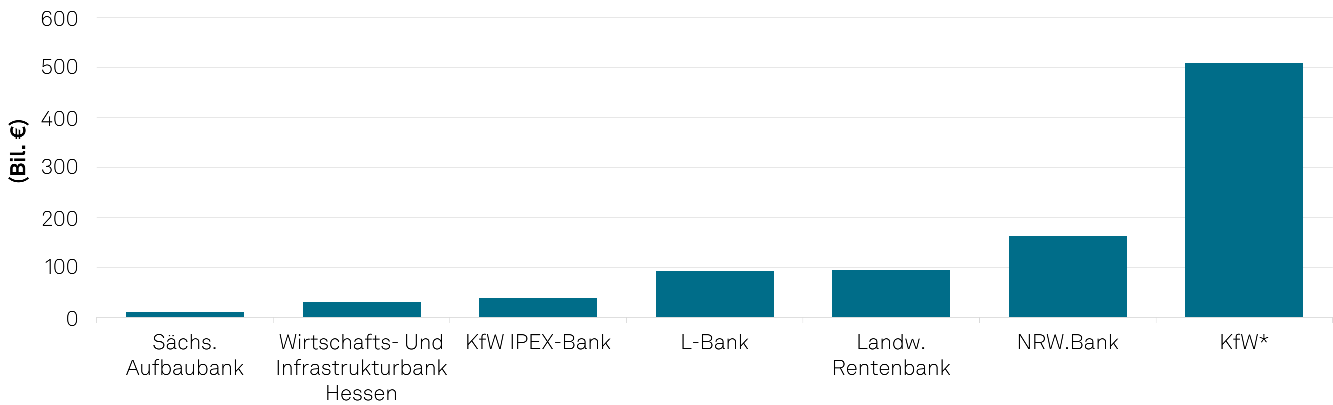
Business Position: Germany's Export-Supporting Financial Institution

IPEX is a legally separated arm of KFW, Germany's national promotional bank, and its public mandate is defined as a specialized lending institution supporting German export and international project finance. This encompasses both commercial lending booked directly into IPEX and the lending considered competition neutral according to European laws, which IPEX administers on behalf of KfW.

Chart 1

KfW IPEX-Bank is a midsized player among rated German development banks

Total assets at year-end 2024



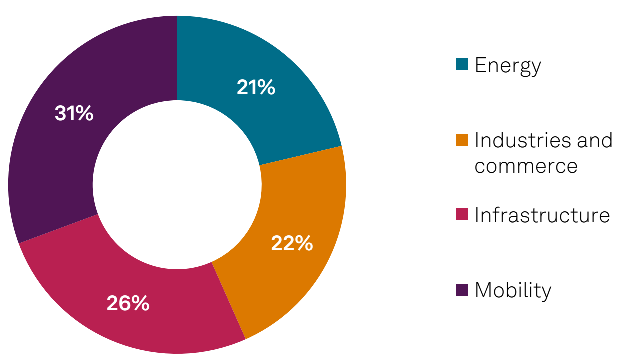
*Excluding KfW-IPEX. Source: S&P Global Ratings.

IPEX's customer base is a combination of specialized midsize companies and leading German and European exporters, for which the bank provides financing products. In addition, IPEX's franchise is supported by expertise in arranging lending covered by ECAs. The bank's loan book mainly consists of corporate loans and trade, export, and project finance in sectors such as energy production, transportation, infrastructure, and borrowers mainly in Germany and elsewhere in Europe. This inherently exposes the bank to cyclical and higher risk sectors, but with sovereign guarantees effectively cushioning loss potential.

Chart 2

KfW IPEX-Bank has a diversified portfolio but sensitive to cyclical sectors

Lending volumes per business sector at year-end 2024



Source: KfW IPEX-Bank's financial reporting. Loans on KFW IPEX`s balance sheet.

We think IPEX's business profile remains narrow but structurally diversified in terms of sector exposure, compared to banks focused only on transportation finance, like Danmarks Skibskredit A/S.

IPEX' direct supervision has transitioned to the European Central Bank from the German Federal Regulation Authority (BaFin). We expect this to benefit governance standards and the level of public disclosure but also lead to sizable, but manageable, costs.

Capital And Earnings: Capitalization Is Strong, As Is Access To Further Capital From The Owner If Needed

IPEX's robust capitalization is a key factor supporting its SACP. This strength is primarily driven by our projection that its RAC ratio, before diversification, will remain at 13.5%-14.0%. IPEX historically has remitted its annual profits to its direct legal owner, KfW, as stipulated by a profit transfer agreement; this amounted to €534 million in 2024. KfW subsequently reinjects capital based on business needs, bolstering IPEX's capital base and providing additional resources if needed. Our forecast incorporates increasing annual loan growth, reaching approximately 6% by 2026 and 2027, reflecting the anticipated positive impact on lending demand due to German fiscal stimulus.

IPEX's revenue base benefited significantly from rising interest rates, and we anticipate further, albeit modest, improvements in net interest margins. We expect this to come from asset rollovers into higher-yielding environments, increased lending volumes, and sustained favorable funding costs attributable to its strong creditworthiness through its indirect linkages with the German sovereign. We forecast solid profitability, although below the exceptionally strong performance of 2024, as we anticipate a normalization of credit losses.

We assess the quality of capital as high, given contingent access to capital from its owner available under stress and a capital base that mainly constitutes core equity. At the same time, we assess its additional Tier 1 issuance as having high equity content because it is held solely by or on behalf of a government, and we anticipate that the hybrid would absorb losses or conserve cash in a stress scenario.

Risk Position: Portfolio Concentration And Exposure To Governance Risks Constrain Our Assessment

We consider IPEX's risk profile weaker than that of most domestic peers, reflecting inherent risks in the bank's export finance business and concentration risks in single sectors, which our RAC model does not adequately reflect.

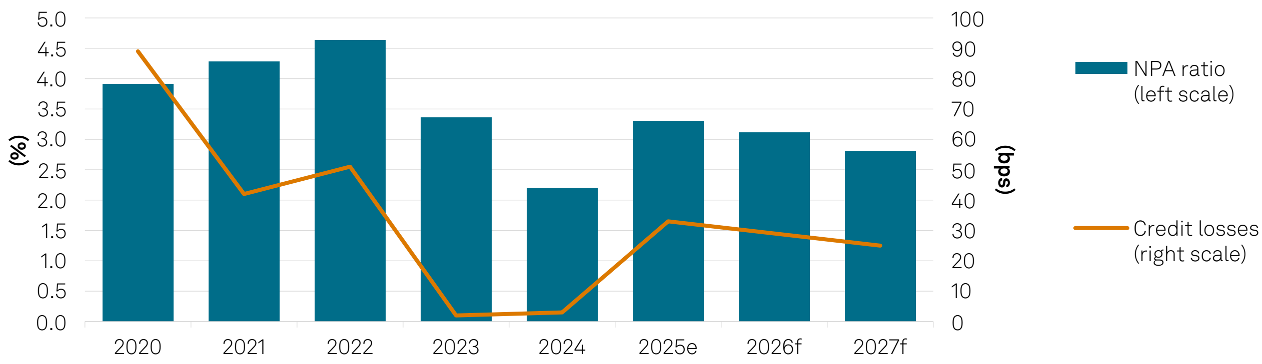
We assess concentrations in higher-risk sectors together with the larger single-name and single-loan concentrations as the dominant weaknesses in the bank's risk profile. Moreover, IPEX's export finance products are typically more complex than plain vanilla retail or corporate loans. Asset quality risk is reduced through effective guarantees from ECAs, especially for riskier projects. We believe that syndication and risk sharing with external investors will become more relevant for IPEX's business model.

We expect credit losses to gradually increase toward historical levels over our forecast period. This follows a period of unusually low credit losses since 2023, on improving portfolio quality and active portfolio workout, and reflecting previously robust provisioning.

Chart 3

We expect credit losses to increase from ultra-low levels

Trajectory of nonperforming assets (NPA) ratio and credit losses since 2020



e--Estimate. f--Forecast. bps--Basis points. Source: S&P Global Ratings, including forecasts.

Positively, IPEX's exposure to market risks remains low, as it tends to fully hedge structural interest rate and foreign exchange risks in its banking book.

Funding And Liquidity: Robustness Manifested Through Parent Support And Indirect Ties With Germany

IPEX's comfortable funding and liquidity position benefits from implicit and support from its parent, which we consider a key strength supporting the bank's stand-alone creditworthiness. IPEX's funding stems almost exclusively through its parent, and the funding mix includes mainly promissory note loans and registered covered bonds acquired by KfW. We think IPEX's link with KfW will allow it continued unimpeded access to funding in periods of market stress, more than offsetting its weaker funding and liquidity metrics. As part of its refinancing agreement with KfW, IPEX also has access to a €4.6 billion credit line.

The bank's stable funding ratio of 80% as of Dec. 31, 2024, remained significantly below the 100% that usually signals a well-balanced funding profile. About 19% of IPEX's bank funding is short term (maturing within one year), which we do not treat as available stable funding when calculating our stable funding ratio. However, the bank's parent provides short-term funding, so we do not consider this a constraint to our assessment.

Our assessment of IPEX's liquidity position as strong is mainly based on ongoing liquidity support provided by KfW, mitigating the bank's comparatively weaker ratio of broad liquid assets to total assets of 1.6% on Dec. 31, 2023.

Support: Six Notches Of Uplift Due To GRE Support

We regard IPEX as a government-related entity (GRE) of the German sovereign. The long-term issuer credit rating is six notches higher than the SACP because, in our view, there is an extremely high likelihood of timely and sufficient extraordinary government support for IPEX and KfW. Our assessment is based on IPEX's:

- Very important role for KfW, and ultimately for Germany, in supporting public policy as a major export finance institution; and
- Integral link with its sole owner, KfW, which is also a GRE.

We do not envisage that the bank's GRE status or our view of an extremely high likelihood of extraordinary government support will change. Promotion of export financing is a key economic and political objective for the German government, and we see IPEX's promotional lending business in the name of KfW as pivotal.

Environmental, Social, And Governance

ESG factors have an overall neutral influence on our credit rating analysis of IPEX. Its supervisory board is headed by representatives of its direct parent, KfW, and further members include members from the German government and IPEX employees. We think this setup helps ensure an adequate level of oversight and governance to comply with a wide range of regulations and to address the complex legal risks associated with its export-finance business. We think this oversight minimizes, but does not eliminate, the risks related to money-laundering or of violating rules applicable in countries with lower governance standards.

Despite IPEX's links with the German export industry, we see the bank as relatively less exposed to environmental risks, given its strategic shift toward renewables and the government guarantees on its existing portfolio. However, we think the financing of heavily fossil fuel-dependent businesses such as aviation, cruise lines, and construction materials bears some reputational risks.

Key Statistics

KfW IPEX-Bank GmbH Key Figures

Mil. EUR	2024	2023	2022	2021
Adjusted assets	36,879	31,217	25,533	27,529
Customer loans (gross)	36,043	30,038	24,909	26,586
Adjusted common equity	3,898	3,574	3,559	3,508
Operating revenues	867	718	523	534
Noninterest expenses	298	289	272	261
Core earnings	556	421	117	160

KfW IPEX-Bank GmbH Capital And Earnings

(%)	2024	2023	2022	2021
Tier 1 capital ratio	18.0	20.1	24.4	19.6
S&P Global Ratings’ RAC ratio before diversification	14.7	14.8	16.1	14.6
S&P Global Ratings’ RAC ratio after diversification	13.5	13.0	14.8	13.7
Adjusted common equity/total adjusted capital	86.7	85.6	85.6	85.4
Double leverage	N.M.	N.M.	N.M.	N.M.
Net interest income/operating revenues	79.0	75.5	66.2	65.3
Fee income/operating revenues	15.0	19.9	26.5	32.3
Market-sensitive income/operating revenues	(0.1)	(2.0)	(1.1)	(5.3)
Cost to income ratio	34.4	40.3	52.0	48.9

KfW IPEX-Bank GmbH Capital And Earnings

Preprovision operating income/average assets	1.7	1.5	0.9	1.0
Core earnings/average managed assets	1.6	1.5	0.4	0.6

KfW IPEX-Bank GmbH Risk Position

(%)	2024	2023	2022	2021
Growth in customer loans	20.0	20.6	(6.3)	0.0
Total diversification adjustment/S&P Global Ratings' RWA before diversification	9.0	13.7	8.6	6.9
Total managed assets/adjusted common equity (x)	9.6	8.9	7.3	8.0
New loan loss provisions/average customer loans	0.0	0.0	0.5	0.4
Gross nonperforming assets/customer loans + other real estate owned	2.2	3.4	4.6	4.3
Loan loss reserves/gross nonperforming assets	55.1	42.0	41.6	27.0

KfW IPEX-Bank GmbH Funding And Liquidity

(%)	2024	2023	2022	2021
Core deposits/funding base	1.8	4.6	2.0	0.6
Customer loans (net)/customer deposits	6,364.9	2,490.4	5,768.6	18,230.5
Long-term funding ratio	83.4	78.9	82.5	83.6
Stable funding ratio	80.0	76.3	79.5	82.2
Short-term wholesale funding/funding base	19.0	24.5	21.0	19.4
Regulatory net stable funding ratio	105.7	106.7	109.0	110.5
Broad liquid assets/short-term wholesale funding (x)	0.1	0.1	0.1	0.2
Broad liquid assets/total assets	1.6	2.4	1.5	2.7
Broad liquid assets/customer deposits	105.6	64.8	89.5	523.9
Net broad liquid assets/short-term customer deposits	(991.7)	(485.2)	(976.4)	(2,592.7)
Regulatory liquidity coverage ratio (LCR) (x)	1,061.9	1,536.8	845.9	1,306.3
Short-term wholesale funding/total wholesale funding	19.0	25.1	20.9	19.0

Rating Component Scores

Issuer Credit Rating	AA+/Stable/A-1+
SACP	bbb+
Anchor	bbb+
Business position	Moderate (-1)
Capital and earnings	Strong (1)
Risk position	Moderate (-1)
Funding and liquidity	Strong and Strong (1)
Comparable ratings analysis	0
Support	6
ALAC support	0
GRE support	6
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, Apr 30, 2024
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- German Banking Outlook 2026: Fiscal Stimulus Should Support Credit Profiles, Jan. 21, 2026
- Germany, Dec. 8, 2025
- Banking Industry Country Risk Assessment: Germany, Sept. 19, 2025
- KFW, Aug. 22, 2025

Ratings Detail (as of March 10, 2026)*

KfW IPEX-Bank GmbH	
Issuer Credit Rating	AA+/Stable/A-1+
Issuer Credit Ratings History	
27-May-2016	AA+/Stable/A-1+
25-Jan-2012	AA/Stable/A-1+
08-Dec-2011	AA/Watch Neg/A-1+
Sovereign Rating	
Germany	AAA/Stable/A-1+
Related Entities	
KfW	
Issuer Credit Rating	AAA/Stable/A-1+
Commercial Paper	
Foreign Currency	A-1+
Senior Unsecured	AAA

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.