# State of Bremen

The affirmation of State of Bremen's ratings reflects Fitch Ratings' unchanged approach of a rating floor at 'AAA' for the German Laender, which have ratings that are equalised with those of the Federal Republic of Germany (Bund; AAA/Stable/F1+).

Fitch assess Bremen's Standalone Credit Profile (SCP) at 'a', resulting from a 'Stronger' risk profile and a financial profile that Fitch assesses as 'bbb' under its rating case. Equalisation of the German Laender's ratings with the Bund's is driven by Fitch's application of a rating floor for all Laender based on the strong solidarity system enshrined in the constitution underpinning the creditworthiness of all Laender, irrespective of the Key Risk Factors (KRFs) and financial profile assessment.

Under the Solidarity system, all member states of the federal republic are jointly responsible for supporting a Land in financial distress. If a Land experiences 'extreme budgetary hardship', it is entitled to financial assistance from all other Laender and the Bund. This principle has been reaffirmed by the constitutional courts, most recently in 2006.

## Key Rating Drivers

**'Stronger' Risk Profile:** Bremen's 'Stronger' risk profile reflects Fitch's view of a low risk relative to international peers that the state's ability to cover debt service with the operating balance may weaken unexpectedly over the forecast horizon (2025-2029) due to lower revenue, higher expenditure, or an unexpected rise in liabilities, debt or debt service requirements.

**KRFs Assessed as 'Stronger':** Fitch assesses all of Bremen's KRFs as 'Stronger'. Bremen benefits from predictable and low volatile revenue sources, as about 67.8% of its revenue made of stable tax income, supported by a robust and diversified tax bases, and an extensive financial equalisation system. It has a strong record of spending restraint to keep opex growth below operating revenue.

**Strong Debt Profile:** Liabilities carry no FX risk and negligible interest rate risk as its floating-rate issues are almost all hedged. Existing cash pooling liquidity facilities between Laender and Bund in addition to Bremen's very good access to capital markets, prevents any temporary delays in the provision of liquidity and support.

**Financial Profile 'bbb':** We assess Bremen's overall financial profile in the 'bbb' category. Its primary metric – economic liability burden (ELB) – of 94.3% assessed in the 'a' category in our rating case for 2029, is the highest among its national peers, reflecting higher share of Bremen's net adjusted debt component (own debt) within the ELB ratio. The secondary debt metric, the payback ratio (net adjusted debt/operating balance), will reach 23.0x, corresponding to the 'bb' category.

**High Debt Per Capita:** Bremen has the highest per capita debt among German states, with direct debt totalling EUR23,395 million at end-2024, or EUR33,642 per resident.

Bremen's secondary metrics – the synthetic debt service coverage ratio of 0.6x and fiscal debt burden at 281.9% – are consistent with the 'b' category. For German Laender, low debt service coverage is less of a risk given cash-pooling liquidity facilities between Laender and the Bund in addition to their strong access to capital markets.

**Neutral Additional Risk Factors:** Bremen's Long-Term Issuer Default Ratings (IDRs) are equalised with those of the sovereign, reflecting Fitch's application of a rating floor at 'AAA' for German Laender. The ratings are not affected by any asymmetric risk and no additional risk factors have been identified.

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

### Ratings

| | |
|---|---|
| **Foreign Currency** | |
| Long-Term IDR | AAA |
| Short-Term IDR | F1+ |
| **Local Currency** | |
| Long-Term IDR | AAA |
| Short-Term IDR | F1+ |
| **Outlooks** | |
| Long-Term Foreign-Currency IDR | Stable |
| Long-Term Local-Currency IDR | Stable |
| **Debt Ratings** | |
| Senior Unsecured Debt - Long-Term Rating | AAA |
| Senior Unsecured Debt - Short-Term Rating | F1+ |

### Issuer Profile Summary

Bremen, one of the three German city states, is in northern Germany. It is the smallest state by population and area, accounting for roughly 1% of Germany's population. It has well-above-average wealth and its GDP per capita of EUR59,785 in 2024 is 18% above the German average.

### Financial Data Summary

| (EURm) | 2024 | 2029rc |
|---|---|---|
| Economic liability burden (%) | 93.5 | 94.3 |
| Payback ratio (x) | 23.4 | 23.0 |
| Synthetic coverage (x) | 0.5 | 1.5 |
| Fiscal debt burden (%) | 287.2 | 281.9 |
| Net adjusted debt | 21,930 | 24,164 |
| Operating balance | 938 | 1,051 |
| Operating revenue | 7,636 | 8,571 |
| Debt service | 3,156 | 2,508 |
| Mortgage-style debt annuity | 1,732 | 1,874 |

rc: Fitch's rating-case scenario
Source: Fitch Ratings, Fitch Solutions, State of Bremen

### Applicable Criteria

International Local and Regional Governments Rating Criteria (August 2024)

### Related Research

Weaker Tax Revenue Growth May Reduce German Laender's SCP Headroom (May 2025)

German Laender's Debt to Remain Stable Despite Weaker Operating Performance (April 2025)

German Laender – Peer Credit Analysis (April 2025)

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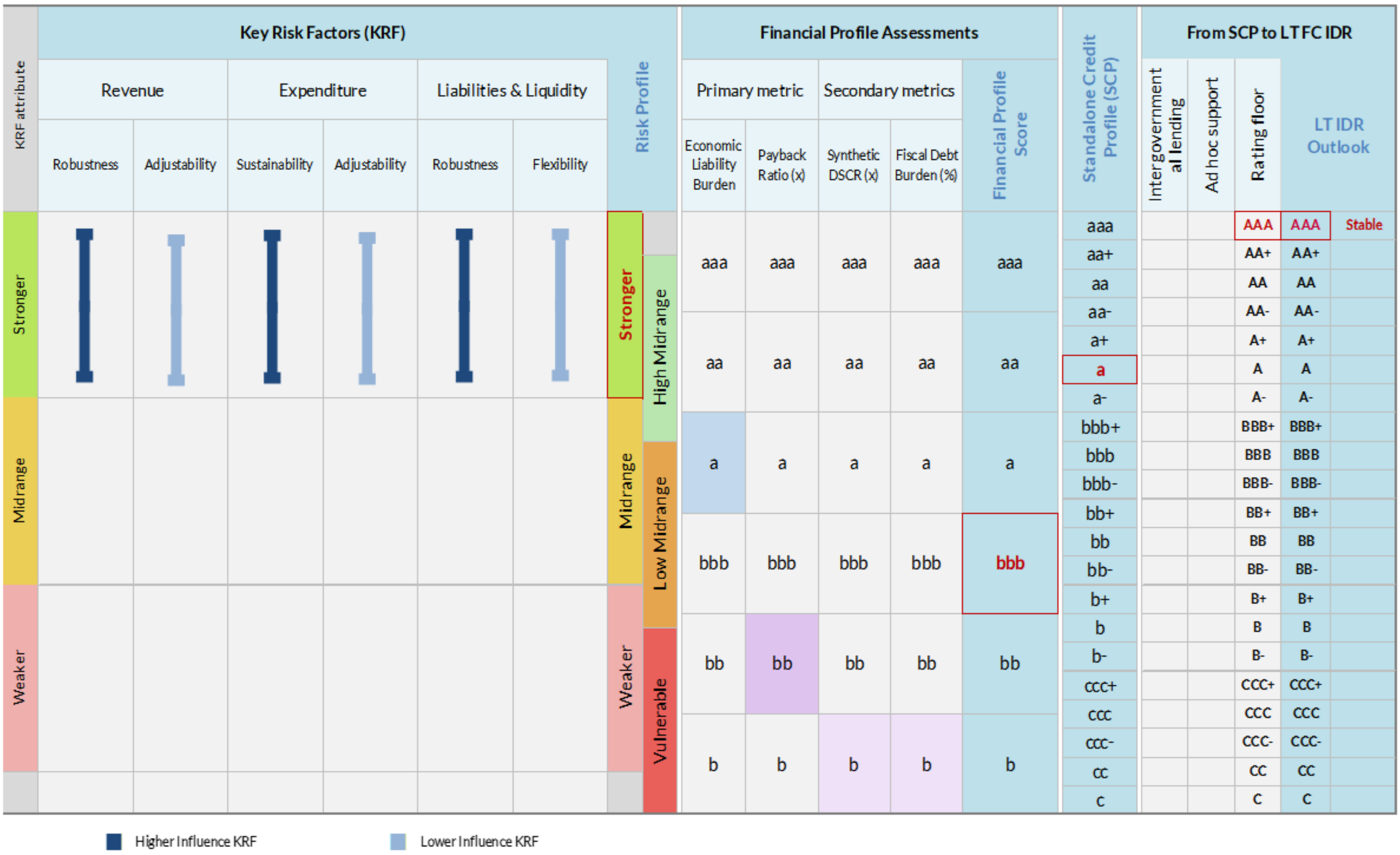
## Rating Synopsis

**Bremen, State of LT IDR Derivation Summary**




Source: Fitch Ratings

The six KRFs, combined according to their relative importance, collectively represent the risk profile of the local and regional government (LRG). Risk profile and financial profile assessments, which measure the LRG's debt burden and debt service requirements amid a reasonable economic or financial downturn over the rating horizon, are combined in an SCP. The SCP, together with some additional factors not captured in SCP, such as extraordinary support or rating cap, produces the IDR.

## Rating Sensitivities

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

The ratings are the highest level on Fitch's rating scale and cannot be upgraded.

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

A downgrade of the sovereign ratings would lead to a downgrade of Bremen. An adverse change to the solidarity principle, which is unlikely, could lead to a downgrade.

## Issuer Profile

Bremen is in north-western Germany and is the smallest of all the Laender by population (about 691,800) and area (419.4 sq km). It comprises two cities, Bremen and Bremerhaven.

Bremen's GDP per capita of EUR59,785 in 2024 is the third highest among the German states and is well above the national average of EUR50,819, partly as its city-state status making it an attractive destination for business. Its economy is dominated by a broad services sector (trade, traffic, real estate and public services) but it also has a high share of production (in the automotive and steel segments, among others). It is the second-most important export location after Hamburg due to its harbours. Most of the trade is related to food and beverages, and Bremen is the most important reloading point for the automotive sector. The state also focuses on developing renewable energies.

Bremen attracts jobseekers that often stay while applying for unemployment benefits or social aid. This partly explains why Bremen's unemployment rate (11.1% in 2024) is the highest among the states and is much higher than Germany's average (6.0%).

### Socioeconomic Indicators

| | Issuer | Sovereign |
|---|---|---|
| Population, 2024 (m) | 0.7 | 84.7 |
| GDP per capita, 2024 (EUR) | 59,785 | 50,819 |
| GRP growth, 2024 (%) | -1.0 | -0.2 |
| Inflation, 2024 (%) | 3.6 | 3.1 |
| Unemployment rate, 2024 (%) | 11.1 | 6.0 |

Source: Fitch Ratings, national statistics, State of Bremen

## Risk Profile Assessment

### Risk Profile: Stronger

Fitch assesses Bremen's risk profile at 'Stronger', reflecting the combination of assessments:

### Risk Profile Assessment

| Revenue robustness | Revenue adjustability | Expenditure sustainability | Expenditure adjustability | Liabilities & liquidity robustness | Liabilities & liquidity flexibility | Implied operating environment score | Risk profile |
|---|---|---|---|---|---|---|---|
| Stronger | Stronger | Stronger | Stronger | Stronger | Stronger | aa | Stronger |

Source: Fitch Ratings

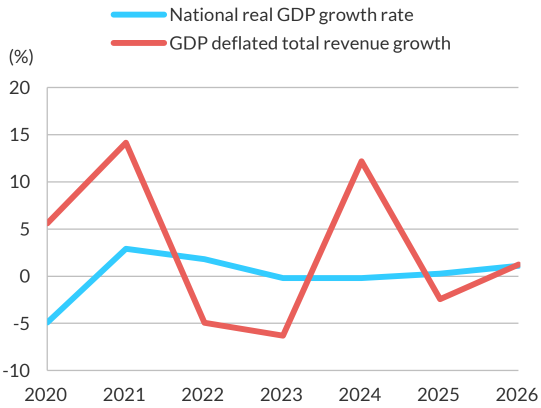
The assessment reflects Fitch's view of a low risk relative to international peers that Bremen's ability to cover debt service with the operating balance may weaken unexpectedly over the forecast horizon (2025-2029) due to lower revenue, higher expenditure, or an unexpected rise in liabilities, debt or debt service requirements.

### Revenue Robustness: Stronger

A high share of stable tax revenues, supported by a strong and diversified tax base and steady transfers from the Bund, ensures predictable revenue with low volatility. Main revenue sources are common tax revenue (corporate income tax (CIT), VAT and personal income tax (PIT)) distributed between the Bund and the Laender and, to a lesser extent, the municipalities. By law, the Laender receive 50% of CIT and 42.5% of PIT. The shares of VAT have a more complex allocation process, with low variations. In 2024, the share was 49.1% for the Laender, 48.1% for the Bund and 2.8% for the municipalities.

In 2024, tax revenue was 67.8% of Bremen's revenue, broadly in line with 68.9% in 2023. We expect the share to rise over the medium term, supported by the government's fiscal stimulus package. PIT and VAT are the largest contributors, at 11.3% and 29.1% of its revenue, respectively.

### Real Total Revenue and GDP Growth




Source: Fitch Ratings, State of Bremen

### Revenue Breakdown, 2024 (%)

| | Operating revenue | Total revenue |
|---|---|---|
| PIT | 11.5 | 11.3 |
| VAT | 29.8 | 29.1 |
| Other taxes | 28.0 | 27.4 |
| Transfers | 26.1 | 25.5 |
| Other operating revenue | 4.5 | 4.4 |
| **Operating revenue** | **100.0** | **97.7** |
| Interest revenue | - | 0.5 |
| Capital revenue | - | 1.7 |
| **Total revenue** | **-** | **100.0** |

Note: Figures may not tally due to rounding.
Source: Fitch Ratings, Fitch Solutions, State of Bremen

## Revenue Adjustability: Stronger

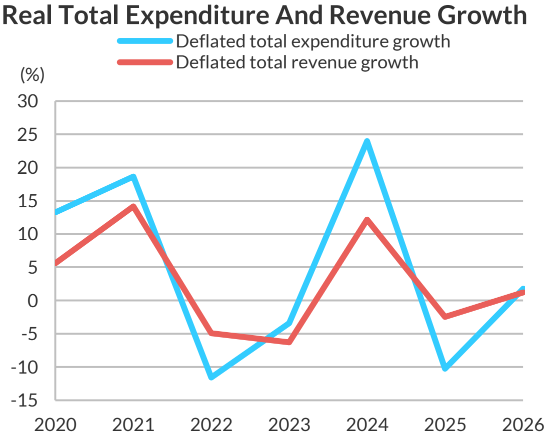
A strong record of an extensive equalisation system and a broad-based solidarity pact help address financial disparities among the Laender. Financially stronger Laender are required to transfer part of their above-average tax revenues to weaker members, helping offset differences in tax bases and financial strength. The recent reform of the equalisation system increases Bund transfers to weaker Laender and reduces the burden on net donor states. This is credit positive, especially for Bremen, which receives an additional EUR400 million annually to address structural weaknesses. In 2024, Bremen was a net received EUR924.7 million, or about 12% of its revenue.

## Expenditure Sustainability: Stronger

German Laender have a prudent record of opex control. The main spending items are for key public services, such as education, science, security and infrastructure, which are counter-cyclical. The Bund implements anti-cyclical measures in times of economic stress. The Laender have been applying cost-consolidation measures since 2010 to comply with the debt-brake rule that took effect in 2020. They have shown strong spending restraint to keep opex growth below operating revenue rises. Cost-consolidation measures are subject to the supervision of the German Stability Board.

During times of crisis, Bremen, like all Laender, maintains close coordination with the Bund. This was evident during the Covid-19 pandemic and the Ukraine refugee crisis, when the Bund largely covered the additional financial burden resulting from the influx of refugees. The Bund provides targeted grants to the Laender, which are then distributed to municipalities. As a result, even when expenditure rises unexpectedly, the increased burden is typically matched by corresponding revenue streams.

### Real Total Expenditure And Revenue Growth




Source: Fitch Ratings, State of Bremen

### Expenditure Breakdown, 2024 (%)

| | Operating expenditure | Total expenditure |
|---|---|---|
| Staff Costs | 35.4 | 26.2 |
| Goods and services | 22.1 | 16.4 |
| Operating subsidies | 42.5 | 31.5 |
| **Operating expenditure** | **100.0** | **74.2** |
| Interest expenditure | - | 5.6 |
| Capital expenditure | - | 20.2 |
| **Total expenditure** | **-** | **100.0** |

Note: Figures may not tally due to rounding.
Source: Fitch Ratings, Fitch Solutions, State of Bremen

### Expenditure Adjustability: Stronger

German Laender have effective budget rules. They have a moderate share of inflexible spending items. Bremen has a good record of cost consolidation, and its personal costs and transfers accounted for 57% of its totex in 2024. Capex rose to 20% of totex, up from an average of 11% in 2020-2023, primarily due to equity injections for two newly established companies: the Educational Construction Company (BiBau) and the Urban Development Company (BreStadt).

Following the 2025 debt brake reform, we expect the Laender to increase net new borrowing by about 0.35% of their local GDP annually and Bremen to incur net new borrowing of EUR70 million annually between 2025 and 2029. Including this new borrowing possibility, we expect Bremen to incur on net new borrowing of EUR270 million in our rating case, which will be predominantly allocated to investments in public infrastructure, particularly education and the transition to green energy. Over the medium term, we anticipate capex will continue to represent around 12% of Bremen's totex.

### Liabilities and Liquidity Robustness: Stronger

German Laender operate in a solid national framework for debt and liquidity management, and show strict market discipline, which is credit positive. The Laender, as by far the largest sub-sovereigns and frequent issuers, have strong access to international capital markets, enabling them to issue benchmark-size bonds. Bremen's total direct debt outstanding was EUR23.3 billion at end-2024. Repayment risk is mitigated by Bremen's frequent issuances in the capital market and the weighted average maturity of its debt at 9.8 years. Bremen does not issue in foreign currencies and its floating-rate issues are almost all hedged and therefore it is not exposed to FX and interest rate risk.

Bremen regularly participates in joint bond issuances with groups of five to six Laender, typically two to three times a year, with a minimum benchmark size of EUR1 billion. This further diversifies the state's funding sources. The last joint jumbo issue was the 67th bond issued in September 2025.

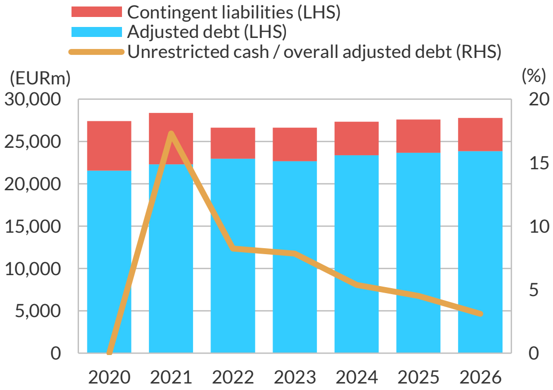
Bremen is one of Germany's three city states, alongside Berlin and Hamburg. Unlike regional states, city-states bear a greater spending responsibility, as they must fulfil both municipal and state-level functions. Like other German Laender, Bremen faces contingent liabilities, including, issued debt guarantees for its development banks, debt of its majority-owned government-related entities (GREs), and unfunded pension obligations (EUR1,224 million in 2024). The risks associated with its commitments to banks are mitigated by sufficient assets and the conservative business models of its development banks. Fitch considers the risk from Bremen's contingent liabilities to be low.

Bremen oversees 67 public-sector entities (GREs), with 54 majority-owned, operating in sectors including aerospace, maritime, automotive, wind energy, banking, culture, tourism, construction, property management, and business and science promotion. As of end-2023, the sector reported net income of EUR2.0 million, total assets of EUR7.8 billion, an equity ratio of 35% and outstanding liabilities of EUR2.82 billion (excluding guaranteed debt).

Most of Bremen's GRE debt is from Bremer Aufbau-Bank GmbH (owned by WFB Wirtschaftsförderung) and companies owned by Stadtgemeinde Bremen, including BLG Logistics and GEWOBA. Bremer Aufbau-Bank GmbH (BAB) is the development bank for Bremen and Bremerhaven, supporting sustainable economic growth and leading housing, social and environmental initiatives. At end-2023, BAB's lending business outperformed expectations, aided by reduced pandemic-related risk provisions. The operating result after risk provisions was approximately EUR 0.2 million, which was retained to strengthen reserves.

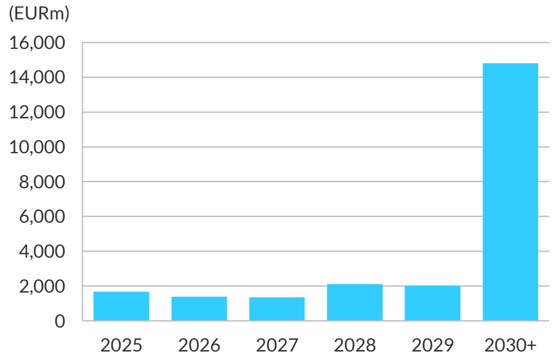
BLG Logistics, a leading automotive and container logistics provider, reported a net income of EUR85.8 million in 2024 (up from EUR36 million in 2023), with liquidity rising to EUR134 million. GEWOBA, Bremen's largest housing company with around 43,000 apartments, is majority-owned by Stadtgemeinde Bremen via HAWOBEG, while Sparkasse Bremen holds a 25% stake. In 2024, GEWOBA exceeded profit expectations (EUR31.2 million vs. EUR27.6 million in 2023) and generated operating cash flow of EUR91.3 million, which covered its debt service 1.3x.

### Overall Adjusted Debt Structure




Source: Fitch Ratings, State of Bremen

### Debt Maturity Profile




Source: Fitch Ratings, State of Bremen

### Liabilities and Liquidity Flexibility: Stronger

German Laender benefit from strong emergency liquidity support provided by the government, which carries 'AAA' counterparty risk. Bilateral and mutual cash-pooling agreements among all Laender and the Bund further mitigate liquidity risk for individual states, ensuring mutual support except in the unlikely event of a complete federal breakdown. The mutual support is reinforced by the robust financial support mechanism enshrined in the constitution. This support, combined with the Laender's strong access to capital markets and treasury facilities, helps prevent delays in liquidity provision. This is a key factor in our rating approach for Laender.

### Debt Analysis

| | 2024 |
|---|---|
| Fixed rate (% of direct debt) | 94.4 |
| Debt in foreign currency (% of direct debt) | 0 |
| Apparent cost of debt (%) | 2.2 |
| Weighted average life of debt (years) | 9.8 |

Source: Fitch Ratings, State of Bremen

### Liquidity

| (EURm) | 2024 |
|---|---|
| Total cash, liquid deposits and sinking funds | 1,465 |
| Restricted cash | 0 |
| Cash available for debt service | 1,465 |
| Undrawn committed credit lines | 1,000 |

Source: Fitch Ratings, State of Bremen

## Financial Profile Assessment

### Financial Profile: bbb category

### Financial Profile Score Summary

| | Primary metric | | Secondary metrics | |
|---|---|---|---|---|
| | Economic liability burden (%) | Payback ratio (x) | Coverage (x) | Fiscal debt burden (%) |
| aaa | X ≤ 40 | X ≤ 5 | X >= 4 | X ≤ 50 |
| aa | 40 < X ≤ 70 | 5 < X ≤ 9 | 2 ≤ X < 4 | 50 < X ≤ 100 |
| a | 70 < X ≤ 100 | 9 < X ≤ 13 | 1.5 ≤ X < 2 | 100 < X ≤ 150 |
| bbb | 100 < X ≤ 140 | 13 < X ≤ 18 | 1.2 ≤ X < 1.5 | 150 < X ≤ 200 |
| bb | 140 < X ≤ 180 | 18 < X ≤ 25 | 1 ≤ X < 1.2 | 200 < X ≤ 250 |
| b | X > 180 | X > 25 | X < 1 | X > 250 |

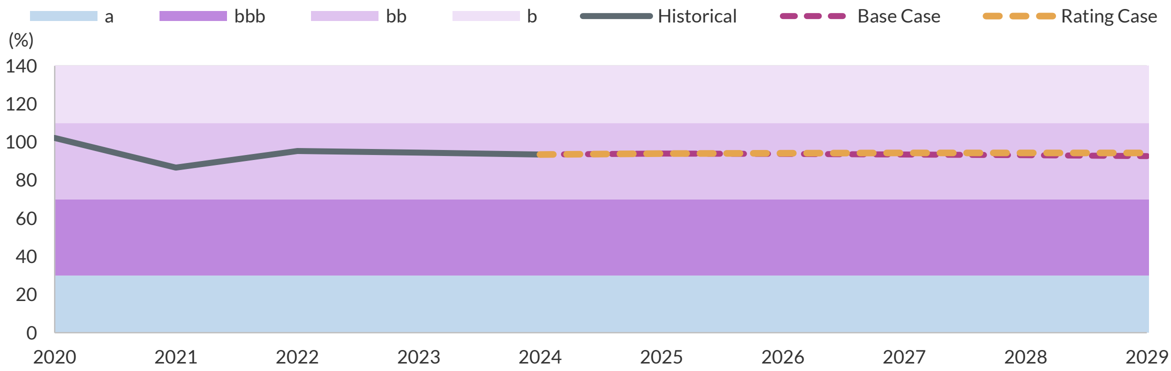
Note: Yellow highlights show metric ranges applicable to the issuer.
Source: Fitch Ratings

Fitch classifies German Laender as a Type A LRGs as they can incur structural deficits and share some key attributes of sovereignty with the central government.

We assess Bremen's overall financial profile in the 'bbb' category. This reflects its primary metric – economic liability burden – of 94.3% in our rating case for 2029, which corresponds to the 'a' category. We forecast its payback ratio at 23.0x, corresponding to the 'bb' category. Bremen's secondary metrics – the synthetic debt service coverage ratio of 0.6x and fiscal debt burden at 281.9% – are consistent with the 'b' category. For German Laender, low debt service coverage is less of a risk given cash-pooling liquidity facilities between Laender and the Bund in addition to their strong access to capital markets.

Bremen's operating balance remained broadly stable in 2024 increasing to EUR938 million in 2024 (2023: EUR921 million). We expect the operating balance to increase to EUR1,051 million in 2029, based on recent slightly improved official tax estimates and our expectation of nominal GDP growth of 3%, driven by expected tax proceeds under our rating case.

### Economic Liability Burden - Fitch's Base and Rating Case Scenarios




Source: Fitch Ratings, State of Bremen

Fitch's base-case scenario considers the assumptions that are primarily derived from economic data, including its Global Economic Outlook and the Germany sovereign report, as well as the issuer's medium-term financial planning. Our assumptions for cash flow for 2025-2029 are primarily based on economic data, in particular national nominal GDP growth and inflation forecasts.

### Scenario Assumptions Summary

| Assumptions | 2020-2024 average | 2025-2029 average | |
|---|---|---|---|
| | | Base case | Rating case |
| Operating revenue growth (%) | 5.8 | 2.5 | 2.3 |
| Tax revenue growth (%) | 9.4 | 3.1 | 2.9 |
| Current transfers received growth (%) | -0.9 | 0.8 | 0.8 |
| Operating expenditure growth (%) | 7.5 | 1.9 | 2.3 |
| Net capital expenditure (EURm) | -843 | -931 | -931 |
| Apparent cost of debt (%) | 2.5 | 2.0 | 2.0 |

| Outcomes | 2024 | 2029 | |
|---|---|---|---|
| | | Base case | Rating case |
| Economic liability burden (%) | 93.5 | 92.7 | 94.3 |
| Payback ratio (x) | 23.4 | 18.2 | 23.0 |
| Overall payback ratio (x) | 27.6 | 21.3 | 26.7 |
| Synthetic coverage ratio (x) | 0.5 | 0.7 | 0.6 |
| Fiscal debt burden (%) | 287.2 | 270.7 | 281.9 |

Source: Fitch Ratings, State of Bremen

Bremen's adjusted debt (EUR 23,395 million) considers its short-term debt (EUR1,690 million) and long-term debt (EUR21,640 million) as well as its intergovernmental debt (EUR65 million). Net Fitch-adjusted debt corresponds to the difference between Fitch-adjusted debt and Bremen's year-end available cash (EUR1,465 million).

Bremen's net overall debt of EUR25,881 million also includes the state's guarantees (2024: EUR1,133 million) and the debt of its majority-owned government-related entities and other contingent liabilities (2023 latest available information: EUR2,818 million). Fitch views Bremen's contingent liabilities as low risk.

## SCP Positioning and Peer Comparison

### Analytical Outcome Guidance

| Risk Profile | Financial Profile | | | | | |
|---|---|---|---|---|---|---|
| Stronger | aaa or aa | a | bbb | bb | b | |
| High Midrange | aaa | aa | a | bbb | bb | b |
| Midrange | | aaa | aa | a | bbb | bb or below |
| Low Midrange | | | aaa | aa | a | bbb or below |
| Weaker | | | | aaa | aa | a or below |
| Vulnerable | | | | | aaa | aa or below |
| **Suggested analytical outcome (SCP)** | **aaa** | **aa** | **a** | **bbb** | **bb** | **b** |

Source: Fitch Ratings

All German Laender and international peers, including Province of Quebec and Ontario, have 'Stronger' risk profiles, reflecting their robust institutional framework and economic environment in which they operate, resulting in low volatility in cash flows. Among states in Germany, Bremen is comparable with the states of Saarland and Saxony Anhalt in economic diversification and demographic challenges. Its SCP of 'a' is lower than both states, due to weaker debt metrics, especially due to its payback in the 'bb' category. International Type A peers, such as Ontario, with a 'a+' SCP, has a lower economic liability burden even though it corresponds to the same category.

### Peer Comparison

| | Risk profile | Financial profile score | SCP | Extraordinary support | Rating floor | Long-Term IDR/Outlook | National Rating |
|---|---|---|---|---|---|---|---|
| State of Bremen | Stronger | bbb | a | n.a. | AAA | AAA/Stable | n.a. |
| State of Saarland | Stronger | a | aa- | n.a. | AAA | AAA/Stable | n.a. |
| State of Saxony-Anhalt | Stronger | a | aa | n.a. | AAA | AAA/Stable | n.a. |
| State of Berlin | Stronger | a | aa | n.a. | AAA | AAA/Stable | n.a. |
| State of Schleswig-Holstein | Stronger | a | aa | n.a. | AAA | AAA/Stable | n.a. |
| Province of Ontario | Stronger | bbb | a+ | 1 | n.a. | AA-/Stable | n.a. |
| Province of Quebec | Stronger | bbb | a+ | 1 | n.a. | AA-/Stable | n.a. |

Source: Fitch Ratings, State of Bremen

## Long Term Rating Derivation

### From SCP to LT FC IDR : Factors Beyond the SCP

| | | Support | | | | | |
|---|---|---|---|---|---|---|---|
| SCP | Sovereign LT FC IDR | Intergovern. financing | Ad hoc support | Floor | Rating cap | Leeway above sovereign (notches) | LT FC IDR |
| a | AAA | - | - | AAA | - | - | AAA |

Source: Fitch Ratings, State of Bremen

Bremen's IDRs are equalised with that of the Bund and its SCP is assessed at 'a', which reflects a combination of a 'Stronger' risk profile and a financial profile of 'bbb'. Equalisation of the IDRs with that of the Bund are driven by Fitch's application of a rating floor at 'AAA' based on the strong solidarity system enshrined in the constitution underpinning the creditworthiness of all Laender, irrespective of the KRFs and financial profile assessment. Under the Solidarity system, all member states of the federal republic are jointly responsible for supporting a Land in financial distress. If a Land experiences 'extreme budgetary hardship', it is entitled to financial assistance from all other Laender and the Bund. This principle has been reaffirmed by the constitutional courts, most recently in 2006.

## Short Term Rating Derivation

Bremen's Short-Term IDRs of 'F1+' correspond to its Long-Term IDRs of 'AAA'.

## Transaction and Securities

The senior unsecured ratings of 'AAA' and 'F1+' are at the same level as Bremen's Long- and Short-Term IDRs, respectively.

## Appendix A: Financial Data

### State of Bremen

| (EURm) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025rc | 2026rc | 2027rc | 2028rc | 2029rc |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal performance** | | | | | | | | | | |
| Taxes | 3,846 | 4,511 | 4,676 | 5,074 | 5,295 | 5,459 | 5,623 | 5,775 | 5,927 | 6,111 |
| Transfers received | 1,867 | 2,176 | 2,042 | 1,788 | 1,996 | 1,836 | 1,897 | 1,956 | 2,015 | 2,077 |
| Fees, fines and other operating revenue | 300 | 362 | 392 | 302 | 345 | 354 | 361 | 368 | 376 | 383 |
| Operating revenue | 6,013 | 7,048 | 7,111 | 7,164 | 7,636 | 7,648 | 7,880 | 8,100 | 8,317 | 8,571 |
| Operating expenditure | -5,305 | -6,591 | -5,984 | -6,243 | -6,698 | -6,866 | -7,024 | -7,185 | -7,351 | -7,520 |
| Operating balance | 708 | 457 | 1,127 | 921 | 938 | 782 | 857 | 915 | 967 | 1,051 |
| Interest revenue | 50 | 50 | 50 | 50 | 42 | 42 | 41 | 41 | 40 | 40 |
| Interest expenditure | -612 | -595 | -572 | -527 | -506 | -478 | -463 | -466 | -470 | -478 |
| Current balance | 146 | -88 | 605 | 444 | 474 | 346 | 435 | 490 | 537 | 613 |
| Capital revenue | 225 | 240 | 206 | 153 | 136 | 118 | 157 | 192 | 186 | 182 |
| Capital expenditure | -681 | -817 | -916 | -933 | -1,827 | -958 | -1,149 | -1,082 | -1,022 | -1,277 |
| Capital balance | -456 | -577 | -710 | -780 | -1,691 | -840 | -992 | -890 | -836 | -1,095 |
| Total revenue | 6,288 | 7,338 | 7,367 | 7,367 | 7,814 | 7,808 | 8,078 | 8,333 | 8,544 | 8,793 |
| Total expenditure | -6,598 | -8,003 | -7,472 | -7,703 | -9,031 | -8,302 | -8,636 | -8,733 | -8,843 | -9,275 |
| Surplus (deficit) before net financing | -310 | -665 | -105 | -336 | -1,217 | -494 | -558 | -400 | -299 | -483 |
| New direct debt borrowing | 3,169 | 2,129 | 1,622 | 1,720 | 3,300 | 1,960 | 1,570 | 1,440 | 2,520 | 2,440 |
| Direct debt repayment | -2,696 | -1,601 | -1,342 | -1,260 | -2,650 | -1,690 | -1,390 | -1,360 | -2,120 | -2,030 |
| Net direct debt movement | 473 | 529 | 280 | 460 | 650 | 270 | 180 | 80 | 400 | 410 |
| Overall results | 163 | -137 | 175 | 124 | -567 | -224 | -378 | -320 | 101 | -73 |
| **Debt and liquidity** | | | | | | | | | | |
| Short-term debt | 0 | 0 | 732 | 200 | 1,690 | 1,390 | 1,360 | 2,120 | 2,030 | 2,060 |
| Long-term debt | 21,505 | 22,220 | 22,160 | 22,413 | 21,640 | 22,210 | 22,420 | 21,740 | 22,230 | 22,610 |
| Intergovernmental debt | 74 | 71 | 69 | 67 | 65 | 65 | 65 | 65 | 65 | 65 |
| Direct debt | 21,579 | 22,291 | 22,960 | 22,680 | 23,395 | 23,665 | 23,845 | 23,925 | 24,325 | 24,735 |
| Other Fitch-classified debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjusted debt | 21,579 | 22,291 | 22,960 | 22,680 | 23,395 | 23,665 | 23,845 | 23,925 | 24,325 | 24,735 |
| Guarantees issued (excluding adjusted debt portion) | 1,294 | 1,546 | 1,262 | 1,478 | 1,133 | 1,133 | 1,133 | 1,133 | 1,133 | 1,133 |
| Majority-owned GRE debt and other contingent liabilities | 4,532 | 4,532 | 2,404 | 2,486 | 2,818 | 2,818 | 2,818 | 2,818 | 2,818 | 2,818 |
| Overall adjusted debt | 27,404 | 28,368 | 26,626 | 26,644 | 27,346 | 27,616 | 27,796 | 27,876 | 28,276 | 28,686 |
| Total cash, liquid deposits, and sinking funds | 0 | 4,909 | 2,190 | 2,090 | 1,465 | 1,241 | 863 | 543 | 644 | 571 |
| Restricted cash | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted cash | 0 | 4,909 | 2,190 | 2,090 | 1,465 | 1,241 | 863 | 543 | 644 | 571 |
| Net adjusted debt | 21,579 | 17,382 | 20,770 | 20,590 | 21,930 | 22,424 | 22,982 | 23,382 | 23,681 | 24,164 |
| Net overall debt | 27,404 | 23,459 | 24,436 | 24,554 | 25,881 | 26,375 | 26,933 | 27,333 | 27,633 | 28,115 |
| Enhanced net adjusted debt | 21,505 | 17,311 | 20,701 | 20,523 | 21,865 | 22,359 | 22,917 | 23,317 | 23,616 | 24,099 |
| Enhanced net overall debt | 27,330 | 23,388 | 24,367 | 24,487 | 25,816 | 26,310 | 26,868 | 27,268 | 27,568 | 28,050 |
| **Memo:** | | | | | | | | | | |
| Debt in foreign currency/direct debt (%) | 0 | 0 | 0 | 0 | 0 | - | - | - | - | - |
| Issued debt/direct debt (%) | 100 | 100 | 72 | 74 | 76 | - | - | - | - | - |
| Floating interest rate debt/direct debt (%) | 0 | 0 | 0 | 0 | 6 | - | - | - | - | - |

rc - rating case
Source: Fitch Ratings, State of Bremen

## Appendix B: Financial Ratios

### State of Bremen

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025rc | 2026rc | 2027rc | 2028rc | 2029rc |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal performance ratios (%)** | | | | | | | | | | |
| Operating balance/operating revenue | 11.8 | 6.5 | 15.9 | 12.9 | 12.3 | 10.2 | 10.9 | 11.3 | 11.6 | 12.3 |
| Current balance/current revenue | 2.4 | -1.3 | 8.5 | 6.2 | 6.2 | 4.5 | 5.5 | 6.0 | 6.4 | 7.1 |
| Operating revenue annual growth | 4.6 | 17.2 | 0.9 | 0.8 | 6.6 | 0.2 | 3.0 | 2.8 | 2.7 | 3.1 |
| Operating expenditure annual growth | 13.9 | 24.3 | -9.2 | 4.3 | 7.3 | 2.5 | 2.3 | 2.3 | 2.3 | 2.3 |
| Surplus (deficit) before net financing/total revenue | -4.9 | -9.1 | -1.4 | -4.6 | -15.6 | -6.3 | -6.9 | -4.8 | -3.5 | -5.5 |
| Surplus (deficit) before net financing/GDP | -1.0 | -1.9 | -0.3 | -0.9 | -2.9 | -1.2 | -1.3 | -0.9 | -0.7 | -1.0 |
| Total revenue annual growth | 4.9 | 16.7 | 0.4 | 0.0 | 6.1 | -0.1 | 3.5 | 3.2 | 2.5 | 2.9 |
| Total expenditure annual growth | 12.5 | 21.3 | -6.6 | 3.1 | 17.2 | -8.1 | 4.0 | 1.1 | 1.3 | 4.9 |
| **Debt ratios** | | | | | | | | | | |
| **Primary metrics** | | | | | | | | | | |
| Economic liability burden (%) | 102.2 | 86.7 | 95.4 | 94.4 | 93.5 | 94.1 | 94.4 | 94.3 | 94.3 | 94.3 |
| Enhanced economic liability burden (%) | 101.9 | 86.5 | 95.2 | 94.2 | 93.3 | 93.9 | 94.2 | 94.1 | 94.2 | 94.2 |
| Payback ratio (net adjusted debt/operating balance) (x) | 30.5 | 38.0 | 18.4 | 22.4 | 23.4 | 28.7 | 26.8 | 25.6 | 24.5 | 23.0 |
| **Secondary metrics** | | | | | | | | | | |
| Fiscal debt burden (net debt/operating revenue) (%) | 358.9 | 246.6 | 292.1 | 287.4 | 287.2 | 293.2 | 291.6 | 288.7 | 284.7 | 281.9 |
| Synthetic debt service coverage ratio (x) | 0.4 | 0.0 | 0.7 | 0.0 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 1.5 |
| Actual debt service coverage ratio (x) | 0.2 | 0.2 | 0.6 | 0.5 | 0.3 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 |
| **Other debt ratios** | | | | | | | | | | |
| Liquidity coverage ratio (x) | 0.2 | 0.2 | 3.2 | 1.7 | 1.0 | 1.0 | 1.1 | 1.0 | 0.6 | 0.7 |
| Direct debt maturing in one year/total direct debt (%) | 7.8 | 6.1 | 8.2 | 11.4 | 14.5 | 5.9 | 5.7 | 8.9 | 8.4 | 8.3 |
| Direct debt (annual % change) | 3.5 | 3.3 | 3.0 | -1.2 | 3.2 | 1.2 | 0.8 | 0.3 | 1.7 | 1.7 |
| Apparent cost of direct debt (interest paid/direct debt) (%) | 2.9 | 2.7 | 2.5 | 2.3 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| **Revenue ratios (%)** | | | | | | | | | | |
| Tax revenue/total revenue | 61.2 | 61.5 | 63.5 | 68.9 | 67.8 | 69.9 | 69.6 | 69.3 | 69.4 | 69.5 |
| Current transfers received/total revenue | 29.7 | 29.7 | 27.7 | 24.3 | 25.5 | 23.5 | 23.5 | 23.5 | 23.6 | 23.6 |
| Interest revenue/total revenue | 0.8 | 0.7 | 0.7 | 0.7 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Capital revenue/total revenue | 3.6 | 3.3 | 2.8 | 2.1 | 1.7 | 1.5 | 1.9 | 2.3 | 2.2 | 2.1 |
| **Expenditure ratios (%)** | | | | | | | | | | |
| Staff expenditure/total expenditure | 29.2 | 25.0 | 27.8 | 28.0 | 26.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current transfers made/total expenditure | 43.7 | 41.6 | 34.7 | 35.1 | 31.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest expenditure/total expenditure | 9.3 | 7.4 | 7.7 | 6.8 | 5.6 | 5.8 | 5.4 | 5.3 | 5.3 | 5.2 |
| Capital expenditure/total expenditure | 10.3 | 10.2 | 12.3 | 12.1 | 20.2 | 11.5 | 13.3 | 12.4 | 11.6 | 13.8 |

rc - rating case
Source: Fitch Ratings, State of Bremen

## Appendix C: Data Adjustments

### Specific Adjustments

None.

SOLICITATION & PARTICIPATION STATUS

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