

# State of Berlin

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

## Key Rating Drivers

**Rating Derivation Summary:** Berlin's Issuer Default Ratings (IDRs) are linked to the Bund's. We assess its Standalone Credit Profile (SCP) at 'aa'. The SCP results from a 'Stronger' risk profile and a financial profile that Fitch assesses as 'a' under its rating-case scenario. No other factors affect the rating. Equalisation of the German Laender's ratings with the Bund's is driven by the stability of the solidarity system underpinning the creditworthiness of all Laender, irrespective of the key risk factors and financial profile assessment.

The solidarity system is enshrined in the German constitution and reflects the institutional framework of the Laender. Under the constitution, 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 on more than one occasion, most recently in 2006.

**'Stronger' Risk Profile:** Fitch assesses all of Berlin's Key Risk Factors (KRFs) as 'Stronger'. This risk profile also reflects the state's very good access to capital markets, corresponding strong refinancing capacity and appropriate treasury facilities preventing any temporary delays in the provision of liquidity and support.

**Financial Profile at 'a':** In Fitch's rating-case scenario, Berlin's economic liability burden will improve to 68.9% in 2028 from 76.0% in 2023 while its payback ratio will decrease to 19.4x from 31.3x. Debt service coverage (Fitch's synthetic calculation) will increase to 0.6x from 0.4x and the fiscal debt burden will improve to 160.3% from 179.0%. Our rating case is based on conservative GDP growth assumptions to test rating resilience through the economic cycle.

**Neutral Additional Rating Factors:** Berlin's Long-Term IDR is rated on a par with the sovereign, reflecting the specific approach Fitch applies for the German Laender. Its rating does not account for any other extraordinary support from the Bund. No additional risk factors have been identified.

**ESG Considerations:** The highest ESG score is '3', meaning that ESG issues are credit neutral. These issues are minimally relevant to the rating due to the mission of the issuer and the institutional framework.

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](http://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

Berlin, the capital of Germany, is one of the country's three city states. It has a services-oriented economy.

## Financial Data Summary

(EURm)	2023	2028rc
Economic liability burden (%)	76.0	68.9
Payback ratio (x)	31.3	19.4
Synthetic coverage (x)	0.4	0.6
Actual coverage (x)	0.3	0.4
Fiscal debt burden (%)	179.0	160.3
Net adjusted debt	62,094	64,325
Operating balance	1,982	3,313
Operating revenue	34,691	40,137
Debt service	6,333	7,856
Mortgage-style debt annuity	4,566	5,119

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

## Applicable Criteria

[International Local and Regional Governments Rating Criteria \(August 2024\)](#)

## Related Research

[Fitch Affirms State of Berlin at 'AAA'; Outlook Stable \(August 2024\)](#)

[German Laender - Peer Review 2023 \(October 2023\)](#)

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## Rating Synopsis

### Berlin, State of LT IDR Derivation Summary

KRF Attribute	Key Risk Factors (KRF)						Risk Profile	Financial Profile Assessments				Standalone Credit Profile (SCP)	From SCP to LT IDR																								
	Revenue		Expenditure		Liabilities & Liquidity			Primary metric		Secondary metrics			Financial Profile Score	Intergovernmental lending	Ad hoc support	Sovereign Rating		LT IDR Outlook																			
	Robustness	Adjustability	Sustainability	Adjustability	Robustness	Flexibility		Economic Liability Burden	Payback Ratio (x)	Synthetic DSCR (x)	Fiscal Debt Burden (%)					AAA	AA+		AA	AA-																	
	Stronger	Midrange	Weaker	Stronger	Midrange	Weaker		aaa	aaa	aaa	aaa					aaa	aa+		aa	aa-	a+	a	a-	bbb+	bbb	bbb-	bb+	bb	bb-	b+	b	b-	ccc+	ccc	ccc-	cc	c
Stronger	Higher Influence KRF	Lower Influence KRF	Higher Influence KRF	Lower Influence KRF	Higher Influence KRF	Lower Influence KRF	Stronger	High Midrange	Midrange	Low Midrange	Weaker	Vulnerable	aaa	aaa	aaa	aaa	aaa	aa+	aa	aa-	a+	a	a-	bbb+	bbb	bbb-	bb+	bb	bb-	b+	b	b-	ccc+	ccc	ccc-	cc	c

■ Higher Influence KRF    ■ Lower Influence KRF

Source: Fitch Ratings

The six Key Risk Factors, combined according to their relative importance, collectively represent the Risk Profile of a local and regional government (LRG). Risk Profile and Financial Profile assessments, that measures 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.

## Rating Sensitivities

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

The ratings are at 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 Berlin. An adverse change to the most important institutional feature, the solidarity principle, which Fitch views as unlikely, could also lead to a downgrade.

## Issuer Profile

Berlin is the capital of Germany and its largest city. It had a population of 3.8 million at end-2023, according to extrapolated data from the population census for 2011. It remains an attractive destination and its population has steadily increased due to net migration. In recent years, Berlin has made good progress and vastly increased its GDP per capita, which has been above the national average since 2018.

This was driven by the capital’s steady economic growth and attractiveness for new business, demonstrated by the many start-ups, mainly in the information/communication and medicine sectors. In addition, many companies have relocated their headquarters to Berlin in recent years.

Tourism, which was heavily affected by pandemic-related lockdowns, is an important part of Berlin’s economy. After a decline in overnight stays to 12 million in 2020 from 34 million in 2019, the recovery continued in 2023, with nearly 30 million stays (87% of pre-pandemic levels).

Berlin's GDP rose by 1.6% in real terms to a nominal EUR193.2 billion in 2023 and exceeded Germany's -0.3% real GDP decline on the basis of a strong and resilient economy, which is driven by a broad services sector and is less volatile than that of other German states.

Fitch anticipates 0.1% real GDP growth for Germany for 2024, 1.1% for 2025 and 1.4% for 2026. We believe that Berlin's regional economy may again outperform Germany's real GDP growth in 2024.

The unemployment rate in Berlin was 9.1% in 2023 (Germany 5.7%). Unemployment in Berlin has declined greatly recently – in line with the national trend – but rose from 8.6% at end-2022, partly due to an increased number of refugees.

**Socioeconomic Indicators**

	Issuer	Sovereign
Population, 2023 (m)	3.8	84.7
GDP per capita, 2023 (EUR)	51,209	48,750
GDP growth, 2023 (%)	1.6	-0.3
Inflation, 2023 (%)	6.2	5.9
Unemployment rate, 2023 (%)	9.1	5.7

Source: Fitch Ratings, national statistics, State of Berlin

**Risk Profile Assessment**

**Risk Profile: Stronger**

Fitch Assesses Berlin'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 Berlin's ability to cover debt service with the operating balance may weaken unexpectedly over the forecast horizon (2024-2028) due to lower revenue, higher expenditure, or an unexpected rise in liabilities or debt or debt service requirements.

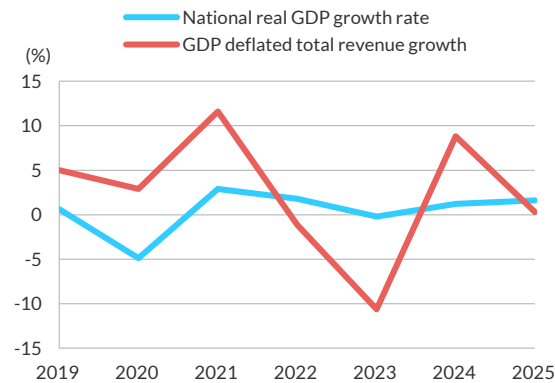
**Revenue Robustness: Stronger**

This assessment is driven by the high share of stable revenue sources due to the strong and diversified tax base and stable transfers from the Bund. We view Berlin as resilient to potential shocks, mitigating the risk of a shrinking revenue base.

Laender's main revenue sources consist of common tax revenues (corporate income tax (CIT), VAT and personal income tax (PIT) between the Bund, the Laender and, to a lesser extent, the municipalities. By law, the Laender receive 50.0% of CIT and 42.5% of PIT. The shares of VAT have a more complex allocation process and marginally vary. In 2023, the share was 49.7% for the Laender, 47.5% for the Bund and 2.8% for the municipalities.

In 2023, tax revenue accounted for 73.9% of Berlin's total revenue, with PIT and VAT the largest contributors, at 17.8% and 27.8%, respectively. These taxes have shown stable growth in the past.

Real Total Revenue and GDP Growth



Source: Fitch Ratings, State of Berlin

Revenue Breakdown, 2023

(%)	Operating revenue	Total revenue
PIT	18.3	17.8
VAT	28.6	27.8
Other taxes	29.2	28.3
Transfers	18.6	18.1
Other operating revenue	5.4	5.2
<b>Operating revenue</b>	<b>100.0</b>	<b>97.2</b>
Interest revenue	-	0.0
Capital revenue	-	2.8
<b>Total revenue</b>	<b>-</b>	<b>100.0</b>

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

Revenue Adjustability: Stronger

This assessment is supported by a strong record of revenue equalisation, an essential part of Fitch’s rating approach, which links Laender’s ratings to the Bund’s. An extensive equalisation system and a broad-based solidarity pact compensate for financial disparity. This equalisation framework requires financially stronger Laender to transfer part of their above-average tax proceeds to financially weaker members. The framework partly offsets the differences among Laender’s tax revenue bases and their financial strength.

The most recent reform of the financial equalisation system confirms the stability of revenue equalisation. This is likely to increase transfers from the Bund to financially weaker Laender and lower the burden of net donor states. Fitch views this as credit positive.

Berlin is a net receiver from the financial equalisation system and received EUR3.8 billion in 2023 (EUR3.6 billion in 2022) based on preliminary figures, or about 10.6% of its total revenue.

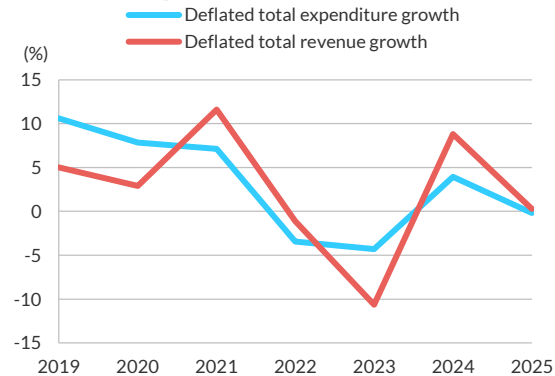
Expenditure Sustainability: Stronger

The Laender have a prudent record of controlling operating expenditure (opex). The main spending items are related to education and science, security and infrastructure. In times of economic stress, the Bund carries out anti-cyclical measures.

The Laender have been applying cost-consolidation measures since 2010 to comply with the debt-brake rule starting in 2020. They have shown strong spending restraint since 2010 to keep opex growth below that of operating revenue. Cost-consolidation measures are subject to the supervision of the German Stability Board.

Berlin, in line with all Laender, is in a tight exchange with the Bund in times of crisis, most recently proved during the pandemic and within the refugee crisis. Additional burden stemming from the refugee crisis has been largely covered by specific grants from the Bund to the Laender. This means that, even if expenditure increases due to a sudden need, the additional burden is usually met by an adequate revenue stream.

Real Total Expenditure and Revenue Growth



Source: Fitch Ratings, State of Berlin

Expenditure Breakdown, 2023

(%)	Operating expenditure	Total expenditure
Staff costs	35.0	30.6
Goods and services	36.0	31.5
Operating subsidies	28.9	25.3
<b>Operating expenditure</b>	<b>100.0</b>	<b>87.3</b>
Interest expenditure	-	2.0
Capital expenditure	-	10.7
<b>Total expenditure</b>	<b>-</b>	<b>100.0</b>

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

**Expenditure Adjustability: Stronger**

The Laender are legally obliged to run their budgets without taking on new net debt from 2020, which Fitch views positively for expenditure adjustability. However, since the pandemic was declared as an extraordinary emergency situation (außergewöhnliche Notsituation) beyond the government’s control, the additional debt load the Laender faced in 2020 and 2021 was not a breach of the debt brake rules.

The Laender have effective budget rules and have demonstrated a strong ability to limit expenditure growth ahead of the debt brake. They have a moderate share of inflexible spending items. Despite the limited flexibility in adjusting capital expenditure (capex), Berlin has a good record of cost consolidation.

Personnel costs and transfers accounted for 64% of Berlin’s opex in 2023, while capex accounted for a low of 10.7% of total spending. Operating revenue growth usually outpaces the rise in operating expenditure. However, for 2019-2023, Berlin’s operating revenue increased by an average of 4.0%, while the average rise in opex was 6.5%, but this was driven by the pandemic.

**Liabilities and Liquidity Robustness: Stronger**

Berlin, like other Laender, operates in a solid national framework for debt and liquidity management and shows strict market discipline, which Fitch views as credit positive. As one of the large subnational and frequent issuers, Berlin enjoys strong access to international capital markets, which allows the issuance of bonds in benchmark size.

Because of still high interest rates from the ECB, the interest burden of the Laender is likely to rise, in contrast to the previous long period of reductions. This risk has been mitigated by the Laender extending their maturity profiles in recent years. As Berlin will refinance about EUR27 billion of debt in the next five years (about 42% of its adjusted debt at end-2023) it has factored higher interest costs into its medium-term financial plan. We consider additional risk beyond this schedule to be low.

Laender also face large contingent liabilities in the form of debt guarantees on behalf of their development banks, as well as their largely unfunded pension liabilities. The risk stemming from their commitments provided to banks is mitigated by adequate assets and the conservative business profiles of their development banks.

To cope with the pandemic, Berlin took on EUR7.3 billion of new debt in two supplementary budgets in 2020. This was sufficient to cover the deficit for that year, with the remainder put into a reserve fund. Berlin made use of the reserve, with withdrawals in 2021-2023. This emergency credit (Notfallkredit) will be repaid from 2026, with annual instalments of EUR270 million and a tenor of 27 years.

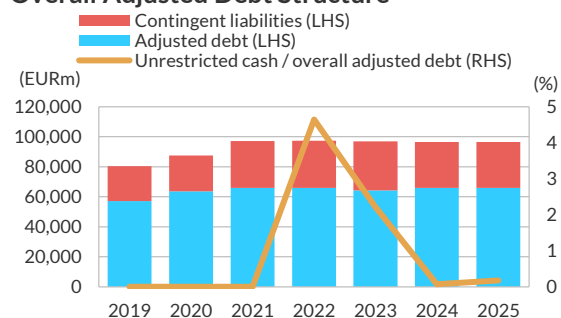
At end-2023, Berlin’s adjusted debt of EUR64.3 billion included direct debt of EUR59.6 billion and the internal loan of EUR4.7 billion. Berlin remained within the debt frame that was widened 2020, but made use of the reserve which corresponds to the amount of the internal loan.

Berlin has prudent debt management, predominantly funding its maturing debt with bond issues in 2023; its average lifetime of capital market debt was 8.15 years at end-2023. Its frequent refinancing needs average EUR5.1 billion to EUR6.1 billion a year in 2024-2028 (below 10% of its adjusted debt end-2023). There is no concentration risk due to the maturity profiles. Berlin has a very low share of foreign-currency debt denominated in Japanese yen, accounting for a negligible euro equivalent amount of about 0.2% of its total debt.

Floating-rate issues are hedged to a large extend. Berlin is, therefore, not exposed to market volatility.

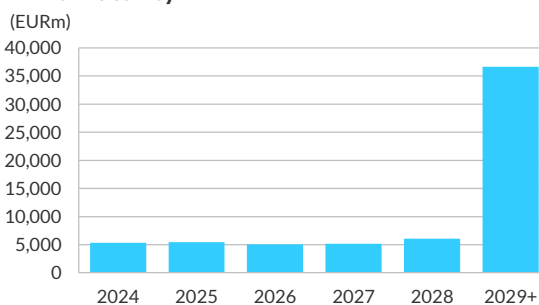
In February 2023, Berlin issued its first sustainable bond of EUR750 million, with a maturity of 10 years.

**Overall Adjusted Debt Structure**



Source: Fitch Ratings, State of Berlin

**Debt Maturity Profile**



Source: Fitch Ratings, State of Berlin

**Liabilities and Liquidity Flexibility: Stronger**

Laender benefit from strong emergency liquidity support provided by the national government with a counterparty risk of 'AAA'. This established and active liquidity management system, together with Laender's strong access to capital markets and corresponding strong refinancing capacity and appropriate treasury facilities, should ensure timely provision of liquidity and support.

The liquidity risk of a single Land is avoided through bilateral and mutual agreements linking all Laender as well as the Bund, ensuring their ability to assist one another.

Liquidity would only fail to be forthcoming for any given Land in the event of a complete federal breakdown, in which neither the Laender nor the Bund itself could provide liquidity.

All the liquidity provision facilities underline the strong financial support mechanism that is anchored in the German financial constitution, which requires the Bund and the Laender to support any single state in financial distress.

This sub-factor is core to Fitch's rating approach for the Laender.

**Debt Analysis**

	2023
Fixed rate (% of direct debt)	97
Debt in foreign currency (% of direct debt)	0.2
Apparent cost of debt (%)	1.3
Weighted average life of debt (years)	8.15

Source: Fitch Ratings, State of Berlin

**Liquidity**

(EURm)	2023
Total cash, liquid deposits and sinking funds	2,149
Restricted cash	0
Cash available for debt service	2,149
Undrawn committed credit lines	0

Source: Fitch Ratings, State of Berlin

## Financial Profile Assessment

### Financial Profile: 'a' category

#### Financial Profile Score Summary

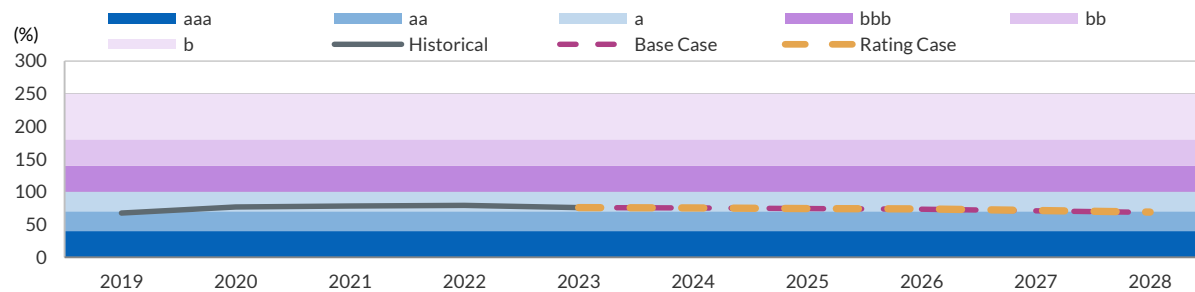
	Primary metric		Secondary metrics	
	Economic liability burden (%)	Payback ratio (x)	Coverage (x)	Fiscal debt burden (%)
aaa	$X \leq 40$	$X \leq 5$	$X \geq 4$	$X \leq 50$
aa	$40 < X \leq 70$	$5 < X \leq 9$	$2 \leq X < 4$	$50 < X \leq 100$
a	$70 < X \leq 100$	$9 < X \leq 13$	$1.5 \leq X < 2$	$100 < X \leq 150$
bbb	$100 < X \leq 140$	$13 < X \leq 18$	$1.2 \leq X < 1.5$	$150 < X \leq 200$
bb	$140 < X \leq 180$	$18 < X \leq 25$	$1 \leq X < 1.2$	$200 < X \leq 250$
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 type A local and regional governments as the state has the ability to incur structural deficits and as Laender share some key attributes of sovereignty with the central government.

We assess Berlin's economic liability burden (primary metric) at 68.9%, according to our rating case for 2028 (2023: 76.0%), corresponding to the 'aa' category. However, on the basis of a weaker assessment of the secondary metrics – the debt payback ratio is assessed at 19.4x ('bb' category), the synthetic debt service coverage at 0.6x (b) and the fiscal debt burden at 160.3x (bbb) – we assess Berlin's overall financial profile in the 'a' category.

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



Source: Fitch Ratings, State of Berlin

Fitch's base-case scenario considers the assumptions that are primarily derived from economic data, including Fitch's *Global Economic Outlook* and the Germany sovereign report as well as the issuer's forecast. Fitch's assumptions for cash flow in years 2024 to 2028 are primarily based on economic data, in particular national nominal GDP growth and inflation forecasts.

Our rating-case is a "through-the cycle" scenario, which incorporates revenue stresses. It is based on 2019-2023 actual figures and 2024-2028 projected ratios. The rating case ends in 2028 and relies on the assumptions in the table below.

**Scenario Assumptions Summary**

Assumptions	Five-Year historical average	2024-2028 average	
		Base case	Rating case
Operating revenue growth (%)	4.0	3.1	3.0
Tax revenue growth (%)	9.1	4.1	3.9
Current transfers received growth (%)	-8.0	-0.7	-0.7
Operating expenditure growth (%)	6.5	2.4	2.4
Net capital expenditure (annual average; m)	-2,516	-2,459	-2,459
Apparent cost of debt (%)	1.7	1.9	1.9

Outcomes	2023	2028	
		Base case	Rating case
Economic liability burden (%)	76.0	68.2	68.9
Payback ratio (x)	31.3	17.3	19.4
Overall payback ratio (x)	47.8	26.3	29.3
Actual coverage ratio (x)	0.3	0.5	0.4
Synthetic coverage ratio (x)	0.4	0.7	0.6
Fiscal debt burden (%)	179.0	155.3	160.3

Source: Fitch Ratings, State of Berlin

Berlin's adjusted debt was EUR64.243 billion at end-2023. This consisted of EUR59.008 billion of capital market debt, EUR0.585 billion of intergovernmental debt and EUR4.651 billion of an internal loan. We expect Berlin's debt to increase by about EUR1.7 billion in 2024 and about EUR440 million in 2025, mainly due to the acquisition of BEW Berliner Energie und Wärme AG (former Vattenfall Wärme Berlin AG) in May 2024, bringing infrastructure related to district heating back into municipal hands, as well as other planned investments in its shareholdings.

The state's overall debt of EUR96.899 billion also includes guarantees (2023: EUR4.454 billion) and the debt of its majority-owned government-related entities and other contingent liabilities (2023: EUR28.202 billion). The high number of shareholdings and public-sector entities results from the state's dual status as a Land and a city, which means it has to provide city-like utility services (e.g. transport, water and waste management). Fitch views the risk stemming from Berlin's contingent liabilities as low.



## 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
<b>Suggested analytical outcome (SCP)</b>	<b>aaa</b>	<b>aa</b>	<b>a</b>	<b>bbb</b>	<b>bb</b>	<b>b</b>

Source: Fitch Ratings

Fitch publicly rates 11 German states, of which one has an SCP at 'aaa', five have SCPs at 'aa+', three at 'aa', one at 'aa-' and one at 'a'.

Berlin's closest peers are the States of Saxony-Anhalt and Schleswig-Holstein, whose economic liability burdens (at 71.8% and 69.0% respectively) are close to Berlin's (68.9%). They also have SCPs of 'aa'.

### Peer Comparison

	Risk Profile	Financial Profile Score	SCP	Rating floor	LT IDR
Berlin, State of	Stronger	a	aa	AAA	AAA/Stable
Saxony-Anhalt, State of	Stronger	a	aa	AAA	AAA/Stable
Schleswig-Holstein, State of	Stronger	a	aa	AAA	AAA/Stable
Hamburg, State of	Stronger	aa	aaa	AAA	AAA/Stable
North Rhine-Westphalia, State of	Stronger	a	aa+	AAA	AAA/Stable
Saarland, State of	Stronger	a	aa-	AAA	AAA/Stable
Bremen, State of	Stronger	bbb	a	AAA	AAA/Stable

Source: Fitch Ratings

## Long Term Rating Derivation

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

SCP	Sovereign LT IDR	Support			Asymmetric risks	Rating cap	Leeway above sovereign (notches)	LT IDR
		Intergovern. financing	Ad-hoc support	Floor				
aa	AAA	-	-	AAA	-	-	-	AAA

Source: Fitch Ratings, State of Berlin

German Laender's 'AAA' IDRs are linked to the rating of the Bund.

Fitch assesses Berlin's SCP at 'aa', which reflects a combination of a 'Stronger' risk profile and a financial profile of 'a'.

Berlin' IDRs are driven by the stability of the solidarity system that underpins the state's creditworthiness, irrespective of the key risk factors and debt sustainability assessment.

The solidarity system is enshrined in the German constitution and reflects the institutional framework of the Laender. According to the constitution, 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 on more than one occasion, most recently in 2006.

## Short Term Rating Derivation

Berlin's short-term ratings of 'F1+' are in line with its long-term ratings of 'AAA'.

## National Ratings

Not applicable.

## Transaction and Securities

Berlin's senior unsecured debt ratings are in line with its Long- and Short-Term IDRs.

## Criteria Variation

Not applicable.

## ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This 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 [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

## Appendix A: Financial Data

### State of Berlin

(EURm)	2019	2020	2021	2022	2023	2024rc	2025rc	2026rc	2027rc	2028rc
<b>Fiscal performance</b>										
Taxes	17,569	20,761	24,653	27,220	26,364	27,314	28,560	29,645	30,801	31,910
Transfers received	9,562	8,348	8,616	7,403	6,461	5,952	6,063	6,000	6,134	6,234
Fees, fines and other operating revenue	2,204	1,499	1,700	1,917	1,866	1,883	1,897	1,887	1,943	1,993
Operating revenue	29,335	30,608	34,970	36,540	34,691	35,149	36,520	37,532	38,878	40,137
Operating expenditure	-24,882	-29,619	-31,959	-31,996	-32,708	-33,853	-34,598	-35,324	-36,066	-36,824
Operating balance	4,452	989	3,010	4,544	1,982	1,296	1,922	2,208	2,812	3,313
Interest revenue	13	10	14	11	6	22	22	22	22	22
Interest expenditure	-1,161	-980	-1,085	-966	-745	-887	-1,088	-1,312	-1,450	-1,509
Current balance	3,304	18	1,939	3,590	1,244	430	856	917	1,384	1,826
Capital revenue	1,460	853	914	872	990	1,031	709	671	655	655
Capex	-4,685	-2,303	-2,975	-3,711	-3,994	-3,952	-3,378	-2,896	-2,890	-2,900
Capital balance	-3,225	-1,450	-2,061	-2,840	-3,004	-2,921	-2,669	-2,225	-2,235	-2,245
Total revenue	30,808	31,470	35,897	37,423	35,687	36,202	37,251	38,225	39,555	40,814
Total expenditure	-30,728	-32,902	-36,019	-36,673	-37,447	-38,692	-39,063	-39,533	-40,406	-41,233
Surplus (deficit) before net financing	79	-1,431	-122	750	-1,760	-2,491	-1,813	-1,308	-851	-419
New direct debt borrowing	4,081	8,227	3,470	5,390	5,122	8,507	7,822	6,202	5,154	6,062
Direct debt repayment	-4,557	-6,797	-5,714	-5,740	-5,588	-5,340	-5,397	-5,336	-5,439	-6,347
Net direct debt movement	-476	1,430	-2,244	-350	-466	3,167	2,425	866	-285	-285
Overall results	-397	-1	-2,366	400	-2,225	677	612	-442	-1,136	-704
<b>Debt and liquidity</b>										
Short-term debt	0	0	0	0	0	5,397	5,066	5,169	6,077	5,464
Long-term debt	54,102	59,802	59,788	59,458	59,008	56,794	59,547	60,343	59,165	59,508
Intergovernmental debt	0	631	619	600	585	569	554	539	524	509
Direct debt	54,102	60,433	60,408	60,058	59,593	62,760	65,167	66,051	65,766	65,481
Other Fitch-classified debt	3,016	3,271	5,515	5,846	4,651	3,151	1,151	0	0	0
Adjusted debt	57,119	63,705	65,923	65,904	64,243	65,910	66,317	66,051	65,766	65,481
Guarantees issued (excluding adjusted debt portion)	3,295	3,007	4,616	4,283	4,454	4,454	4,454	4,454	4,454	4,454
Majority-owned GRE debt and other contingent liabilities	19,935	20,862	26,480	27,071	28,202	28,202	28,202	28,202	28,202	28,202
Overall adjusted debt	80,349	87,574	97,019	97,258	96,899	98,566	98,973	98,707	98,422	98,137
Total cash, liquid deposits and sinking funds	0	0	0	4,519	2,149	2,826	3,438	2,996	1,860	1,156
Restricted cash	0	0	0	0	0	0	0	0	0	0
Unrestricted cash	0	0	0	4,519	2,149	2,826	3,438	2,996	1,860	1,156
Net adjusted debt	57,119	63,705	65,923	61,385	62,094	63,085	62,879	63,055	63,906	64,325
Net overall debt	80,349	87,574	97,019	92,739	94,750	95,741	95,535	95,710	96,561	96,980
Enhanced net adjusted debt	57,119	63,074	65,303	60,784	61,509	62,516	62,325	62,516	63,382	63,816
Enhanced net overall debt	80,349	86,943	96,399	92,139	94,165	95,172	94,981	95,171	96,037	96,471
<b>Memo:</b>										
Debt in foreign currency/direct debt (%)	0	0	0	0	0	-	-	-	-	-
Issued debt/direct debt (%)	100	99	99	99	99	-	-	-	-	-
Floating interest rate debt/direct debt (%)	5	0	3	5	3	-	-	-	-	-

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Source: Fitch Ratings, State of Berlin

## Appendix B: Financial Ratios

### State of Berlin

	2019	2020	2021	2022	2023	2024rc	2025rc	2026rc	2027rc	2028rc
<b>Fiscal performance ratios (%)</b>										
Operating balance/operating revenue	15.2	3.2	8.6	12.4	5.7	3.7	5.3	5.9	7.2	8.3
Current balance/current revenue	11.3	0.1	5.5	9.8	3.6	1.2	2.3	2.4	3.6	4.6
Operating revenue annual growth	3.0	4.3	14.3	4.5	-5.1	1.3	3.9	2.8	3.6	3.2
Operating expenditure annual growth	4.3	19.0	7.9	0.1	2.2	3.5	2.2	2.1	2.1	2.1
Surplus (deficit) before net financing/total revenue	0.3	-4.6	-0.3	2.0	-4.9	-6.9	-4.9	-3.4	-2.2	-1.0
Surplus (deficit) before net financing/GDP	0.1	-0.9	-0.1	0.4	-0.9	-1.2	-0.9	-0.6	-0.4	-0.2
Total revenue annual growth	5.0	2.2	14.1	4.3	-4.6	1.4	2.9	2.6	3.5	3.2
Total expenditure annual growth	10.6	7.1	9.5	1.8	2.1	3.3	1.0	1.2	2.2	2.1
<b>Debt ratios</b>										
<b>Primary metrics</b>										
Economic liability burden (%)	67.5	76.5	78.0	79.4	76.0	76.8	74.4	73.6	71.3	68.9
Enhanced economic liability burden (%)	67.5	76.1	77.6	79.1	75.7	76.5	74.1	73.4	71.1	68.7
Payback ratio (x) (net adjusted debt/operating balance)	12.8	64.4	21.9	13.5	31.3	48.7	32.7	28.6	22.7	19.4
<b>Secondary metrics</b>										
Fiscal debt burden (%) (net debt/operating revenue)	194.7	208.1	188.5	168.0	179.0	179.5	172.2	168.0	164.4	160.3
Synthetic debt service coverage ratio (x)	1.0	0.2	0.6	1.0	0.5	0.3	0.4	0.5	0.6	0.6
Actual debt service coverage ratio (x)	0.8	0.1	0.4	0.7	0.3	0.2	0.3	0.3	0.4	0.4
<b>Other debt ratios</b>										
Liquidity coverage ratio (x)	0.8	0.1	0.4	0.7	1.0	0.6	0.7	0.9	0.8	0.7
Direct debt maturing in one year/total direct debt (%)	9.3	8.8	9.4	9.0	9.0	8.6	7.8	7.8	9.2	8.3
Direct debt (annual % change)	-0.7	11.7	0.0	-0.6	-0.8	5.3	3.8	1.4	-0.4	-0.4
Apparent cost of direct debt (interest paid/direct debt) (%)	2.1	1.7	1.8	1.6	1.3	1.5	1.7	2.0	2.2	2.3
<b>Revenue ratios (%)</b>										
Tax revenue/total revenue	57.0	66.0	68.7	72.7	73.9	75.5	76.7	77.6	77.9	78.2
Current transfers received/total revenue	31.0	26.5	24.0	19.8	18.1	16.4	16.3	15.7	15.5	15.3
Interest revenue/total revenue	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Capital revenue/total revenue	4.7	2.7	2.5	2.3	2.8	2.9	1.9	1.8	1.7	1.6
<b>Expenditure ratios (%)</b>										
Staff expenditure/total expenditure	30.3	30.0	29.2	29.8	30.6	0.0	0.0	0.0	0.0	0.0
Current transfers made/total expenditure	25.0	30.5	29.8	26.5	25.3	0.0	0.0	0.0	0.0	0.0
Interest expenditure/total expenditure	3.8	3.0	3.0	2.6	2.0	2.3	2.8	3.3	3.6	3.7
Capex/total expenditure	15.3	7.0	8.3	10.1	10.7	10.2	8.7	7.3	7.2	7.0

rc - rating case

Source: Fitch Ratings, State of Berlin

## Appendix C: Data Adjustments

### Net Adjusted Debt Calculations

Berlin's net adjusted debt was EUR62.1 billion at end-2023. This consisted of EUR59.0 billion of capital market debt, EUR585 million of public debt and EUR4.7 billion of an internal loan deducting EUR2.2 billion of cash.

### Synthetic Coverage Calculation

Fitch's synthetic coverage calculation assumes a mortgage-style amortisation over 15 years of the entity's net adjusted debt, using its average cost of debt. This synthetic calculation is used to assess the German state's LRGs' debt sustainability.

### Specific Adjustments

None.

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