

Land of Saxony-Anhalt

Rating report

Rating rationale and Outlook

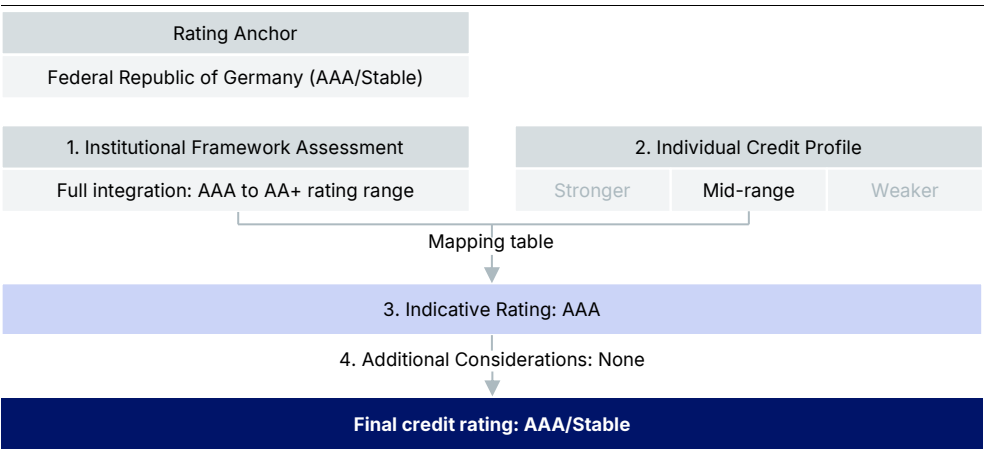
The Land of Saxony-Anhalt (Saxony-Anhalt) AAA rating is driven by:

A highly integrated Institutional Framework characterised by a strong revenue equalisation system and the federal solidarity principle. This framework closely aligns the creditworthiness of the Länder with the German federal government's [AAA/Stable](#) ratings. Amendments to Germany's debt brake now allow Länder collectively to run a structural deficit of 0.35% of GDP and tap up to EUR 100bn in federal infrastructure funding. While this increases fiscal flexibility, it also reflects a shift towards a more expansionary stance. This is likely to lead to modestly higher borrowing by some Länder over time as they make use of the additional fiscal flexibility. However, under Scope's baseline, sustained fiscal discipline, prudent governance, and gradually strengthening revenues should allow debt burdens to stabilise over the medium term.

A 'mid-range' Individual Credit Profile underpinned by: i) strong debt and liquidity management, including via a commercial paper programme, which enhances its short-term financing flexibility, assured access to external liquidity, and excellent capital market access and funding flexibility as a European benchmark sub-sovereign issuer, leading to low funding costs; ii) sound budgetary management, with operating performance benefitting from sizeable and predictable intergovernmental transfers; and iii) low contingent liability risks.

Credit challenges relate to: i) an elevated debt burden, which constrains fiscal headroom; ii) a limited revenue-raising capacity, reflecting its narrow own-source tax base and reliance on transfers, and iii) comparatively modest structural economic, demographic and social indicators relative to peers, weighing on medium-term growth potential

Figure 1: Saxony-Anhalt's rating drivers



Note: For further details, please see Scope's Sub-sovereign Rating Methodology.
Source: Scope Ratings

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating

S-1+

Local currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating

S-1+

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Credit strengths and challenges

Credit strengths	Credit challenges
- Integrated institutional framework, leading to close alignment with German federal government - Assured liquidity, excellent market access, conservative debt management - Sound budgetary management - Low contingent liability risks	- High debt burden - Limited revenue flexibility - Moderate expenditure flexibility, spending pressures - Comparatively weaker economic and demographic fundamentals

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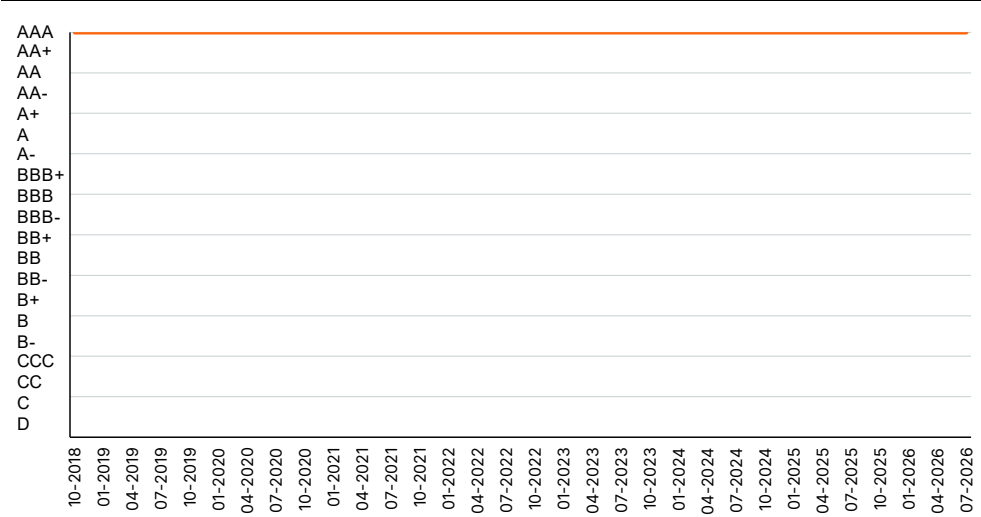
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Outlook and rating triggers

The Stable Outlook reflects Scope’s view that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
N/A	- Downgrade of Germany’s sovereign rating - Changes in the institutional framework, resulting in a notably weaker support - Deterioration of individual credit profile

Figure 2: Rating history¹



Source: Scope Ratings

¹ Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment

Appendix I. Institutional Framework Assessment

To assess the institutional framework, we apply a Qualitative Scorecard (QS1) centred around 6 components. We assess each analytical component on a five-point scale ranging from a score of 0 for 'low' integration to 100 for 'full' integration. The institutional framework score, ranging from 0 to 100, is calculated as a simple average of these assessments. The score is then used to determine a rating range from the rating anchor level, within which the sub-sovereign's rating can be positioned.

Our assessment of intergovernmental integration between the Länder and the Federal Republic of Germany (AAA/Stable) results in an indicative **downward rating range of up to one notch** from the German sovereign, within which the Länder can be positioned according to their individual credit strengths.

Institutional Framework scorecard (QS1)

Analytical component	Full integration (100)	Strong integration (75)	Medium integration (50)	Some integration (25)	Low integration (0)
Exceptional support and bail-out practices	●				
Systemic budgetary support and fiscal equalisation	●				
Funding practices		●			
Fiscal rules and oversight	●				
Revenue and spending powers	●				
Political coherence and multilevel governance	●				

Integration score	92
Downward rating range	0-1

Institutional framework score	100 > x ≥ 90	90 > x ≥ 80	80 > x ≥ 70	70 > x ≥ 60	60 > x ≥ 50	50 > x ≥ 40	40 > x ≥ 30	30 > x ≥ 20	20 > x ≥ 10	10 > x ≥ 0
Indicative rating range	0-1	0-2	0-3	0-4	0-5	0-6	0-7	0-8	0-9	0-10

Appendix II. Individual Credit Profile

Risk pillar	Analytical component	Assessment		
Debt and liquidity	Debt burden & trajectory	Stronger	Mid-range	Weaker
	Debt profile & affordability	Stronger	Mid-range	Weaker
	Liquidity position & funding flexibility	Stronger	Mid-range	Weaker
	Contingent liabilities	Stronger	Mid-range	Weaker
Budget	Budgetary performance & outlook	Stronger	Mid-range	Weaker
	Revenue flexibility	Stronger	Mid-range	Weaker
	Expenditure flexibility	Stronger	Mid-range	Weaker
Economy	Wealth & economic resilience	Stronger	Mid-range	Weaker
ESG	Environmental factors	Stronger	Mid-range	Weaker
	Social factors	Stronger	Mid-range	Weaker
	Governance & transparency	Stronger	Mid-range	Weaker

ICP score	46
Indicative notching	0

Appendix III. Mapping table

We derive the indicative sub-sovereign rating by mapping the result of the institutional framework assessment (i.e. the indicative rating range) to the ICP score.

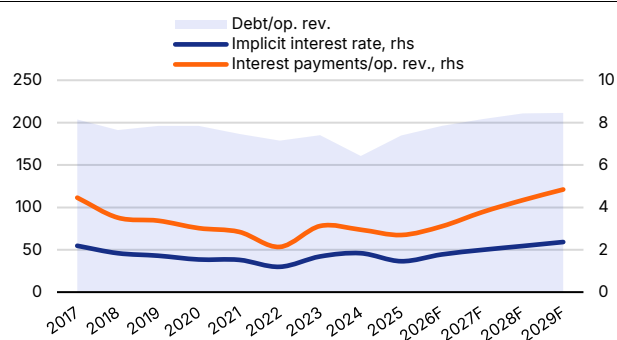
For Saxony-Anhalt this results in an indicative rating aligned with the sovereign rating of AAA. No additional considerations apply.

Institutional framework assessment		Individual credit profile score							
Score	Downward rating range	100 > x ≥ 80	80 > x ≥ 70	70 > x ≥ 60	60 > x ≥ 50	50 > x ≥ 40	40 > x ≥ 30	30 > x ≥ 20	20 ≥ x > 0
100 > x ≥ 90	0-1	0	0	0	0	0	0	-1	-1
90 > x ≥ 80	0-2	0	0	-1	-1	-1	-1	-2	-2
80 > x ≥ 70	0-3	0	-1	-1	-1	-2	-2	-3	-3
70 > x ≥ 60	0-4	0	-1	-1	-2	-2	-3	-3	-4
60 > x ≥ 50	0-5	0	-1	-1	-2	-2	-3	-4	-5
50 > x ≥ 40	0-6	0	-1	-1/-2	-2/-3	-2/-3	-3/-4	-4/-5	-6
40 > x ≥ 30	0-7	0	-1/-2	-1/-2	-2/-3	-3/-4	-4/-5	-5/-6	-7
30 > x ≥ 20	0-8	0	-1/-2	-2/-3	-3/-4	-4/-5	-5/-6	-6/-7	-8
20 > x ≥ 10	0-9	0	-1/-2	-2/-3	-3/-4	-4/-5	-5/-6	-7/-8	-9
10 > x ≥ 0	0-10	0	-1/-2	-2/-3	-3/-4	-5/-6	-7/-8	-9/-10	-10

Note: Mapping table under section 6 of Scope's Sub-Sovereign Rating Methodology, as applied to the rating anchor's AAA-ratings.

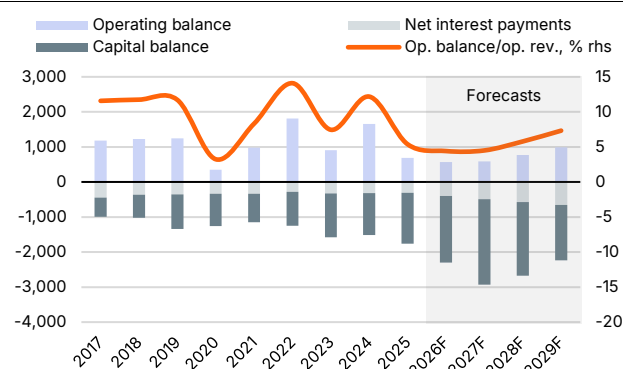
Appendix IV. Selected charts

Figure 3: Debt and interest burden, %



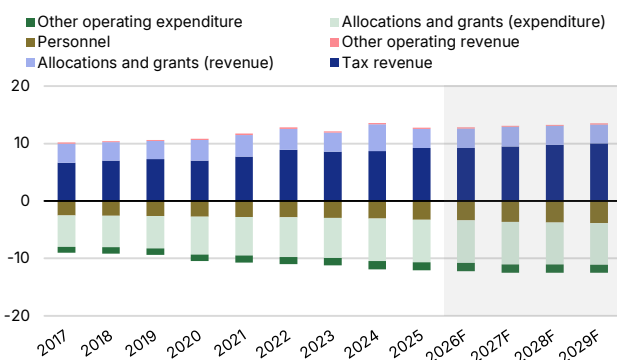
Sources: Destatis, Scope Ratings

Figure 4: Budgetary performance, EUR bn (lhs), % (rhs)



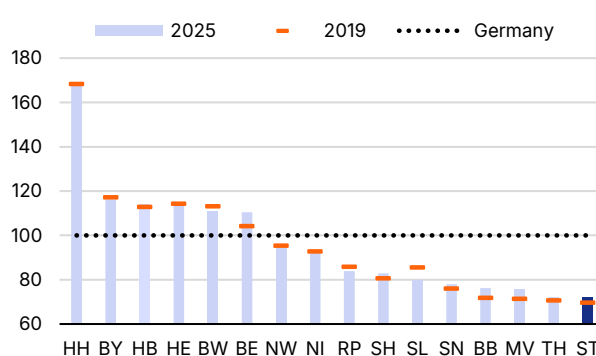
Sources: Destatis, Scope Ratings

Figure 5: Components of operating balance, EUR bn



Sources: Destatis, Scope Ratings

Figure 6: GDP per capita, % of national average



Sources: Destatis, Scope Ratings

Appendix V. Statistical table

Historical budgetary and debt data are reported by Destatis to ensure comparability across Länder. From 2026, figures reflect Scope Ratings' estimates and forecasts and may differ from the Land's projections.

	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F
Budgetary performance (EUR m)									
Operating revenue	11,729	12,829	12,136	13,579	12,790	12,824	13,107	13,268	13,522
Operating revenue growth, %	8.3%	9.4%	-5.4%	11.9%	-5.8%	0.3%	2.2%	1.2%	1.9%
Tax revenue	7,730	8,885	8,571	8,706	9,226	9,241	9,496	9,750	10,054
Allocations and grants	3,776	3,660	3,339	4,654	3,321	3,363	3,425	3,332	3,283
Other operating revenue	223	283	226	219	243	220	186	186	185
Operating expenditure	10,753	11,021	11,232	11,925	12,102	12,258	12,517	12,501	12,532
Operating expenditure growth, %	2.7%	2.5%	1.9%	6.2%	1.5%	1.3%	2.1%	-0.1%	0.3%
Personnel	2,773	2,873	2,953	3,067	3,301	3,400	3,647	3,765	3,888
Allocations and grants	6,734	6,906	6,965	7,418	7,365	7,413	7,423	7,310	7,233
Other operating expenditure	1,246	1,241	1,313	1,440	1,437	1,446	1,448	1,426	1,411
Operating balance	976	1,808	904	1,654	688	566	589	767	990
Interest received	-7	-8	56	85	38	22	7	6	6
Interest paid	333	274	379	400	345	420	501	582	661
Net interest paid	340	282	323	315	307	398	495	576	655
Current balance	636	1,526	581	1,339	381	168	94	191	335
Capital balance	-812	-966	-1,254	-1,203	-1,458	-1,900	-2,435	-2,097	-1,580
Balance before debt movement	-176	560	-673	137	-1,077	-1,732	-2,340	-1,906	-1,245
New borrowing (credit market)	6,493	908	4,356	4,115	4,749	4,894			
Debt redemption (credit market)	4,397	2,032	4,202	4,382	4,325	3,392			
Net borrowing	2,097	-1,124	154	-266	424	1,502			
Debt (EUR m)									
Direct debt	21,901	22,924	22,488	21,794	23,652	25,154	26,755	27,970	28,600
Guarantees	2,770	2,997	3,172	3,225	3,225	3,225	3,225	3,225	3,225
Overall debt risk (direct debt plus guarantees)	24,671	25,921	25,660	25,019	26,877	28,379	29,980	31,195	31,825
Financial ratios									
Debt/operating revenue, %	186.7%	178.7%	185.3%	160.5%	184.9%	196.2%	204.1%	210.8%	211.5%
Debt/operating balance, years	22.4	12.7	24.9	13.2	34.4	44.5	45.4	36.5	28.9
Interest payments/operating revenue, %	2.8%	2.1%	3.1%	2.9%	2.7%	3.1%	3.8%	4.3%	4.8%
Implicit interest rate, %	1.5%	1.2%	1.7%	1.8%	1.5%	1.7%	1.9%	2.1%	2.3%
Operating balance/operating revenue, %	8.3%	14.1%	7.4%	12.2%	5.4%	4.4%	4.5%	5.8%	7.3%
Balance before debt movement/total revenue, %	-1.4%	4.1%	-5.3%	1.0%	-8.1%	-13.0%	-17.1%	-13.7%	-8.8%
Transfers and grants/operating revenue, %	32.2%	28.5%	27.5%	34.3%	26.0%	26.2%	26.1%	25.1%	24.3%
Capital expenditure/total expenditure, %	10.6%	13.1%	13.4%	12.8%	13.7%	16.6%	20.7%	18.7%	15.4%
Economy and demographics									
Nominal GDP, EUR m	67,707	74,322	78,188	79,514	81,755				
GDP per capita, EUR	31,620	34,707	36,411	37,155	38,452				
GDP per capita, % of national GDP per capita	70.4%	71.8%	71.9%	71.7%	71.9%				
Real GDP growth, %	1.8%	0.0%	-2.8%	-1.3%	-0.2%				
Population, '000s	2,169.3	2,150.2	2,144.6	2,135.6					
Unemployment rate, % labour force	7.3%	7.1%	7.5%	7.7%	8.0%				

Source: Land Saxony-Anhalt, Destatis, Statistische Ämter des Bundes und der Länder, Scope Ratings

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Related research

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[Germany: Successful implementation of infrastructure investment key to growth, fiscal sustainability](#), 14 July 2025

Applied methodologies

[Sub-Sovereign Rating Methodology](#), September 2025

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