

Ministry of Finance – State of Hesse

Investor Briefing 2025



Rating: AA+ (S&P) & AAA (Scope)

Rating Agency	Short-term Rating	Long-term Rating	Outlook
Standard & Poor's	A-1+	AA+	stable, last confirmed as of April 11, 2025
Scope	S-1+	AAA	stable., last confirmed on April 18, 2025

High Credit Quality

- There are no equity restrictions for securities of the state in accordance with Art. 114 para. 4 and Art. 115 para. 2 of the Capital Requirements Regulation (CRR).
- The State Treasury Notes are a capital investment in accordance with § 240a para. 1 No. 2 of the German Civil Code (BGB) in conjunction with § 3 no. 6 of the German Security Ordinance (Sicherheitenverordnung "SIV") and, pursuant to § 125 of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz"), are eligible to be allocated to the security assets.
- Concurrent with the listing on a stock exchange, the State Treasury Notes fulfil the eligibility criteria of the European Central Bank for refinancing. Certificates of indebtedness are also eligible for refinancing with central banks.
- Short-term liquidity is guaranteed by direct access to the money market via other German Länder, the 'Bund' and banks.
- Due to its high economic strength, Hesse is traditionally one of the financially strong federal states (*Länder*). This is associated with high equalisation obligations towards the financially weaker federal states, which amount to over € 3.7 bn in 2024 alone.
- The debt brake has been embedded in the Hessian Constitution since 2011. In the years 2016 to 2023, Hesse had to suspend the rules of the debt brake for 2020 due to the effects of the Covid-19 pandemic. For 2024, on the other hand, there was net new borrowing of around € 2.8 bn, which is attributable to the increase in Helaba's equity and the unfavourable economic development.

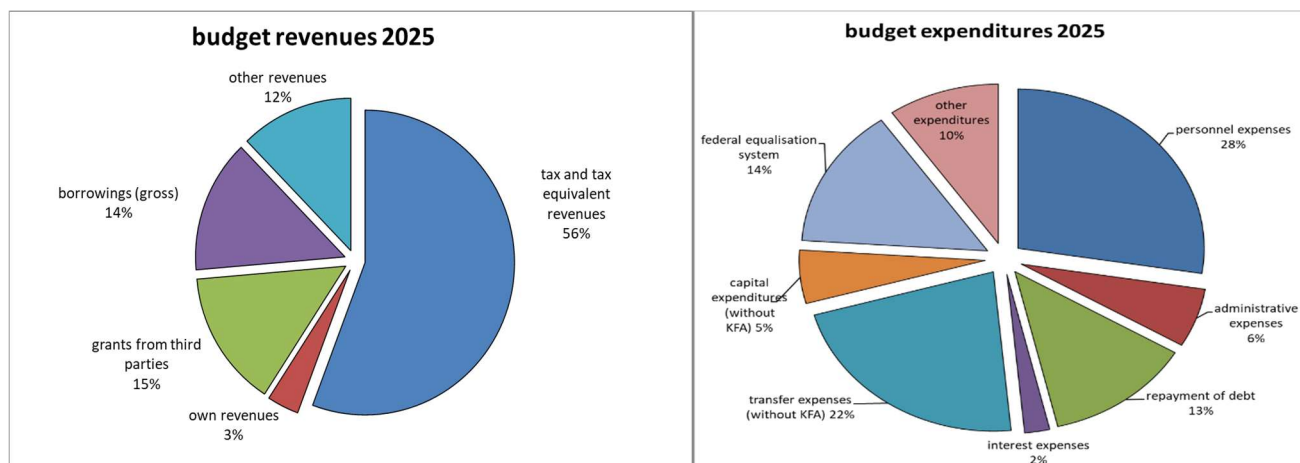
Refinancing Strategy and Refinancing Volume: € 8.1 bn (gross) in the Budget Year 2025

- The gross capital need for 2025 is approximately € 8.1 bn (unused residual credit authorisation from 2024 and current authorisation in the 2025 budget of € 7.05 bn. The exact timing and amount of borrowing depends on liquidity needs and the budgetary situation as well as the contemporary capital market environment.
- The State of Hesse raises long-term funds in various currencies and with different maturities on the international capital markets. The main currency debt position is in Euro. Debt is also raised in Swiss francs and Yen – which are hedged into Euro via Euro currency swaps.
- Final maturities/repayments of existing loans in the amount of € 6.384 bn are planned in the 2025 budget. Repayments in the respective financial year may increase if loans with terms of a few days or weeks are taken out during the year (intra-year debt). This additional repayment also increases the credit authorization for the year.
- The documentation is in the form of a certificate of indebtedness or State Treasury Notes.

<i>Floater</i>	<i>Benchmarks</i>	<i>Private Placements</i>
small-volume FRN up to a max volume of € 500 mn and a max. term of 5 years per issue	Large-volume bonds with maturities of 5 to 15 years	tailored to the needs of investors - plain vanilla only – with maturities of 10 to 20 years

State of Hesse Budget Volume 2025: € 49.924 bn – New Net Borrowing: € 670 mn

- High tax revenue: With a per capita tax revenue of € 4,955 in 2024, the fiscal capacity of the State of Hesse prior to the execution of the financial equalisation system of the Federal Government and the *Länder* was 11.6% above the average of all German *Länder*.
- Budget execution 2024: In the execution of the 2024 budget, improvements outside the tax area made it possible to strengthen the reserve base as a precautionary measure and to fall slightly short of the originally planned borrowing. The requirements of the debt brake were complied with when the budget was established and during budget execution.
- Debt level: € 44.4 bn indebtedness in capital markets as at December 31, 2024 (by calendar year).
- Hesse's € 7,069 per capita indebtedness (as at December 31, 2024) is below the average of all German *Länder*.
- Since 2009, the state of Hesse has regularly published its consolidated financial statements, which are audited and certified by independent auditors on behalf of the Hessian Court of Auditors (*Hessischen Rechnungshof*). The annual report is published at www.bilanz.hessen.de (in German only).



Above-Average Standard of Living in Hesse

- Hesse's GDP amounted to around € 368 bn in 2024. The real gross domestic product in Hesse thus rose by 0.6% compared to the previous year. Economic growth in Hesse was therefore above the national average (minus 0.2%). With a GDP of around € 57,290 per capita, Hesse lies between The Netherlands (€ 62,950) and Sweden (€ 53,020) in an EU comparison.
- Unemployment rate as a percentage of the civilian labour force: 5.8% (as at March 2025)
- Number of inhabitants as at June 30, 2024: 6.276 mn (7.5% of the German population)
- Total area: 21,115 km²
- State capital: Wiesbaden; largest city: Frankfurt am Main (Frankfurt)

Hessian Industry is Closely Linked Internationally

- In 2024, Hessian companies generate more than half of their revenues, around € 68.3 bn abroad (2023: € 71.6 bn). Hesse's export ratio for the manufacturing industry was around 55.6% (2023: 55.5%).
- The United States of America, French Republic, the United Kingdom and Poland were Hesse's most important export countries in 2023. In terms of imports, the United States of America, the People's Republic of China and France were the most important trading partners.
- Important foreign trade goods include the chemical and pharmaceutical industry (28.9% of Hesse's export volume), machinery (11.8%) as well as the manufacture of motor vehicles, motor vehicle parts and accessories (10.0%).
- Hesse is an attractive location for foreign direct investments; the investment volume of international investors amounts to € 66 bn (15% of all active direct investment).

Hesse: Solid Basis due to Diversified Economic Structures with a Focus on the Service Sector

- Frankfurt is the financial centre of continental Europe with more than 250 financial institutions, including the headquarters of the European Central Bank (ECB) and the Bundesbank, the Frankfurt Stock Exchange and the European Exchange (EUREX). In Frankfurt, approximately 72,000 people work in the financial sector. From 2025, Frankfurt will be the headquarter of the new EU Anti-Money Laundering Authority (AMLA).
- Hesse holds a 30.08% stake in the well and solidly positioned *Landesbank* Hessen-Thüringen (Helaba), which is based in the financial centre of Frankfurt.
- Furthermore, the financial centre has international significance with the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board (ESRB), the Federal Financial Supervisory Authority (BaFin) and the Single Supervisory Mechanism (SSM) at the ECB.
- The Leibnitz Institute for Financial Market Research SAFE (Sustainable Architecture of Finance in Europe), where around 200 academics work and research on topics relevant to capital markets, is an addition to the financial centre.
- The International Sustainability Standards Board (ISSB), which sets global minimum standards in the area of financial sustainability reporting, is based in Frankfurt am Main.
- The international airport Frankfurt Airport is Germany's largest regional workplace (with around 80,000 direct employees, approximately 61.6 mn passengers in 2024, largest airport in Germany in terms of passenger traffic, sixth largest airport in Europe, 16th worldwide).
- Hesse is an important location for creative industry and advertising, public relations, press and films, 17,600 companies with about 127,000 employees and a € 15.4 bn turnover.
- Hesse is a centre of European information and communications technology (ICT) with a focus on enterprise software, large data centres, and data security. The industry has 129,000 employees in 10,000 companies and a turnover of around € 41 bn. The German Commercial Internet Exchange (DE-CIX) is the central internet exchange point situated in Frankfurt and the largest in the world in terms of data throughput.
- *Messe Frankfurt*, one of the world's largest exhibition centres, is the fair with the longest tradition in Germany and one of the most important trade fair locations. In 2023, more than 340 events (trade fairs, exhibitions, concerts, congresses, sport events and the like) were organised worldwide.
- Hesse has excellent transport connections and its central location makes it an important centre for logistics companies.
- It hosts the satellite control centre of the European Space Agency (ESA) in Darmstadt.

Sustainability: On the Path to a carbon neutral State Administration

- Hesse seeks to protect the climate: In 2030, the state administration is to be CO₂-neutral, and by 2045, all of Hesse is to be CO₂-neutral.
- The strategy for realising a CO₂-neutral state administration consists of a CO₂-balance sheet, which is confirmed by an independent certification body, CO₂ public relations work and CO₂-neutrality measures with regard to the minimising, substitution and offsetting CO₂-emissions. The certified carbon footprint for 2021 confirms a value of 191,080 tonnes of CO₂-equivalents (CO₂e). Compared to the opening balance from 2008, the Hessian state administration has thus caused 285,143 fewer tonnes of climate-damaging emissions.
- The State of Hesse has successfully issued its second green bond with a value date of 4 July 2023. It has a volume of € 1.0 billion and a term of 10 years. This makes it the largest green benchmark issued by a German federal state.
- Since 2019, the State of Hesse has been legally obliged to invest its *Sondervermögen "Versorgungsrücklage des Landes Hessen"* in a sustainable manner, has developed sustainability guidelines for all asset classes and was the first German State to join the UN Principles for Responsible Investment. Together with four other Federal States, the state has developed investment standards for sustainable equity investments by the public sector and invests in two appropriately designed equity indices - these were converted to the Paris Aligned Benchmark Standard in March 2023.

Contacts

More information can be found on the internet at <http://www.hessen.de/>, <https://co2.hessen-nachhaltig.de/co2-bilanz.html>, (in German), in Bloomberg under HESSEN or RESP LAEN.

Please contact any of the people listed below for any enquiries you might have:

Dr. Alexander Labermeier, Head of Treasury:	+49-(0)611-32-13 2279	Alexander.Labermeier@hmdf.hessen.de
Dorothee Hilpert, Deputy Head of Treasury:	+49-(0)611-32-13 2366	Dorothee.Hilpert@hmdf.hessen.de
Dieter Janßen:	+49-(0)611-32-13 2300	Dieter.Janssen@hmdf.hessen.de
Anna Beil:	+49-(0)611-32-13 2289	Anna.Beil@hmdf.hessen.de
Christina Roth:	+49-(0)611-32-13 2572	Christina.Roth@hmdf.hessen.de
Tanja Czymek:	+49-(0)611-32 13 2205	Tanja.Czymek@hmdf.hessen.de
Hanna Gajewski:	+49 (0)611-32 13 2729	Hanna.Gajewski@hmdf.hessen.de
E-mail distribution list:		Kreditreferat@hmdf.hessen.de

Disclaimer:

This fact sheet is developed for distribution to recipients who are investment professionals only. It is intended for discussion purposes only. The information does not constitute an offer or invitation to subscribe for or purchase any securities. Further, the information or documents contained herein are not intended to form the basis of any contractual or other obligation. This information is not intended for distribution to, and should not be relied upon by, nationals of the United States or Canada, Australia, Japan, Hong Kong or any other jurisdiction in which investment advice or recommendation, offer or solicitation of an offer to purchase any country treasury securities is restricted by law, or residents of any such jurisdiction. Only the documents and prospectuses intended for the particular transaction apply. This fact sheet was updated on May 2, 2025.