

Scope has completed a monitoring review for the Land of North Rhine-Westphalia

The periodic review has resulted in no rating action.

Scope Ratings GmbH (Scope) monitors and reviews its credit ratings on an ongoing basis and at least annually, or every six months in the case of sovereigns, sub-sovereigns and supranational organisations.

Scope performs monitoring reviews to determine whether material changes and/or changes in macroeconomic or financial market conditions could have an impact on the credit ratings. Scope considers all available and relevant information when undertaking the monitoring review.

Monitoring reviews are conducted by performing a peer comparison, benchmarking against the rating-change drivers, and/or reviewing the credit ratings' performance over time, as deemed appropriate by the Lead Analyst or Analytical Team Head, in addition to an assessment of all aspects of the relevant methodology/ies, including key rating assumptions and model(s). Scope publicly announces the completion of each monitoring review on its website.

Scope completed the monitoring review for the Land of North Rhine-Westphalia (long-term local- and foreign-currency issuer and senior unsecured debt ratings: AAA/Stable; short-term local- and foreign-currency issuer rating: S-1+/Stable) on 15 October 2024.

This monitoring note does not constitute a credit rating action, nor does it indicate the likelihood that Scope will conduct a credit rating action in the short term. Information about the latest credit rating action connected with this monitoring note along with the associated rating history can be found on www.scoperatings.com.

Key rating factors

The AAA/Stable rating reflects the following individual credit strengths: i) an outstanding market access and funding flexibility as a European benchmark sub-sovereign debt issuer, leading to low funding costs; ii) very strong financial, liquidity and debt management with a favourable debt profile; iii) forward-looking management of pension provisions via its well-equipped pension fund; and iv) sound economic fundamentals as Germany's largest regional economy, although some exposure to energy-intensive industries entails transition costs.

In addition, the rating is underpinned by the highly integrated institutional framework under which all German federal states, or Länder, operate, characterised by a very strong revenue equalisation system together with the federal solidarity principle and the primary shock-absorbing role the federal government has assumed in the context of the Covid-19 and Ukraine-Russia crises which enable the Land to better counteract the resulting economic and financial shocks.

Credit challenges include: i) a relatively high debt burden; ii) moderate budgetary performance and flexibility, and limited budgetary reserves, mitigated by prudent budgetary management and a commitment to the debt brake; and iii) some exposure to contingent liability risks, including via its municipalities' legacy short-term debt burden ('Kassenkredite').

The Stable Outlook represents Scope's view that risks to the ratings over the next 12 to 18 months are balanced. The ratings could be downgraded if: i) the German sovereign rating was downgraded; ii) changes to the institutional framework were to result in notably weaker support; and/or iii) the individual credit profile deteriorated significantly and structurally.

For the latest Rating Report, click [here](#).

The methodology applicable for the reviewed ratings and/or rating Outlooks (Sub-Sovereigns Rating Methodology, 11 October 2024) is available on <https://scoperatings.com/governance-and-policies/rating-governance/methodologies>.

This monitoring note is issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0.

Lead analyst Julian Zimmermann, Associate Director

© 2024 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Fund Analysis GmbH, and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5 D-10785 Berlin.

About Scope Group

With more than 300 employees operating from offices in Berlin, Frankfurt, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG analysis and fund research. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. Scope Ratings is registered in accordance with the EU rating regulation and operating in the European Union with ECAI status. Scope Ratings is the only European rating agency accepted by the ECB for the Eurosystem Credit Assessment Framework (ECAAF). The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on www.scopegroup.com

Contact

Analyst	Julian Zimmermann	j.zimmermann@scoperatings.com
Team leader	Alvise Lennkh-Yunus	a.lennkh@scoperatings.com



Scope Ratings GmbH • Lennéstraße 5 • D-10785 Berlin • Phone: +49 30 27891-0 • Fax: +49 30 27891-0
www.scoperatings.com

Executive Board: Guillaume Jolivet • District Court: Berlin: HRB 192993 B • VAT identification number:
DE226486027

Save paper! Please consider the environment before printing this email. This email may contain confidential and/or privileged information. If you are not the intended recipient (or have received this email by mistake) please notify the sender immediately and destroy this email. Any unauthorised copying, disclosure or distribution of the material in this email is strictly forbidden.

[Subscription Center](#)

[Contact](#)

[Legal Notice](#)

