



SACHSEN-ANHALT

#moderndenken



Capital Market Presentation

Inaugural Social Bond (June 2023)

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Saxony-Anhalt –

Key facts & figures, budget & capital market activities at a glance

Saxony-Anhalt - Key facts & figures



Key facts:

- **State Capital:** Magdeburg
- **International Airport:** Leipzig/Halle (Germany's No. 2 in cargo traffic)

Saxony-Anhalt	Key figures	Germany
20,452 km ²	Area	357,588 km ²
2.2 mn inhabitants	Population	84.3 mn inhabitants
EUR 75.4 bn	GDP in 2022	EUR 3,867.5 bn
EUR 75,839	GDP per employee in 2022	EUR 84,660
+2.6%	GDP growth rate in 2022	+1.9%
7.1%	Unemployment rate in 2022	5.3%
Christian Democrats, Social Democrats and Liberals since 2021	Government	Social Democrats, Green Party and Liberals since 2021



Saxony-Anhalt – Economic profile



The most important segments of the manufacturing sector are food, chemicals and metal processing and metal manufacturing.

Manufacturing

Food Industry

- Contributed ~16% of total turnover of State's manufacturing sector last year
- Productivity measured by revenue per employee is above German average

Metal Processing and Manufacturing Industry

- Primarily small and medium enterprises engaged in processing metals and manufacturing metal products such as light metals for the automobile industry

Chemical Industry

- Synthetic fibre was first developed and first colour film was produced in the State
- As part of the State's restructuring the chemical industry continues to improve its competitive edge

Financial Institutions, Real Estate and Business Related Services

- The sector has taken a leading role in the development of economic growth since 1990
- Besides the growth in real estate and business related activities driven by the structural change initiated by the State, financial institutions contributed significantly to the GDP of the State

Services

Tourism

- Based in the heart of the German nation with its rich cultural heritage the State offers significant potential to grow this industry

Current developments – Settlement of Intel:

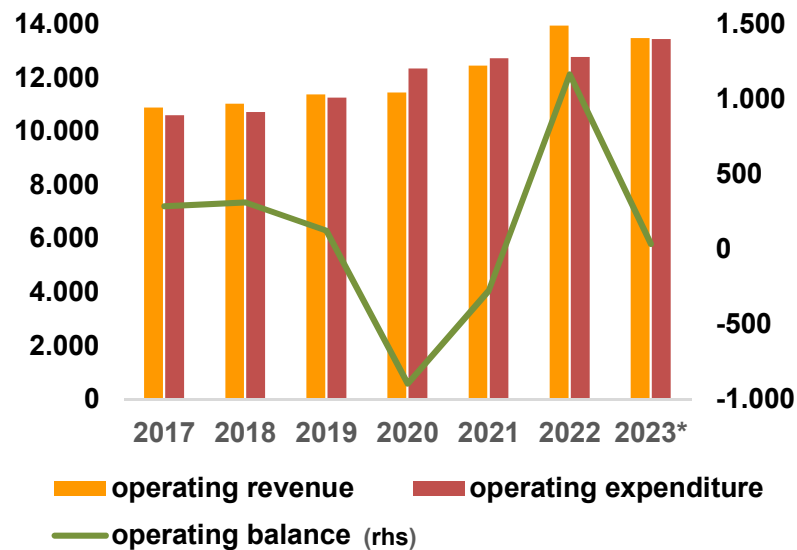
- Investment sum 17 billion euros
- Creation of around 10,000 jobs
- Planning will begin shortly and production is scheduled to start in 2027



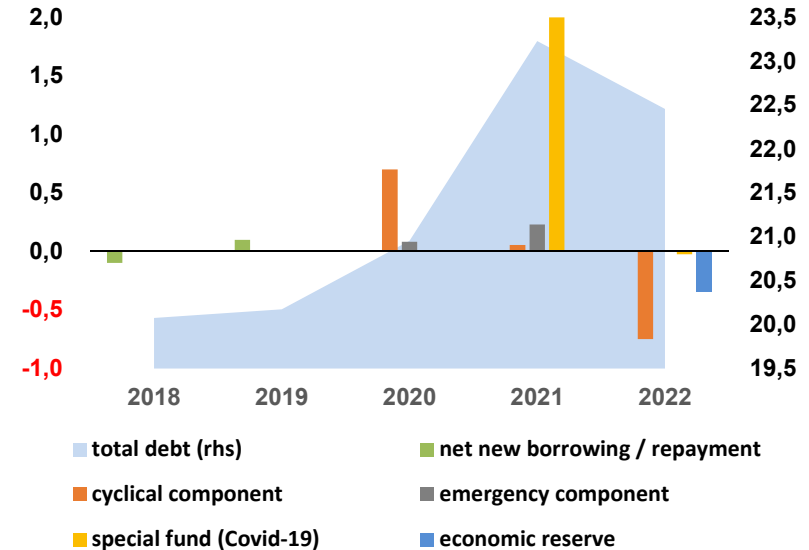
Saxony-Anhalt - Budget



Operating balance (in EUR mn)

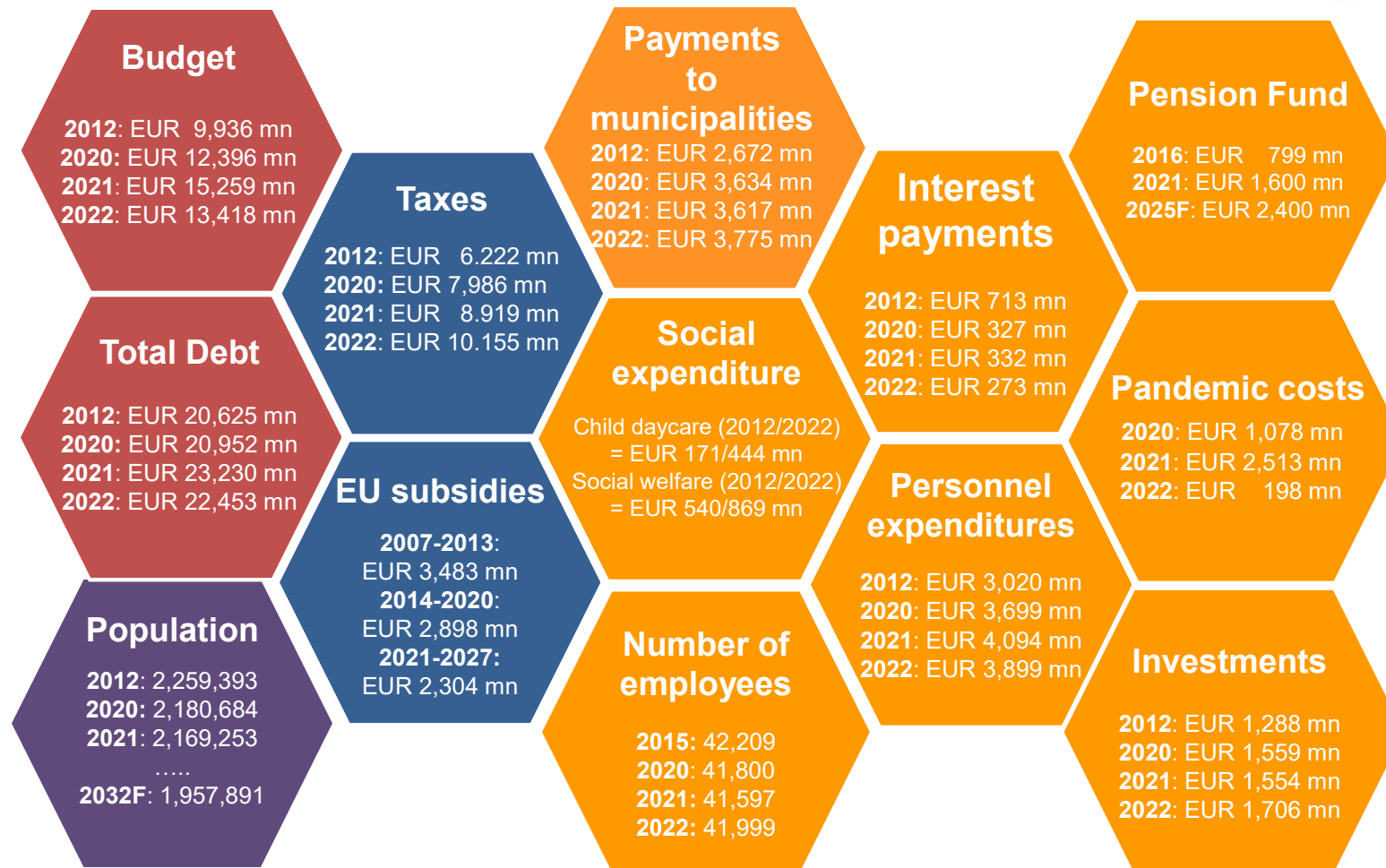


Total Debt (in EUR bn)



- Declining revenues from supplemental vertical support and additional grants expired in 2020. Since then the new debt break and the new revenue equalisation system for all States has been in place.
- Saxony-Anhalt had expected from 2020 a more dynamic development of revenues (and more similar to the revenues of the other States), so the spending behaviour was adapted on that gradually.
- In 2020 und 2021 the Covid-19 pandemic and its consequences led to declining revenues and increasing expenditures. Due to cyclical effects the revenues had been increasing in 2022.

Saxony-Anhalt – Budget Key Factors



Saxony-Anhalt – Capital Market Activities



Benchmark Bonds

- Issuance of liquid benchmark bonds on a regular basis
- Liquid Benchmark curve of the State with maturities between 5 to 10 years
- Track-record of issuing in EUR, GBP and USD

EMTN Programme / Promissory Notes

- Programme volume: EUR 8 bn
- Maturities between 1 year up to 30 years; also in different currencies
- Listing in Luxembourg

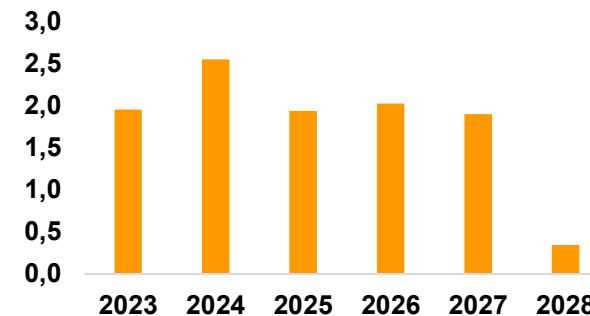
Commercial Paper Programme

- Programme volume: EUR 2 bn
- Maturities between 1 to 12 months for coverage of temporary liquidity needs
- In different currencies e.g. EUR, USD, GBP, CHF and AUD

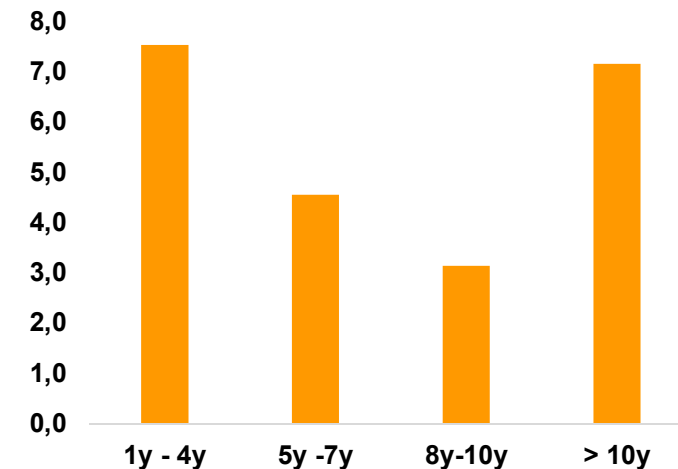
Total debt (31.12.2022): EUR 22.4 bn

- Annual refinancing ratio between 10% to 15% of total debt
- Strategic mix of all instruments enables Saxony-Anhalt to approach the debt management in a flexible manner, especially in terms of investor demands
- Active usage of the ECP programme for liquidity management

Gross Borrowing Projection
in EUR bn



Debt Maturity Profile
in EUR bn



Sachsen-Anhalt – Rating Profile



Saxony-Anhalts rating at a glance

MOODY'S

Rated Aa1, Stable Outlook
Since December 2006

**STANDARD
& POOR'S**

Rated AA, Stable Outlook
Since September 2020

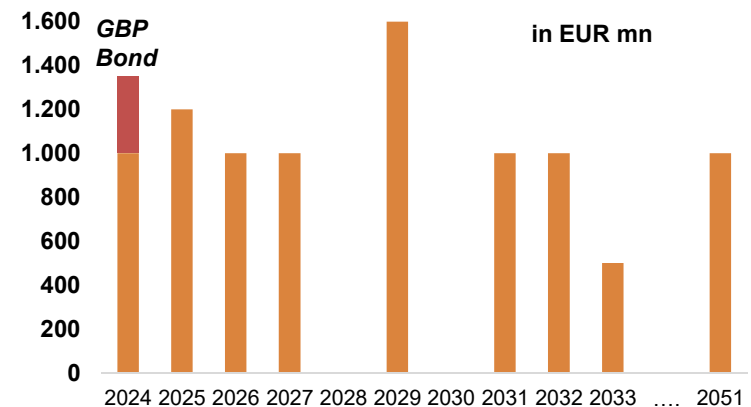
FitchRatings

Rated AAA, Stable Outlook
Since March 1999

- ✓ “Strong ongoing support from the German financial equalisation system” (Fitch)
- ✓ “Strong budgetary performance and low contingent liabilities” (S&P)
- ✓ “Sound debt management, with very good capital markets access” (Moody's)

Outstanding Benchmark Bonds of the State

ISIN	Valuta	Maturity	Coupon	Volume	Ccy
XS2484203083	01.06.2022	16.12.2024	2,125%	300.000.000	GBP
DE000A11QP00	10.04.2014	10.04.2024	1,875%	1.000.000.000	EUR
DE000A254S41	30.03.2020	01.04.2025	0,000%	1.200.000.000	EUR
DE000A3MP7P2	09.11.2021	09.11.2026	0,010%	1.000.000.000	EUR
DE000A2GACL6	26.06.2017	25.06.2027	0,500%	1.000.000.000	EUR
DE000A2TR208	29.01.2019	29.01.2029	0,750%	1.000.000.000	EUR
DE000A2YNRZ8	21.06.2019	21.06.2029	0,125%	600.000.000	EUR
DE000A3H3D69	10.03.2021	10.03.2031	0,000%	1.000.000.000	EUR
DE000A3MQP00	09.02.2022	09.02.2032	0,350%	1.000.000.000	EUR
DE000A30V9A9	15.02.2023	15.02.2033	2,850%	500.000.000	EUR
DE000A3E5FS7	24.03.2021	24.03.2051	0,500%	1.000.000.000	EUR



Saxony-Anhalt – Key Considerations



- Embedded in the strongest equalisation system globally among German States and the Federal Republic to support revenue and investment support incl. debt brake

Financial equalisation system in Germany



- Pandemic deficit balanced based on cyclical factors
- Due to higher tax revenues in 2022 complete redemption of the cyclical component debt of 750 mn €

Proven budget performance



- Broad range of capital market instruments
- Saxony-Anhalt is strongly committed to its investor focused and flexible funding strategy
- Regular liquid benchmark bonds

Innovative and flexible issuer



- ECB eligibility and eligibility in the ECB's PSPP
- 0% - risk weighting in most European Countries
- Basel III: HQLA ('High Quality Liquid Asset') – Level 1 asset under LCR

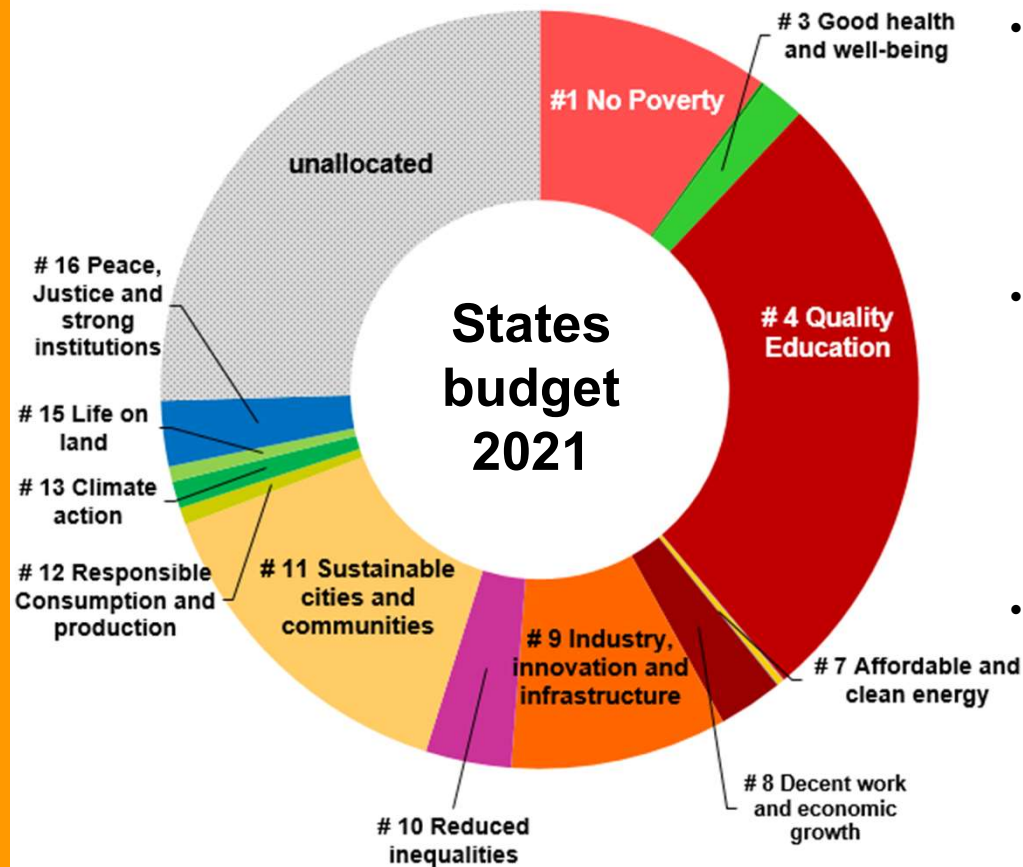
High Quality Asset



2

Sustainability – Strategy & Political Orientation in Saxony-Anhalt

Saxony-Anhalt – Sustainability in the budget



- The coalition parties have made it their goal to draft one of the first sustainability budget in Europe to couple budgetary spending to the UN SDG¹.
- Initial studies on this subject already prove that about 75% of the state spending can be attributed to the 17 SDGs, which means it contributes to promoting sustainable goals as defined by the UN.
- This also emphasises that the government is clearly an addressee for how to handle goal achievement of sustainable development.

¹ Koalitionsvertrag 2021-2026.pdf (Coalition Agreement 2021–2026)

Sustainability strategy in Saxony-Anhalt



- A revised version of the sustainability strategy was published in the year 2022.
- The strategy is aligned with the Agenda 2030 of the United Nations and covers 28 sustainability goals, which can actually be influenced by the state. At the same time, the indicator report was updated.



Saxony-Anhalt – Social fields of action



- Challenges and political subject fields have been derived both from the sustainability strategy and thematic strategy papers, as well as from the State's specific particularities.



- These social fields of action have become more critical and more pressing due to the COVID-19 pandemic, and they are targeted specifically by the COVID-19 special fund. The State is now financing the spending for these social fields of actions by issuing social bonds by means of which it promotes the goal of social sustainability in Saxony-Anhalt.
- Derived from this, the State foresees the issuance of social (sustainable) bonds in the future on a regular basis.

Strategy papers in Saxony-Anhalt (as examples)

- [Digital agenda – Department of Infrastructure and Digital Economy \(sachsen-anhalt.de\)](https://www.sachsen-anhalt.de/digital-agenda)
- [Labour market programme \(sachsen-anhalt.de\)](https://www.sachsen-anhalt.de/labour-market-programme)
- [Update of the regional innovation strategy \(sachsen-anhalt.de\)](https://www.sachsen-anhalt.de/update-of-the-regional-innovation-strategy)
- [Measures to secure trained personnel \(sachsen-anhalt.de\)](https://www.sachsen-anhalt.de/measures-to-secure-trained-personnel)

COVID-19 special fund

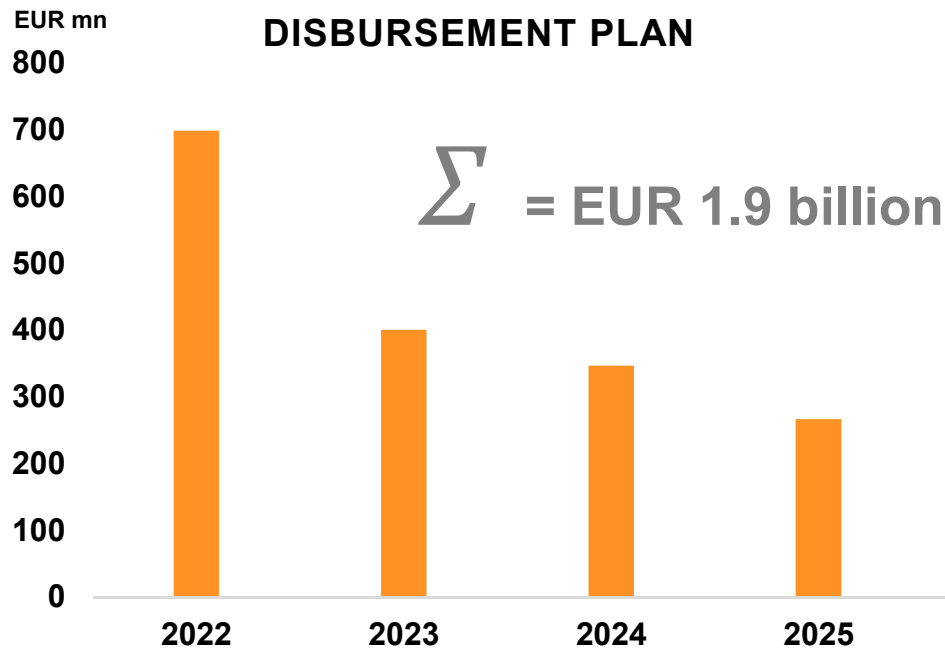


- The COVID-19 special fund was launched in December 2021 with a volume of EUR 1.9 billion. It serves for the financing of currently 60 measures related to the pandemic over the period from 2022 to 2027.
- It presents the essential foundation of the framework for social bonds.

Column 1: Resilience by digitalisation

Column 2: Restart of the economy and society

Column 3: Strengthening of healthcare and healthcare management



Gesamtübersicht der zu finanzierenden Maßnahmen

Lfd. Nr.	Bezeichnung Maßnahme	Mittelbedarf in Euro
1	Einrichtung Katastrophenschutzstab der Landesregierung	50 000
2	Beschaffung von Technik zur Digitalisierung aller Rettungsmittel	2 550 000
3	Erweiterung um ein Laserwaffen- und Simulationssysteme zur Aufrechterhaltung des Schießbetriebs	330 000
4	Ausstattung der Polizei mit mobiler Informationstechnologie	6 033 900
5	Beschaffung eines Impfmobils	800 000
6	Beschaffung von Netzersatzanlagen	3 360 000
7	Zuschüsse an Sportvereine und -verbände zur Unterstützung bei der Bewältigung der Folgen des Pandemiegeschehens	4 400 000
8	Erlöse der Arbeitnehmerinnen und Arbeitnehmer im Geschäftsbereich des Ministeriums für Arbeit, Soziales, Gesundheit und Gleichstellung	10 800 000
9	Digitalisierung von sozialen Einrichtungen und Beratungsstellen	12 747 700
10	Ausbildungsvergütung für Pflegehelferinnen und Pflegehelfer	18 555 000
11	Investitionen in die soziale Infrastruktur zur Sicherstellung der Hygieneschutz-Standards	154 900 000
12	Investitionen Krankenhäuser – Krankenhauszukunftsgesetz	130 118 900
13	Investitionen Krankenhäuser – Medizinisch-technische Großgeräte einschließlich baulicher Anpassungen	91 504 000
14	Ausstattung mit Luftfiltern in Einrichtungen der freien Träger der Jugendarbeit und der Jugendsozialarbeit	4 600 000
15	Maßnahmen zum Gewerkschutz und für Beratungsstellen für Frauen und deren Kinder	294 400
16	Ausstattung der Hochschulen mit mobilen Lüftungsanlagen	5 800 000
17	Digitalisierungsmaßnahmen an den Hochschulen	13 356 150
18	Einzel- und Ergänzungsbeschaffung für Großgeräte in den Universitätsklinikum Halle und Magdeburg	5 000 000
19	Vorhaben zur Pandemieforschung	5 000 000
20	Ausgleichszahlungen an die außeruniversitären Forschungseinrichtungen	5 881 800
21	Digitalisierungsmaßnahmen an außeruniversitären Forschungseinrichtungen	15 795 200
22	Ausstattung der außeruniversitären Einrichtungen mit	2 023 000



3

Framework for Social Bonds of Saxony-Anhalt (2023)

Framework – Key facts

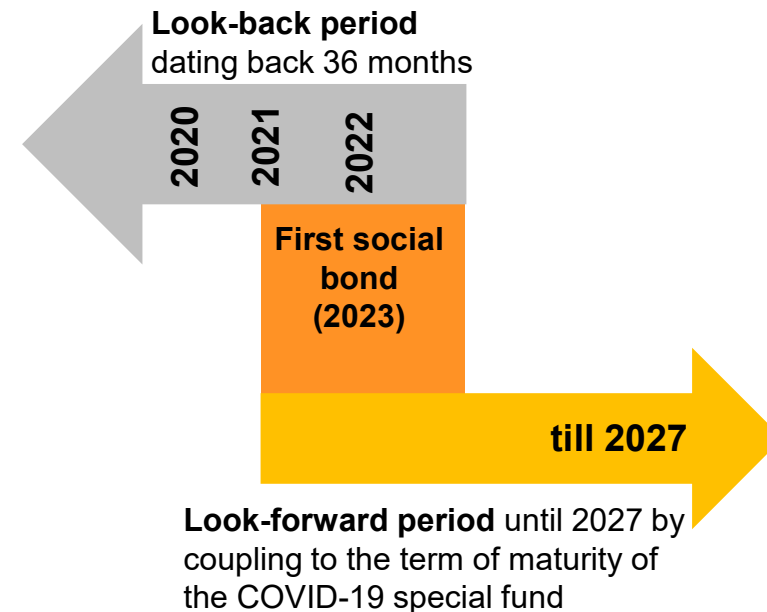


Content = 31 projects with a total project volume of EUR 1.898 billion

 	Consideration and compliance with the ICMA Social Bond Principles (SBP)
  <p>imug rating confirms that the Social Bond Framework of the State of Saxony-Anhalt is in line with the Social Bond Principles (SBP) 2021.</p>	External review and confirmation
 	Contribution to the UN SDG

Targeting of the following project categories:

- Affordable basic infrastructure
- Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises
- Socioeconomic advancement and empowerment
- Access to essential services



Second Party Opinion durch imug|rating



Extracts from the SPO dated May 26 2023:



imug rating confirms that the Social Bond Framework of the State of Saxony-Anhalt is in line with the Social Bond Principles (SBP) 2021.

FRAMEWORK



- ✓ Use of Proceeds
- ✓ Process for Project Evaluation and Selection
- ✓ Management of Proceeds
- ✓ Reporting

ISSUER



- ✓ Sustainability Performance/Strategy
- ✓ Controversy Check
- ✓ Controversial Activities Research



OPINION

imug rating confirms that the Social Bond Framework of the State of Saxony-Anhalt is fully in line with the current Social Bond Principles (as of June 2021) of the International Capital Market Association (ICMA).

Framework – Structure



1. Appropriation of issue proceeds

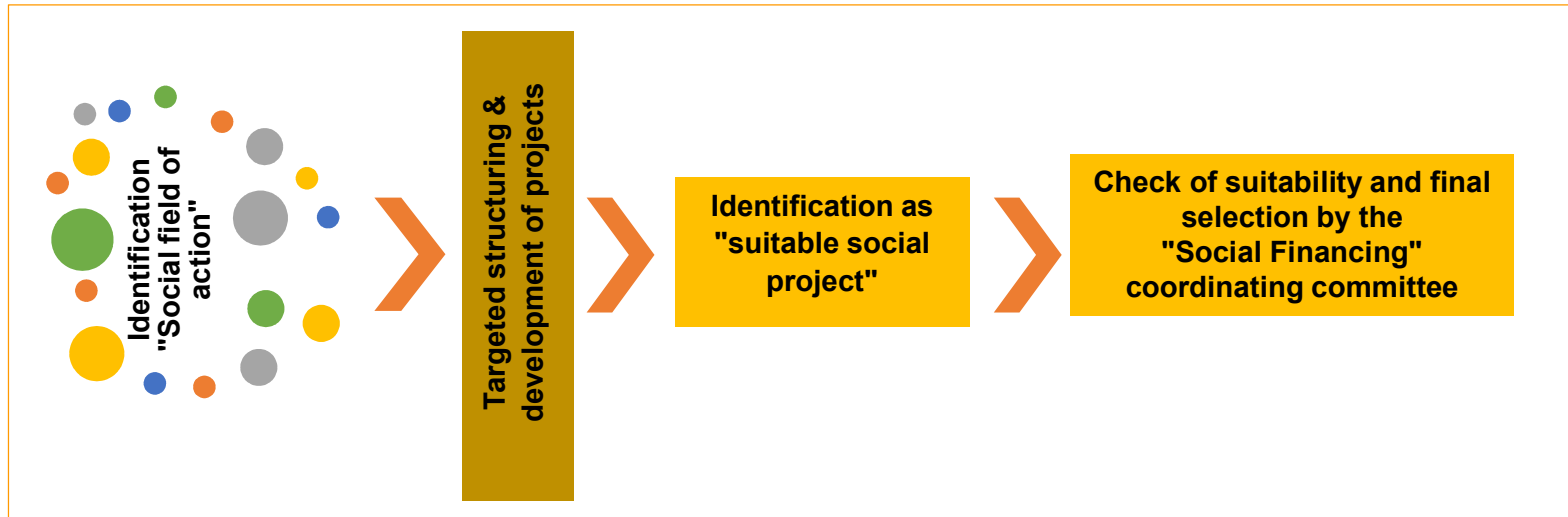
SBP project categories	Subcategories
I Affordable basic infrastructure	Digital infrastructure
II Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	Public short-distance transport
	Cultural sector
	Financing for small and medium-sized enterprises (SMEs)
III Socioeconomic advancement and empowerment	Equal participation in society
	Equal access to services
IV Access to basic benefits of social services	Access to education
	Access to healthcare
	Access to public services

- The State of Saxony-Anhalt identifies Suitable Social Projects from the four overarching social fields of action in the respective budgets. All identified projects are related to combating the effects of the Covid 19 pandemic and building future pandemic resilience.
- They are part of the COVID-19 special fund or part of the emergency-related expenditure in the sectoral budgets pursuant to Section 18 (5) of the States Budget. Both components are reported in accordance with this system.

Framework – Structure



2. Process of project evaluation and project selection



3. Management of proceeds

- Allocation of the issue proceeds no later than 12 months from their receipt
- Management of proceeds from social bonds by the "Social Financing" coordinating committee according to a portfolio approach
- The cumulated net proceeds from all circulating social bonds must not exceed the cumulated value of the suitable social projects.
- Unallocated proceeds are managed as part of the States general liquidity management
- Verification of compliance of the allocated spending by budget accounting; in case of an independent audit, by the State Audits office

Framework – Structure



4. Reporting

Allocation report

- Description of the projects
- Amount allocated to the suitable social projects
- Portion of suitable social projects that have been financed or refinanced by means of the social bond

Impact report

- Evaluation of measurable sustainability effects from the suitable social projects and consideration of possible ESG controversies
- The report contains the relevant indicators of effectiveness on an aggregated basis per project category

ICMA project category	Indicator of effectiveness (example)
Affordable basic infrastructure	Number of sponsored digital infrastructure projects
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	Number of sponsored businesses in local road and rail transport
Socioeconomic advancement and empowerment	Number of supported institutions to improve equipment
Access to essential services	Number of research projects in the field of pandemics



4

Inaugural **Social Bond** of Saxony-Anhalt (June 2023)

Social bond – Key facts

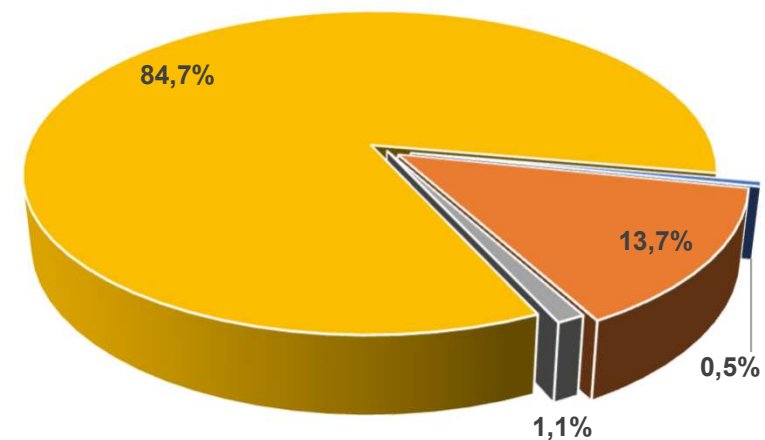


- Reference to **28 projects** out of 31 suitable social projects
- Reference to **four SBP categories** (according to ICMA) and **six UN SGD**



- **The grand total of existing projects** amounts to **EUR 740 million** with a planned **issue volume of EUR 500 million**.
- A separate and detailed list of all projects is published and available on the State's website.

SBP category (according to ICMA)	Volume 2020–2022	Portion	Number of projects
I. Affordable basic infrastructure	3,591,747	0.5%	1
II. Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	101,756,622	13.7%	3
III. Socioeconomic advancement and empowerment	8,387,787	1.1%	2
IV. Access to essential services	626,732,213.92	84.7%	22
	740,468,369.93	100,0%	28



Social bonds – Project presentation #1





Procurement of rapid tests and protective equipment & setting up vaccination centres – State vaccination strategy

Content:

- Procurement of rapid tests, protective masks, protective gowns, gloves and similar
- Setting up and operating general public vaccination centres, subsidiary vaccination centres (including pop-up vaccination centres) and mobile vaccination teams to be able to offer all citizens of the state (including in remote areas) to get vaccinated.
- Building a digital infrastructure for the process of scheduling vaccinations and providing documentation



Social Bond Principles Project category & Subcategory	Social field of action	Target group	Sustainable Development Goal	Total spending (Actual 2020–2022)
Access to essential services & access to healthcare	Strengthening the healthcare system	Citizens of Saxony-Anhalt as people affected by the pandemic	 	Rapid tests and protective equipment: Actual = EUR 130,246,746 Vaccination centres: Actual = EUR 33,427,338

Social bonds – Project presentation #2



Assistance for self-employed artists and individual self-employed professionals in the culture segment

Content:

- The objective is to preserve and stabilise a lively and diverse cultural scene in Saxony-Anhalt after the COVID-19 pandemic.
- The state is therefore called upon to develop suitable formats in order to preserve and actively help the work of artists.



Social Bond Principles Project category & subcategory	Social field of action	Target group	Sustainable Development Goal	Total spending (Actual 2020/2021 and plan 2022–2027)
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises & cultural sector	Economy, labour and society	Self-employed artists Individual self-employed professionals in the culture segment	 	<p>Actual = EUR 3,942,500</p> <p>Plan = EUR 5,590,000</p>

Social bonds – Project presentation #3





Measures to compensate educational disadvantages (for example swimming vouchers)

Content:

- Promotion of language for children and teens with native language other than German
- Procurement of educational materials and practice software
- Development of educational offers
- School budget for public schools to compensate educational disadvantages
- Allowances to independent schools to compensate educational disadvantages



Social Bond Principles Project category & subcategory	Social field of action	Target group	Sustainable Development Goal	Total spending (Plan: 2023–2027)
Socioeconomic advancement and empowerment & equal access to services	Strengthening the healthcare system	Pupils	 	<p>Plan = EUR 47,885,600</p>

Social bonds – Project presentation #4





Projects for pandemics research

Content:

- One of the central fields in the fight against pandemics is research and development of vaccines, drugs and other remedies against coronaviruses and similar pathogens.
- In addition to this, there are epidemiologic research projects in the social, psychological and ethical fields such as infection chains, healthcare provision, and technical measures against infections.



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Social Bond Principles Project category & subcategory	Social field of action	Target group	Sustainable Development Goal	Total spending (plan 2022–2027)
Access to essential services & access to healthcare	Strengthening the healthcare system	Citizens of the state of Saxony-Anhalt as people affected by the pandemic	 	Plan = EUR 5,000,000

Social bonds – Project presentation #5





Digital assistance to schools

Content:

- Schools are to be equipped and supported by hiring or appointing digital assistants who are to implement the transformation of the administration by means of digitalisation.
- The digital assistant supports the teaching staff and students in the use and application of digital tools.



© <https://www.bildung-lsa.de/digital/assets/digitalitaetfb5.mp4>

Social Bond Principles Project category & <i>subcategory</i>	Social field of action	Target group	Sustainable Development Goal	Total spending (Plan 2022–2027)
Access to essential services & access to education	Education and science Resilience by digitalisation	Pupils	 	Plan = EUR 36,000,000

Social bonds – Project presentation #6



Cross-sector service structure (for example midwife-led delivery rooms)

Content:



- Establish innovative service models like the creation of outpatient and inpatient healthcare centres to secure service assignments for the treatment of patients in all regions.
- Establish structures and resources for telemedicine to make a meaningful assessment of the health condition by means of teleconferencing and provide adequate medical care to the patients.



Sachsen-Anhalt

Erster hebammengeführter Kreißsaal in Magdeburg eröffnet

© MDR

Social Bond Principles Project category & subcategory	Social field of action	Target group	Sustainable Development Goal	Total spending (Plan 2022–2027)
Access to essential services & access to healthcare	Strengthening the healthcare system	Citizens of the state of Saxony- Anhalt as people affected by the pandemic	 	Plan = EUR 63,326,900



Contacts

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