Poland
Credit Analysis

Region of Mazowieckie

Ratings

Foreign Currency	
Long-Term Rating	A-
Local Currency	
Long-Term Rating	A
National Rating	
Long-Term Rating	AAA(pol)

Outlooks

Foreign-Currency Long-Term Rating	Stable
Local-Currency Long-Term Rating	Stable
National Long-Term Rating	Stable

Financial Data

Region of Mazowieckie

	31 Dec 08	31 Dec 07
Operating revenue (PLNm)	2,488.1	2,385.6
Debt (PLNm)	867.1	259.8
Operating balance/operating revenue (%)	23.8	30.4
Debt service/current revenue (%)	0.7	0.0
Debt/current balance (yrs)	1.5	0.4
Operating balance/interest paid (x)	32.3	1,341.8
Capital expenditure/total expenditure (%)	37.9	39.1
Surplus (deficit) before debt variation/total revenue (excluding new debt; %)	-20.0	-9.9
Current balance/capital expenditure (%)	50.4	69.1

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Related Research

Applicable Criteria

- *Tax-Supported Rating Criteria (December 2009)*
- *International Rating Methodology for Local and Regional Governments (July 2008)*

Other Research

- *Institutional Framework for Polish Subnationals (February 2008)*

Rating Rationale

- The Region of Mazowieckie is the wealthiest Polish region and its diversified economy is attractive to investors. In 2007 gross regional product (GRP) per capita was 160.1% of the national average. Nationally, the region is placed first by number of companies registered, accounting for 17.3% of all those in Poland (649,350 at end-2008). Services dominate the regional economy, accounting for 75.2% of gross value added (GVA) and 59.5% of employment.
- Income taxes dominate the region's operating revenue (accounting for more than 80% in 2004-2008), which makes it sensitive to the economic cycle. After growing by a compound annual growth rate (CAGR) of 15.5% in 2004-2007, income taxes have been negatively affected by the economic slowdown and changes implemented in 2008-2009. In 2009 income taxes are expected to have fallen to PLN1,653m from PLN1,999m in 2007. Fitch Ratings expects the region's tax revenue to stabilise in 2010-2011 due to slight economic growth projected for those years.
- In 2004-2008 the region had very good operating results. In 2008 its operating balance of PLN593m enabled it to finance 50% of its investments. In 2009 the operating balance is expected to have fallen to PLN216m (8.4% of current revenue) as declining tax revenue was not accompanied by adequate cuts in current expenditure. In 2010 Fitch expects the operating margin to be higher than the 6.4% budgeted but not to improve to the levels reached in 2004-2008.
- Debt free in 2007, the region has since started to incur debt, which reached PLN1.29bn at end-2009 (49.5% of current revenue). Due to the economic slowdown the region revised its investment plan, limiting its debt needs. The region's debt may peak at PLN1.65bn in 2010-2011 (about 70% of current revenue) with PLN200m of debt service in 2010-2016 and PLN300m in 2017-2019. In Fitch Ratings' opinion posting operating balance sufficient for debt service will be crucial for the region due to its rising debt and debt service.
- High indirect risks stem from the region's healthcare sector, which is in a weak financial position (net loss of PLN83m at end-2008 and PLN260m of debt). The region intends to transform six out of 30 healthcare entities into companies, which will require it to repay PLN370m of their liabilities, including PLN130m of bank loans it has guaranteed. Although the process may be supported by a PLN50m grant from the state, in Fitch's view it will still put pressure on the region's operating performance.

Key Rating Drivers

- A positive rating action could result from an upgrade of Poland accompanied by operating performance at the 2005-2008 level, and strong debt protection ratios with diminishing indirect risk relating to healthcare sector.
- A negative rating action could result from a further deterioration of operating performance accompanied by an abrupt rise in contingent liabilities and/or direct debt by far exceeding projections.

Profile

Mazowieckie is the largest (11% of the national territory), most populous (5.18 million inhabitants) and wealthiest Polish region.

Administration

The region's governing bodies are the regional board (the executive) and a 51-seat sejmik (regional parliament). The regional parliament is elected by direct vote for a four-year term. There is a formal coalition in the regional parliament between the Polish Farmers' Party (PSL; with 13 seats) and the Civic Platform (with 20 seats), which gives them a majority of 33 seats. The next local elections will take place in autumn 2010.

After the local elections in 2006, the region's marshal, Adam Struzik from the PSL, was reappointed by the regional parliament. He, together with two vice marshals and two other members, form the regional board.

The 2007-2013 EU programming period makes about EUR67.3bn of EU funds available to Poland. About EUR16.6m are distributed through regional operational programmes implemented by the regions, which are responsible for choosing the projects for financing and monitoring their implementation. The amount to be spent under the regional operational programme managed by the Mazowieckie Region (RPO WM) is about EUR1,831m. Another EUR113m is available from the state budget (for more detail on spending priorities, see the previous Credit Analysis on the Region of Mazowieckie, published on 8 January 2009 and available at www.fitchratings.com). Mazowieckie also implement the regional component of the Operational Programme for Human Resources Development (PO KL), under which EUR700m will be spent on educational and social projects.

In 2007-2009 all EU financing under the RPO and regional PO KL passed through regions' budgets. Only a small part of the amount was spent on the region's own projects; the majority was directed to other final beneficiaries, like local governments, companies, healthcare, and cultural and educational entities. This resulted in an increase in the regional budgets in 2007-2008 and to a greater extent in 2009, inflating the region's operating and capital revenue and expenditure.

Under the new public finance act passed in August 2009, from 2010 regions will no longer act as pass-through vehicles for EU grants. They will receive only EU grants for their own projects, with the others transferred directly to the final beneficiaries by a state-owned bank, BGK. The region's budget will therefore shrink.

Economy

Mazowieckie, located in the centre of Poland, accounts for about 13.6% of the national population. Mazowieckie's population is projected to rise by about 5.4%, exceeding 5.4 million by 2035, due to the location of Warsaw within its borders. The city is Poland's educational and business centre, and attracts many people from other parts of the country.

In 2007 Mazowieckie's GRP accounted for 21.7% of Poland's GDP. Its GRP per capita was 160.1% of the national average, placing the region first among the 16 Polish regions. The region also has the highest number of companies registered among the regions. It accounts for 17.3% of all companies registered in Poland (649,350 at end-2008) and 37% of all companies with foreign capital (23,270). The number of companies has been increasing consistently since 2000.

The region's economy is dominated by the services sector, which is proved by the GVA and employment structure, with shares well above the national averages. In 2007 services accounted for 75.2% of GVA and 59.5% of employment. The region's main services sub-sectors are trade, telecommunications, and financial and insurance services. Almost all banks operating in Poland have their headquarters in Warsaw. Industry and construction accounted for 21% of GVA and 21.7% of employment. Almost all industries are present in the region. Agriculture in the region is concentrated on market gardens and orchards. Although agriculture employs 18.8% of the local workforce, it produced only 3.8% of GVA.

The region is first among Polish regions by a number of wealth indicators. However, its sub-regions have huge disparities by these measures. The wealth indicators are supported by the city of Warsaw, Poland's capital, with GRP per capita at 305.1% the national average in 2007 and unemployment of only 2.3% at end-H109. In 2007 GRP per capita in Radomski sub-region was only 72% of the national average, and unemployment was 20.7% at end-H109.

Prospects

After dynamic economic growth averaging 5.3% in 2004-2008, Poland's economy is expected by Fitch to have grown by only about 1.1% in 2009. The economic slowdown has weakened the financial results of companies, and resulted in increasing numbers of unemployed (the unemployment rate was 7.6% at end-H109) and slower growth of salaries. Fitch expects economic growth to remain rather low in 2010-2011 (1.5% projected for 2010), hampering the growth of the region's tax revenue.

Finances and Performance

Revenue

Income Taxes

Income taxes dominate the region's operating revenue, averaging more than 80% of it in 2004-2008. In 2004-2007 income taxes grew by a CAGR of 15.5%, supported by national economic growth and the region's wealthy economy. However, growth was hampered in 2008 by the national economic slowdown and some legal changes implemented that year.

In 2008 the region's share in corporate income tax (CIT) collected on its territory decreased to 14% from 15.9% in 2004-2007. This was because the region ceased to be responsible for financing bus transport services, which started to be financed by state grants. The loss in revenue resulting from the change was estimated at about PLN150m in 2008. Personal income tax (PIT) revenue was affected by the tax relief for families with children introduced by the national parliament in 2008. Consequently, income taxes fell by 6.8% below the 2007 level and totalled about PLN1,864m.

The region's income taxes continued to decline in 2009, affected by the economic slowdown and the state government's decision to cut PIT rates (two rates of 18% and 32% since 2009 instead of three of 19%, 30% and 40% in 2008). According to pre-closing results, the region's income tax revenue declined by 11% and totalled PLN1.653m.

Growing Current Transfers Mainly Due to EU Current Grants

The region's current transfers are made up of the educational subsidy, the regional subsidy[1], EU grants for social projects and other current grants, mainly related to state-delegated responsibilities.

In 2008 the region's current transfers increased by more than 70%, to PLN373m at end-2008, due to the change in financing bus transport services (PLN69m of current grants received in 2008) and the fact that the region started to act as a pass-through vehicle for EU grants under the RPO WM and PO KL. In 2009 they are budgeted to double and reach PLN670m due to rocketing EU current grants.

[1] The regional element is calculated based on a set formula: the higher the unemployment rate, the higher the number of kilometres of roads per inhabitant and the lower the GRP per inhabitant, the higher the regional element received.

Operating Revenue

(PLNm)	2006	2007	2008	2009 pre-closing
CIT	1,443	1,805	1,654	1,446
PIT	157	194	210	207
Other operating revenue	235	172	251	269
Current transfers	182	215	373	669
Operating revenue (a)	**2,016**	**2,386**	**2,488**	**2,591**
Expenditure aimed at equalisation mechanism (b)	**638**	**642**	**709**	**876**
Operating revenue excluding amounts spent at equalisation mechanism (a-b)	**1,379**	**1,743**	**1,780**	**1,715**

Source: Region of Mazowieckie

Prospects

Fitch does not expect Mazowieckie's tax revenue to rebound in 2010-2011 due to rather low economic growth projected for those years and the fact that the reduced PIT rates will fully materialise in the region's budget in 2011 due to the two-year lag resulting from the formula applied to this revenue. From 2010 current grants received and spent by the region will decline as the region will receive EU grants only on its own projects, and not act as a pass-through vehicle for grants directed to other final beneficiaries.

Expenditure

Growing and Rigid Spending at the Equalisation Mechanism

As Mazowieckie's tax revenue per capita is more than 2x the national average, the region is obliged by law to transfer some amounts to the state budget. These are then directed to poorer regions (those with tax revenue per capita lower than the average). The formula for calculating the amounts to be paid by the region is disadvantageous for the region. The amounts are calculated based on the tax revenue received two years earlier. As a result, in 2009, when the region's tax revenue declined, affected by the economic slowdown, the region has had to pay high equalisation amounts based on very high taxes received in 2007, when the national and regional economy was booming.

In 2009 the equalisation amount rose by 23% yoy, to PLN876m, more than 50% of the region's tax revenue (compared with only 24% in 2005). In 2010 the equalisation amounts are projected to further increase, to about PLN940m. This is a rigid spending item, which cannot be reduced under any circumstances. It therefore limits the region's current expenditure flexibility.

Public Transport the Second Most Expensive Item

The second most expensive item under the region's responsibility is public transport. This includes financing the regional railway services, maintenance and repairs of roads and financing regional bus services (the latter financed from state grants). According to its pre-closing results, the region's current expenditure in this sector is expected to total PLN392m (20% of total current expenditure).

In 2009 the region's current expenditure on regional railway services totalled PLN190m, remaining at similar level as in 2008 (in 2006-2008 it grew by a CAGR of 24%). In 2009 the region signed a 15-year agreement with two railway companies, KM and WKD. The contracts set the minimum level of services ordered by the region at about PLN150m annually. However, every year the region may decide to order higher amount of services. In 2010 the region's spending on railway transport services is projected at PLN190m.

According to pre-closing results, in 2009 the region spent about PLN128m on repairs of regional roads. The region has some flexibility in cutting current expenditure on this item. In 2010 the region's current expenditure on repairs of roads is projected to decline to PLN110m. According to the region it could be reduced further if the need arose.

In order to help the poorest local governments within the region to take advantage of the EU funds, the region provides them with additional financial support (about PLN172m in 2008 and PLN85m in 2009). In cases of financial stress the region may further reduce the scope of this programme or cancel it.

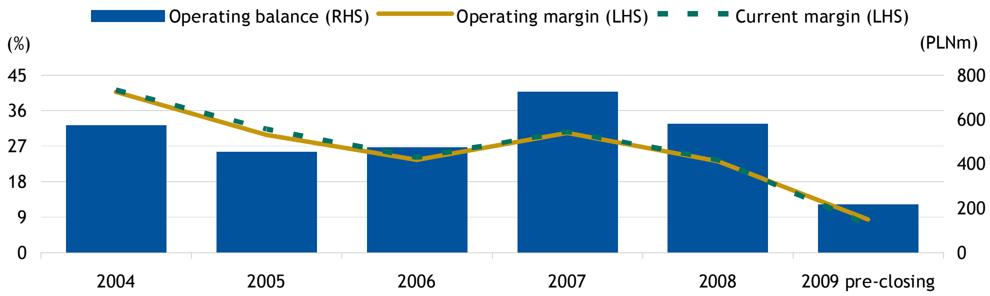
Capital Revenue and Expenditure

The region's capital revenue is almost entirely made up of capital grants from the state and the EU. In 2009 capital revenue is expected to reach about PLN350m, including EU grants transferred to other beneficiaries. Capital revenue is projected to remain high in 2010 and the two following years, even though the region will no longer act as a pass-through vehicle for the EU grants directed to other final beneficiaries. In 2010-2012 Mazowieckie projects to receive about PLN1,300m of EU grants for its own projects, including about PLN900m for roads, PLN200m for trains and about PLN420m for e-administration.

The region's capital expenditure has been high and growing since 2003. In 2008 capital expenditure totalled PLN1,166m (38% of total expenditure), and was mainly spent on roads, transport and healthcare. In 2009 capital expenditure is expected to total PLN998m (26% of the total) and about PLN920m is projected for 2010.

The region annually updates its multiyear investment plan. Capital spending projected under the plan includes about PLN3bn to be spent in 2010-2012, about 40% financed from the EU. However, the actual amounts spent in these years may be lower, depending on the EU financing received. About 70% of all capital spending will be directed at roads, railway transport (including purchase of trains) and modernisation of the healthcare sector.

Budgetary Performance



Source: Fitch's own calculations

Budgetary Performance

The region has a long history of good operating and budgetary performance. In 2008 its operating balance was PLN593m, accounting for 23.8% of operating revenue. The current margin was only slightly lower, at 23.5%. Due to its sound operating performance the region has high capacity to self-finance its investments. In 2005-2008, on average more than 60% of the region's capital expenditure was financed from the current balance.

At the beginning of 2009 the region budgeted an operating balance of PLN420m, accounting for 13.3% of operating revenue (15% when excluding EU current grants going through the region's budget but directed to other beneficiaries). However, the economic slowdown has negatively affected the region's tax revenue, which fell by about 9% compared with 2008. As the region has not implemented current expenditure-saving measures adequate to compensate for the tax revenue decline, the region's operating balance may decline to about PLN218m in 2009, accounting for 8.4% of operating revenue.

From 2010 the region will no longer act as a pass-through vehicle for the EU grants, which will reduce operating and capital revenue and expenditure, but will improve transparency in the budget. Due to this change and the economic slowdown the region's operating revenue is projected to decline by 12% in 2010 and operating expenditure by about 10%. The region's operating balance is budgeted at PLN147m, accounting for 6.4% of operating revenue. Fitch expects the actual results to be better than budgeted, with the operating margin averaging about 10%-13% in 2010-2011.

Debt and Liquidity

After being debt free in 2004-2006, since 2007 Mazowieckie has started to use debt to finance its investments. The region's debt rose to PLN867m at end-2008, accounting for a moderate 35% of current revenue. The region also had PLN57m of debt related to bridge financing of EU co-financed projects (included in "Other Fitch-classified debt" in the appendices).

Debt Structure at 30 June 2009

	Amount according to the contract	Incurred	Grace period	Final maturity	Interests formula	Debt amount (PLNm)
Bank loan	PLN280m	2008	-	2009	WIBOR3M + margin	180
Bank loan	PLN230m	2008	-	2009	WIBOR3M + margin	230
Bonds	EUR50m	2009	-	2017, 2018, 2019	Variable based on DBFRBEUR index	223
CEB	PLN330m	2007	5	2027	EURIBOR3M + margin	216
EIB	PLN310m	2008	5	2028	WIBOR3M + margin	90
EIB	EUR50m	2007	3	2031	WIBOR3M + margin	175
Total						**1,115**

Source: Fitch

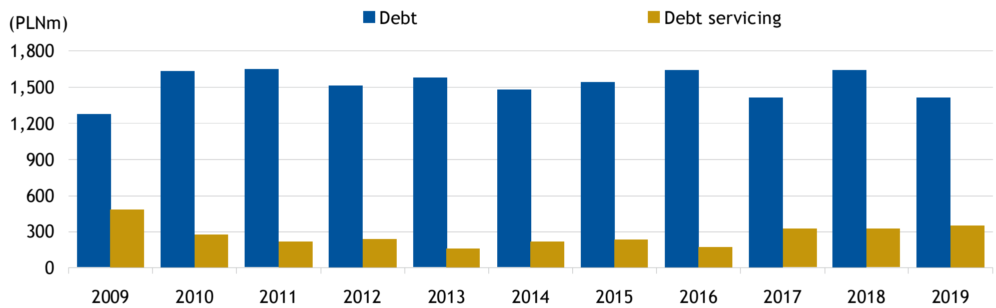
Long-Term Loans with International Banks

The region raised long-term loans from the European Investment Bank (EIB) of EUR50m and PLN310m and a PLN330m loan from the Council of Europe Development Bank. The loans are very advantageous for the region as every tranche has a grace period of three to five years and a final maturity of 20-25 years. Repayment of those loans will start in 2013 and will average about PLN50m annually in 2013-2028. Moreover, in 2009 the region decided to issue bonds on the international market. It issued EUR82m 10-year floating-rate bonds with amortisation in three instalments in 2017, 2018 and 2019. The structure of the region's debt profile is presented in the table *Debt Structure at 30 June 2009* above.

Debt Projections

In light of the economic slowdown the region reviewed its investment programme and limited its debt needs. The region's debt is now projected to peak at about PLN1,650m in 2010-2011, down from PLN2bn previously projected. Debt service is

Debt and Debt Servicing



Source: Region of Mazowieckie

projected to average about PLN200m in 2010-2016 and then increase to PLN300m in 2017-2019 due to repayment of bonds.

Liquidity

In 2004-2008 the region's liquidity was very high. Cash including deposits at the region's account averaged more than PLN190m in 2008 and PLN300m in H109. High liquidity enabled the region to earn high interest revenue (PLN13m in 2008). In H209 the region started to use its stand-by liquidity credit line of PLN300m more frequently — in H109 it was rarely used. The region's liquidity is expected to be further exploited in 2010 but to remain satisfactory.

Contingent Liabilities

The region's contingent liabilities relate to debt of the region's companies, debt of the healthcare sector and guarantees issued to it (see table below). The region's contingent liabilities rose to more than PLN370m at end-2008 from less than PLN60m in 2005, mainly due to the growing debt of the region's healthcare entities guaranteed by the region. Fitch expects the contingent liabilities to further increase in the medium term due to projected partly debt-financed investments by the region's companies and the weak financial situation of the healthcare sector.

Contingent Liabilities

(PLNm)	2005	2006	2007	2008	30 June 2009
Guarantees	62.9	167.3	174.6	327.4	336.1
Total debt of region's hospital, excluding guaranteed amount	0.0	0.0	18.8	0.0	0.0
Debt of region's companies	0.3	2.1	21.5	40.9	n.a.
Total contingent liabilities	**63.2**	**169.4**	**214.8**	**368.3**	**n.a.**

n.a. - Not available
Source: Fitch's calculations based on the region's data

The region's main companies are listed in the table *Key Financial Figures on Corporate Exposure* below. At end-2008 the companies' debt was low, only about PLN41m. As the companies plan to make investments, their debt is projected to grow and may reach about PLN600m in 2015.

The railway company KM plans to implement three investments of PLN630m, to be 30% financed from debt, with the remainder financed by the EU (PLN190m), own sources and capital injections from the region. The railway company WKD may incur PLN85m-PLN220m of debt to finance purchase of trains (total cost of PLN280m). The airport company plans to develop the existing Modlin military airfield into an airport at a total cost of PLN350m, of which more than PLN100m will be financed from debt, with the remainder financed by the EU (PLN75m) and capital injections from the shareholders (about PLN54m set aside by the region in 2008). The regional development company ARR plans to launch a PLN250m bond issue in 2010 (to be guaranteed by the region) aimed at granting loans to municipalities to help them co-finance EU projects.

High Risk Stemming From Healthcare Sector Due to High Liabilities and Losses

The region is the funding body for 30 healthcare entities. Although medical services are financed by the National Healthcare Fund, the region would be obliged by law to repay the hospitals' liabilities if they were liquidated or unable to service their debt. The sector's financial situation is continuously difficult, even though it was restructured in 2005-2008 (for more details about the restructuring processes, see the previous Credit Analysis on the region).

At end-2008 the healthcare sector had PLN73m of overdue liabilities and about PLN260m of debt was guaranteed by the region (guaranteeing interest and capital up to PLN327m). The sector generates significant losses every year and reports very weak liquidity. For 2009 the net loss is projected at about PLN150m.

Financial Data of Region's Healthcare Entities

	2005	2006	2007	2008	2009 plan
Employees	18,686	18,309	17,665	17,743	n.a.
Long and short-term debt (PLNm)	12.0	161.9	193.4	259.1	267.6
Overdue liabilities plus penalty interests (PLNm)	204.6	138.1	71.7	73.2	60.2
Net profit/loss (PLNm)	-47.2	-71.4	-93.7	-83.6	-151.4

n.a. – Not available
Source: Region of Mazowieckie

The region plans to change the legal form of six healthcare entities, transforming them into limited-liability companies that will take over medical activities, assets and equipment, but no debt or liabilities, which will be repaid by the region. At end-2008 the six entities had PLN130m of debt (bank loans guaranteed by the region) and PLN240m of liabilities. Although the process may be supported by a PLN50m grant from the state, in Fitch's opinion it will still put pressure on the region's operating performance. The region plans to repay bank loans in instalments until 2020 and repay PLN210m from its own sources during 2010-2015. The final decision should be taken in 2010. Irrespective of the change, the region will still support the hospitals in purchase of equipment and modernisation of buildings. In Fitch's opinion the sector will continue to create significant pressure on the region's budget until 2014.

Key Financial Figures on Corporate Exposure

	Region's share (%)	Equity (PLNm)		Assets (PLNm)		Net income (PLNm)		Long-term debt (PLNm)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008
Koleje Mazowieckie – KM Sp. z o.o (railway company)	100	22	248	134	337	0.5	0.6	11.5	9.5
Mazowiecki Regionalny Fundusz Pożyczkowy Sp. z o.o. (regional loan fund)	100	10	20	15	27	-0.6	4.4	0.0	0.0
Agencja Rozwoju Mazowsza S.A. (regional development company)	100	60	60	61	52	0.0	-2.1	0.0	0.0
Instytucja Filmowa Max-Film S.A. (cinemas)	100	29	29	73	96	1.2	1.6	10.0	31.4
Warszawska Kolej Dojazdowa Sp. z o.o. (WKD) (railway company)	89	6	16	32	49	0.1	0.1	0.0	0.0
Mazowiecki Fundusz Poręczeń Kredytowych Sp. z o.o. (guarantee fund)	49	14	27	43	55	1.0	0.3	0.0	0.0
Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o (airport)	31	60	149	127	144	-3.2	-2.0	0.0	0.0
Total								**21.5**	**40.9**

Source: Region of Mazowieckie

Appendix A

Region of Mazowieckie

(PLNm)	Actual 2005	2006	2007	2008	Pre-closing 2009
Taxes	1,311.8	1,599.3	1,999.1	1,863.8	1,653.0
Transfers received	121.9	234.9	214.8	373.4	669.2
Charges, fines and other operating revenue	87.7	182.3	171.6	250.9	269.1
Operating revenue	**1,521.4**	**2,016.5**	**2,385.6**	**2,488.1**	**2,591.3**
Operating expenditure	-1,067.4	-1,541.9	-1,661.0	-1,894.9	-2,374.6
Operating balance	**454.0**	**474.6**	**724.6**	**593.2**	**216.7**
Financial revenue	31.5	14.4	12.9	12.8	12.8
Interest paid	-0.1	-0.3	-0.5	-18.4	-48.5
Current balance	**485.4**	**488.7**	**736.9**	**587.6**	**181.0**
Capital revenue	39.1	90.4	84.2	64.5	357.6
Capital expenditure	-629.8	-819.6	-1,066.8	-1,165.9	-998.0
Capital balance	**-590.7**	**-729.2**	**-982.7**	**-1,101.4**	**-640.4**
Surplus (deficit) before debt variation	**-105.3**	**-240.5**	**-245.8**	**-513.8**	**-459.4**
Debt repayments	0.0	0.0	0.0	0.0	-410.0
New borrowing	0.0	0.0	259.8	580.2	830.7
Net debt movement	**0.0**	**0.0**	**259.8**	**580.2**	**420.7**
Overall results	**-105.3**	**-240.5**	**14.0**	**66.4**	**-38.7**
Debt stock					
Short-term	0.0	0.0	0.0	0.0	0.0
Long-term	0.0	0.0	259.8	867.1	1,287.8
Direct debt	**0.0**	**0.0**	**259.8**	**867.1**	**1,287.8**
+ Other Fitch classified debt	22.2	61.0	92.1	57.3	0.0
Direct risk	**22.2**	**61.0**	**351.9**	**924.4**	**1,287.8**
- Cash, liquid deposits, sinking fund or pre-financing	214.7	102.4	108.1	61.1	n.a.
Net direct risk	**-192.5**	**-41.4**	**243.8**	**863.3**	**n.a.**
Guarantees and other contingent liabilities	62.9	167.3	174.6	327.4	n.a.
Net indirect risk (public sector entities exc. gteed amount)	0.3	2.1	40.3	40.9	n.a.
Net overall risk	**-129.3**	**127.9**	**458.7**	**1,231.6**	**n.a.**
Memo (%)					
Debt in foreign currency	0.0	0.0	36.6	22.1	n.a.
Issued debt	0.0	0.0	0.0	0.0	28.0
Fixed interest rate debt	0.0	0.0	0.0	0.0	0.0

n.a. - Not available
Source: Fitch's own calculations

Appendix B

Region of Mazowieckie

	Actual				Pre-closing
	2005	2006	2007	2008	2009
Fiscal performance ratios (%)					
Operating balance/operating revenue	29.8	23.5	30.4	23.8	8.4
Current balance/current revenue[a]	31.3	24.1	30.7	23.5	7.0
Surplus (deficit) before debt variation/total revenue[b]	-6.6	-11.3	-9.9	-20.0	-15.5
Overall results/total revenue	-6.6	-11.3	0.6	2.6	-1.3
Operating revenue growth (annual change)	7.8	32.5	18.3	4.3	4.1
Operating expenditure growth (annual change)	27.5	44.5	7.7	14.1	25.3
Current balance growth (annual change)	-17.4	0.7	50.8	-20.3	-69.2
Debt ratios					
Direct debt growth (annual % change)	0.0	0.0	n.m.	233.8	48.5
Interest paid/operating revenue (%)	0.0	0.0	0.0	0.7	1.9
Operating balance/interest paid (x)	4,540.0	1,582.0	1,341.8	32.3	4.5
Direct debt servicing/current revenue (%)	0.0	0.0	0.0	0.7	17.6
Direct debt servicing/operating balance (%)	0.0	0.1	0.1	3.1	211.6
Direct debt/current revenue (%)	0.0	0.0	10.8	34.7	49.5
Direct risk/current revenue (%)	1.4	3.0	14.7	37.0	49.5
Net overall risk/current revenue (%)	-8.3	6.3	19.1	49.2	n.a.
Direct debt/current balance (yrs)	0.0	0.0	0.4	1.5	7.1
Direct risk/current balance (yrs)	0.0	0.1	0.5	1.6	7.1
Direct debt/GDP (%)	0.0	0.0	0.1	n.a.	n.a.
Direct debt per capita (PLN)	0	0	50	168	250
Revenue ratios					
Operating revenue/budget operating revenue (%)	n.a.	118.4	110.4	96.1	81.6
Tax revenue/operating revenue (%)	86.2	79.3	83.8	74.9	63.8
Modifiable tax revenue/total tax revenue (%)	0.0	0.0	0.0	0.0	0.0
Current transfers received/operating revenue (%)	8.0	11.6	9.0	15.0	25.8
Operating revenue/total revenue[a] (%)	95.6	95.1	96.1	97.0	87.5
Total revenue per capita (PLN)[a]	309	411	481	497	574
Expenditure ratios					
Operating expenditure/budget operating expenditure (%)	n.a.	88.2	93.1	87.6	86.2
Staff expenditure/operating expenditure (%)	14.5	11.8	12.5	14.0	12.9
Current transfer made/operating expenditure (%)	16.6	30.4	31.7	30.0	31.7
Capital expenditure/budget capital expenditure (%)	n.a.	111.7	123.5	98.3	77.5
Capital expenditure/total expenditure (%)	37.1	34.7	39.1	37.9	26.1
Capital expenditure/local GDP (%)	0.3	0.4	0.4	n.a.	n.a.
Total expenditure per capita (PLN)	329	458	529	597	743
Capital expenditure financing (%)					
Current balance/capital expenditure	77.1	59.6	69.1	50.4	18.1
Capital revenue/capital expenditure	6.2	11.0	7.9	5.5	35.8
Net debt movement/capital expenditure	0.0	0.0	24.4	49.8	42.2

n.a. - Not available
n.m. - Not meaningful
[a] Includes financial revenue
[b] Excluding new borrowing
Source: Fitch's own calculations