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The Samara Region

Credit rating components	
Institutional factor	
Final assessment	0.04
Regional economy	
Assessment prior to adjustment	0.2
Final assessment	0.2
Budget structure and budget discipline	
Final assessment	0.21
Debt load	
Assessment prior to adjustment	0.13
Final assessment	0.13
Budget liquidity	
Final assessment	0.12
Credit rating	**A(RU)**
Outlook	**Stable**

Key rating assessment factors

Well-diversified economy. The economy of the Samara Region (hereinafter — the Region) hinges on its well-diversified industrial base (25% of GRP). A highly developed federal-integrated transportation network ensures that local manufacturers have access to both federal and international sales markets (export sales make up roughly 30% of GRP), while reducing the reliance of the regional economy and budget on industry and market cycles. That said, in 2014–2016, specific GRP values and household incomes remained steadily below the national averages. ACRA does not anticipate any significant changes in the GRP or household income per capita dynamics in the medium term. In the long term, oil field depletion and reduced oil production volumes in the GRP structure (14%) will call for substitution by other industries in order to maintain the current production output in monetary terms.

Stable budget indicators. The regional budget is characterized by a large share of own revenues based on a stable and well-diversified tax base: in 2013–2016, average corporate income tax proceeds amounted to 34.6% of own revenues, while personal income tax proceeds accounted for 30%, on average. ACRA notes a growing pressure on the Region's operating balance in 2013–2016 as a result of mandatory expenses growing in excess of regular income. At the same time, in ACRA's opinion, should tax proceeds from specific industries run short, the Region has the potential to create an ample revenue cushion from tax breaks to oil production companies (an estimated 10% of aggregate 2013–2015 corporate income tax proceeds).

Well-balanced debt portfolio structure. To a considerable degree, the predominance of long-term bonds in the regional debt structure (46% as of year-end 2016) shields its budget from cost of debt risk. In ACRA's opinion, in the long term, refinancing risk with regards to the Region's debt portfolio will be minimized due to further replacement of bank loans by long-term bond issues (with up to 7 year maturities) and a step-by-step debt load reduction to the target level of 48% of own revenues by maintaining an own revenue surplus.

Key assumptions

- Maintaining the current industrial output dynamics;
- Bond issuance in order to replace bank financing of budget deficit;
- Own revenues exceeding mandatory expenditures;
- Stable social expenditure structure;
- Maintaining a proactive liquidity management policy.

Potential outlook or rating change factors

The **Stable outlook** assumes that the rating will most likely stay unchanged within the 12 to 18-month horizon.

A positive rating action may be prompted by:

- Leveling of specific regional GRP values and household incomes with the national averages;
- Operating balance increase by way of boosting own revenues.

A negative rating action may be prompted by:

- Industrial output reduction due to deteriorating market conditions.
- Increase of mandatory expenses share in the budget structure.

Brief information about the Region

The Samara Region is located in the Volga Federal District (VFD). It neighbors four other RF subjects and Kazakhstan. The Region's population is 3.2 mln. Combined with a number of other municipalities, its three largest cities – Samara (1.17 mln), Togliatti (0.7 mln), and Syzran (0.17 mln) – make up the Samara-Togliatti metropolitan area, which ranks 3rd in Russia by population after those of Moscow and Saint Petersburg. The thousand kilometer radius area around Samara approximates 80 mln inhabitants.

In 2014, the Region's GRP amounted to RUB 1.15 trillion (11th in Russia). The Region stands out as one with a well-developed transport infrastructure.

Industry wise, the Samara Region focuses on oil & gas extraction, car manufacturing, airspace equipment manufacturing, chemical and petrochemical production, and food processing. The Region is home to the Togliatti Special Economic Zone (SEZ) and two mono-cities: the Togliatti and Chapaevsk Urban Districts.

Rating assessment factors

Institutional factor

The institutional basis for the execution of public administration in the Samara Region is assessed as stable and forecastable. The budgeting process is marked by very high precision when it comes to allocated funds spending.

The own revenues of the subordinate budgets make up 51% for urban districts, 29% for municipal districts, and 40% for urban and rural settlements, which ACRA views in a positive light, since it allows municipal governments to make sufficiently large contributions to the regional economy as a whole.

The excess of real budget expenditures over target values dropped from 20% in 2013 to 2.5% in 2015, while the deviation of real budget revenues from target values went down from 8% to 2% during the same period. This state of affairs led to a practically full alignment of the 2015 budget deficit with the target value set forth at the start of the year. ACRA assesses the forecastability of the regional budget as high.

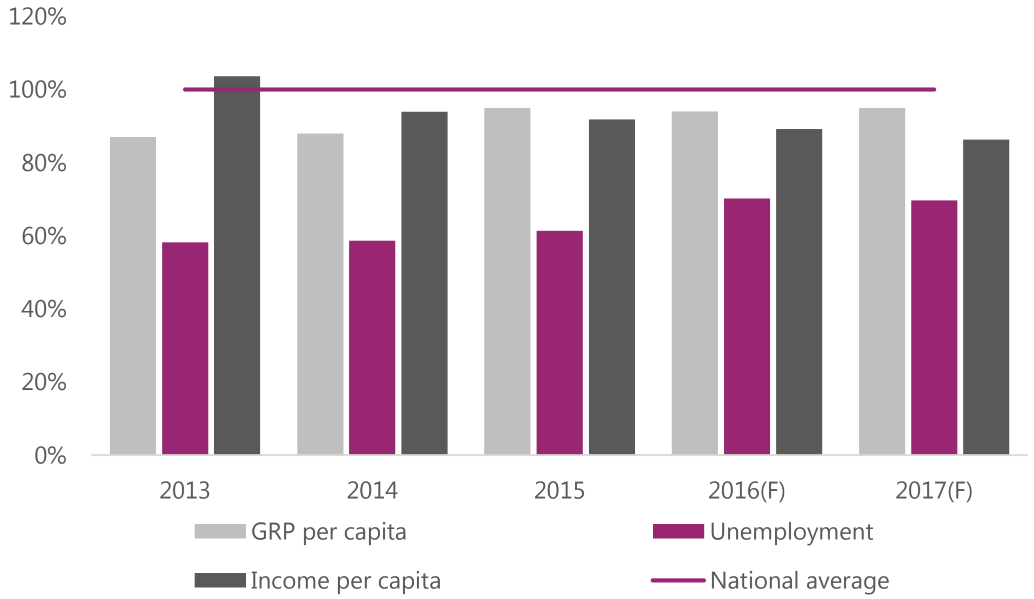
The Region divides its expenditures into categories by their priority levels. Debt expenses are listed as Category 1, which has the highest priority.

Municipal government debt is relatively high, making up 80% of own revenues, on average; however, en masse it constitutes budget loans issued by the Regions to its municipalities. Municipal governments receive regional budget loans with the sole purpose of investing or refinancing of their debt. The Region's government refinances 75% of each budget loan provided that the remaining 25% is paid off by the municipalities. This approach enables the Region to lighten the debt burden of its municipal governments and makes their debt service schedules more predictable.

Regional economy

By the 2014 GRP (RUB 1,151 bln), the Region ranked 11th in the Russian Federation (1.96% of the aggregate GRP of all Russia's regions). Goods manufactured in the Samara Region are exported to overseas markets and sold nationwide. In 2014, the regional exports exceeded USD 10 bln (roughly 30% of GRP).

Figure 1. Level of economic development of the Samara Region against the national average (100%)



Source: The Samara Region, Russian Federal State Statistics Service, ACRA estimates

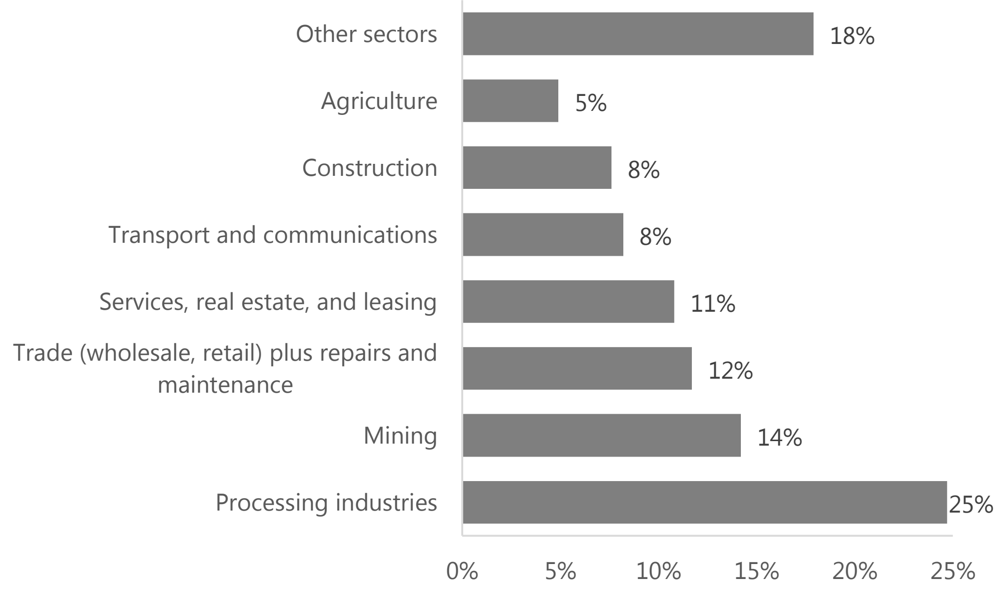
In 2011–2015, the Region's per capita GRP grew from 81.7% to 94.8% of the national average, while its per capita income has been steadily falling behind since 2014.

ACRA anticipates that in 2017–2019, the per capita GRP and per capita income in the Region will fall short of the national average (the former will approximate 95% and the latter will be around 87% thereof).

The Samara regions is a federal budget donor: in 2013–2015, total tax proceeds credited to the consolidated regional budget and non-repayable federal budget receipts amounted to an average 56.6% of all locally collected taxes.

The economic diversification of the Region is far ahead of the national average. The basis of its economy are the manufacturing (25% of GRP in 2014) and mining industries (14% of GRP in 2014). The former is dominated by vehicle manufacturing (33% of total manufacturing sector shipments in 2015), chemicals (20%), and food processing (11%).

Figure 2. GRP structure of the Samara Region in 2014



Source: The Samara Region, Russian Federal State Statistics Service, ACRA estimates

Among the Region's largest companies are both subsidiaries of the leading RF corporations and independent entities.

Table 1. Largest companies of the Samara Region

Company	Industry	Parent*	Share in total production volume of the Region, 2015
PJSC "AVTOVAZ"	Manufacturing of passenger vehicles	Rostec Corporation and The Renault-Nissan Alliance	6.8%
Samaraneftegaz JSC	Crude oil extraction	Rosneft Oil Company	6.3%
RITEK JSC	Crude oil extraction	PJSC LUKOIL	5.0%
OJSC Togliattyazot	Manufacturing of fertilizers and nitrogen compounds	(management)	2.5%
Gazprom Mezhregiongaz Samara LLC	Gaseous fuel distribution	PJSC Gazprom	2.0%
KuibyshevAzot JSC	Manufacturing of plastics and synthetic resins in primary forms	(management)	1.5%
Samarenergo PJSC	Electric power sales	-	1.4%
Alcoa Samara	Aluminum manufacturing	Arconic, Inc.	1.4%
JSC Novokuibyshevsk Petrochemical Company	Manufacturing of other basic organic chemicals	Rosneft Oil Company	1.0%
JSC Novokuibyshevsk Oils and Additives Plant	Manufacturing of petroleum products	Rosneft Oil Company	0.9%

*Parent company of the holding owning the regional company

Source: The Samara Region, SPARK Interfax

The Region's largest employers, with their share approximating 20% of total employment in 2015, are manufacturing sector enterprises. Of their combined workforce, 34% are employed in vehicle manufacturing, 13% in food processing, and the remainder is evenly distributed between the other industries. The first runner-up in terms of employment is trade (retail and wholesale) together with repairs and maintenance (17.7%).

The Region has a highly developed transportation network integrated into the national highway infrastructure, that includes M-5 (Moscow-Chelyabinsk) and A-300 (Samara-border with Kazakhstan) federal highways. The Region's railway line is part of the Trans-Siberian International Transport Corridor. The Region has an international airport and a well-developed waterway infrastructure that includes several river ports capable of docking and servicing vessels of the river-sea navigation class. Its expanses are crossed by a number of major pipelines transmitting oil and gas from Siberia and Central Asia to the European Russia and abroad.

In 2005–2015, the population of the Samara Region decreased by 0.6%. In 2005–2016, the natural population decline slowed down from -6.4 per 1,000 in 2005 to -1.2 per 1,000 as of 9M2016. This reduction occurred due to a growing birth rate (from 9.7 per 1,000 in 2005 to 12.7 per 1,000 as of 9M2016) and a plunging death rate (from 16.1 per 1,000 in 2005 to 13.9 per 1,000 as of 9M2016). The natural population decline is largely offset by the migratory influx. In 2015, the share of employable population in the total population age structure was in line with the national average. In 2011–2015, the share of population under the legal working age grew from 14.8% to 16.4%, i.e. 1.6% below the 2015 national average, while the share of over the legal working age population grew from 24.1% to 26%, i.e. 1.5% above the 2015 national average.

Budget structure and budget discipline

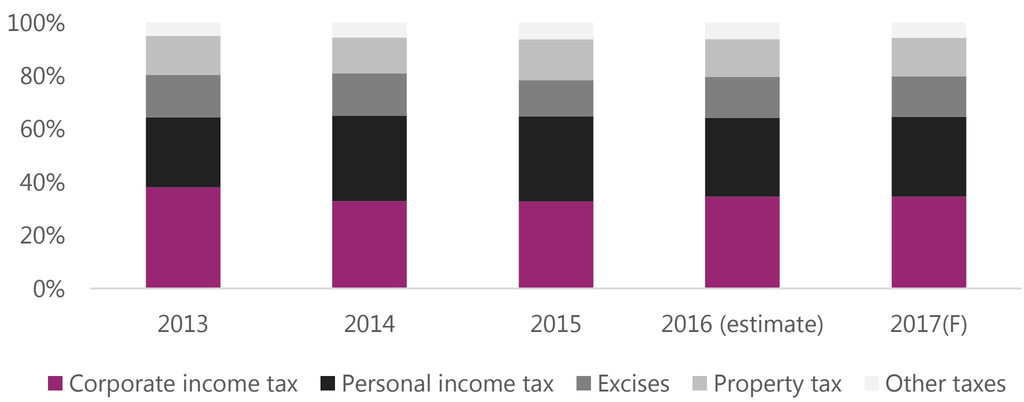
Table 2. Assessment of budget discipline indicators of the Samara Region

Indicator \ Assessment	2013	2014	2015	2016 (estimate)
Share of own revenues in budget	High	High	High	High
Share of mandatory expenses in budget	Average	Average	Below average	Average
Operating balance as % of regular income	Moderate	Below average	Below average	Below average
Share of capital expenses in budget	Moderate	Moderate	Satisfactory	Moderate

Source: The Samara Region, ACRA estimates

The regional budget is characterized by a large share of own revenues[1] (88% on average). The tax revenue structure is stable and dominated by proceeds from corporate income tax (on average, 34.6% of the Region's own revenues in 2013–2016) and personal income tax (on average, 30% of the Region's own revenues during the same period).

Figure 3. Main sources of own revenues in the Samara regional budget

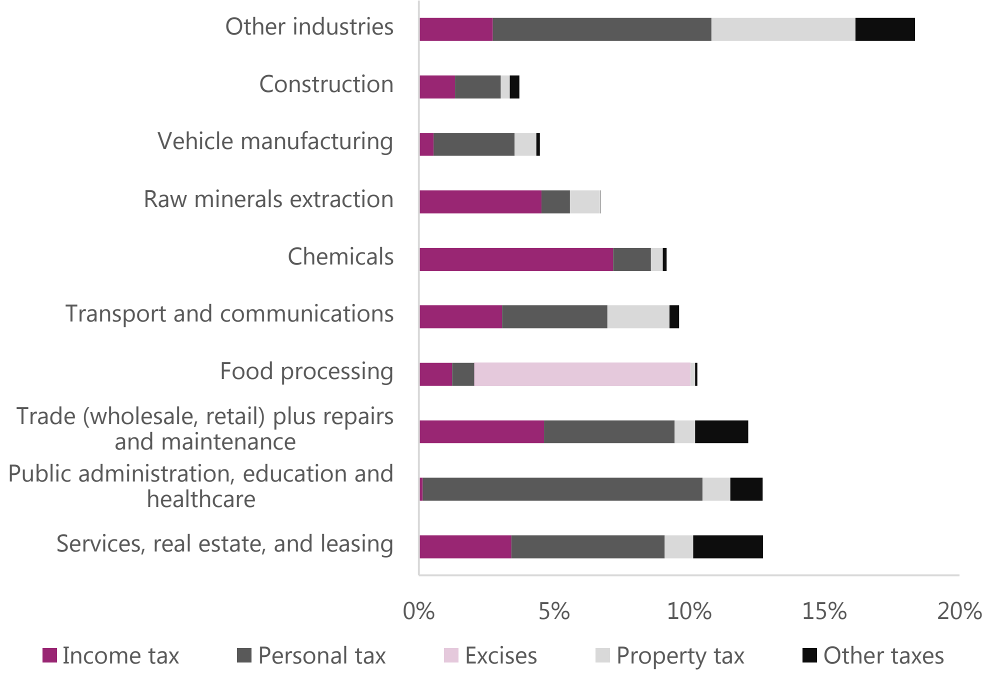


Source: The Samara Region, Federal Tax Service of Russia, ACRA estimates

[1] Own revenues are comprised of both tax revenues and non-tax revenues.

The level of economic diversification allows to defuse the sectoral volatility of corporate income tax proceeds. In 2013–2015, the dwindling of tax proceeds from mining and financial services was partially balanced out by the growing income tax proceeds from the chemical industry, food processing, and trade. Net income tax proceeds from the financial sector in 2015 were negative (due to sizable tax reimbursements), whereas in 2013–2014, this indicator amounted to RUB 4 bln annually.

Figure 4. Industrial composition of the 2015 tax proceeds of the Samara Region (gross of proceeds credited to local budgets and net of petroleum product excises)



Source: The Samara Region, Federal Tax Service of Russia, ACRA estimates

Note: On the above chart, manufacturing industries are represented by the largest sub-industries. "Other industries" includes a number of those belonging to the manufacturing industry sector (metallurgy, petroleum products, finished metal goods, machinery and equipment, electrical equipment, etc.), as well as power & utilities production and distribution, financial services, etc.

The main corporate income tax relief beneficiaries are oil & gas producers. To qualify, a company has to provide over 600 jobs in the Region and receive more than 80% of its revenues from oil & gas extraction. These companies pay a 13.5% income tax, which allows them to save more than RUB 7.5 bln in the period from 2013 to 2015. The effective income tax rates for the Region's largest corporate taxpayers – Samaraneftegaz JSC and RITEK JSC – in 2013–2015 amounted to 15.6% and 16.1%, respectively. The aggregate 2013–2015 share of these two players amounted to roughly 32% of total regional income tax proceeds.

In order to stimulate investor activity, the government of the Samara Region provides property tax breaks for companies that invest in the regional economy. In 2013–2015, the total volume of investor tax breaks amounted to RUB 3.4 bln.

The industrial composition of personal income tax proceeds is amply balanced. Between 2013 and September 2016, the average share of manufacturing industries equaled 24.5% of personal income tax revenues in the regional consolidated budget. Around 24.6% of personal income tax revenues were furnished by the public sector: education, healthcare, public administration, and compulsory welfare.

The top-of-charts position of manufacturing industries in total personal income tax proceeds is explained by the significant number of employees on their payrolls and higher salaries compared to the average regional payroll. At the same time, manufacturing sector salaries in the Samara Region fall short of national averages (in all economic sectors). The only exceptions where salaries are higher than the national average are the oil & gas and financial service industries – together, they make up 12% of total jobs in the Region (net of small businesses).

In 2013–2016, the non-repayable federal budget receipts structure was dominated by subventions (33.4%, on average) and subsidies (39.2%). Government grants accounted for 10.8% of non-repayable federal budget receipts, on average.

Between the years 2013 and 2015, budget expenses of the Samara Region grew by RUB 7.4 bln. In absolute terms, social expenditures showed the most distinctive growth (+ RUB 5.5 bln), education (+ RUB 3.7 bln), and sovereign debt servicing (+ RUB 1.9 bln). About 2/3 of the growing spending on education is justified by teacher salary increases carried out in line with the May 2012 Presidential Decrees (average-weighted by teacher category, the growth of average teacher salaries between 2013 and September 2016 amounted to 17.5%) and the growing teacher headcounts in public schools.

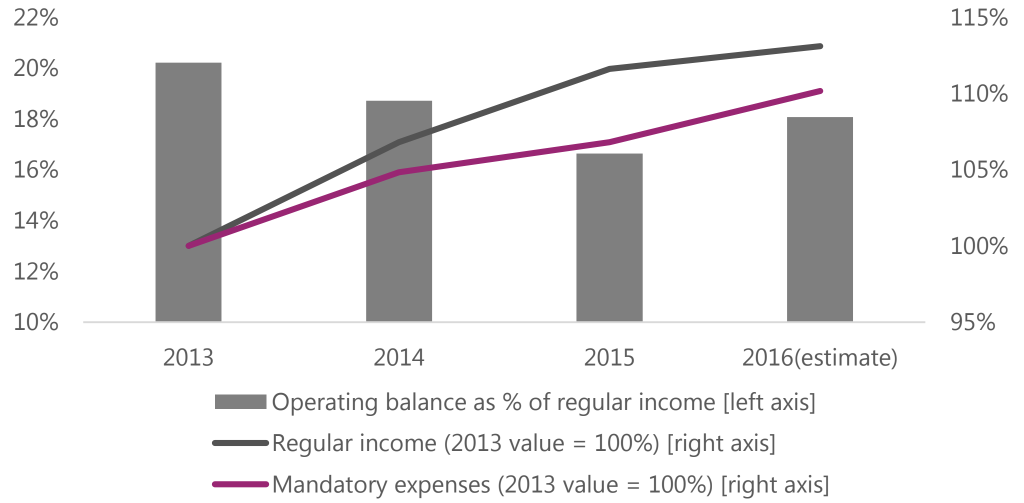
In 2013–2015, the greatest reduction of budgetary expenses occurred in the Region's national economy sector (- RUB 2.6 bln), healthcare (- RUB 1 bln), and state administration expenditures (- RUB 1.1 bln). During the same period, the volume of compulsory medical insurance premiums of the non-working population that the Region paid to the Federal Compulsory Medical Insurance Fund (FCMIF) grew by RUB 0.9 bln. The reduction of regional healthcare spending was balanced out by the growing budget of the Regional Compulsory Medical Insurance Fund (RCMIF) due to the increasing CMIF subventions. As a result, the Samara RCMIF's spending on healthcare went up by RUB 4.8 bln, i.e. financing of this sector is on its way to improvement.

Thanks to the fact that the budget execution schedule with regards to public sector salaries set forth by the Presidential Decree N 597 On Measures to Implement the State Social/Welfare Policy dated 7 May 2012, was pushed forward from 2017 to 2018, the regional budget may be able to save over RUB 3 bln due to public sector wage indexation in 2017. This would allow to mitigate losses related to changes in the distribution of corporate income tax proceeds between federal and regional budgets (starting in 2017, the federal income tax rate will rise from 2% to 3%, whereas the maximum regional rate will lose one percent, moving from 18% to 17%).

In 2013–2016, mandatory expenses in the regional budget amounted to 70%, on average (the only time when this indicator exceeded 73% was in 2015, and the rest of the time it invariably stayed in the 69.1–69.4% bracket).

The average operating balance of the Samara Region amounted to 18.4% of its regular income. However, while in 2013 it stayed in the moderate range, in 2014–2016 its values fell below average. The reason for this was the rapid growth of mandatory expenses to regular income. In 2016, the Region's regular income amounted to 110% of the 2013 level (+ RUB 11.9 bln), while its mandatory spending (gross of capex) in a number of sectors (welfare, healthcare, education, highway construction, housing & utilities) registered at 121% of the 2013 level (+ RUB 17.6 bln). Net of capex, the 2016 mandatory spending accounted for 113% of the 2013 level (+ RUB 12.2 bln).

Figure 5. Dynamics of operating balance and individual balance sheet indicators of the Samara Region



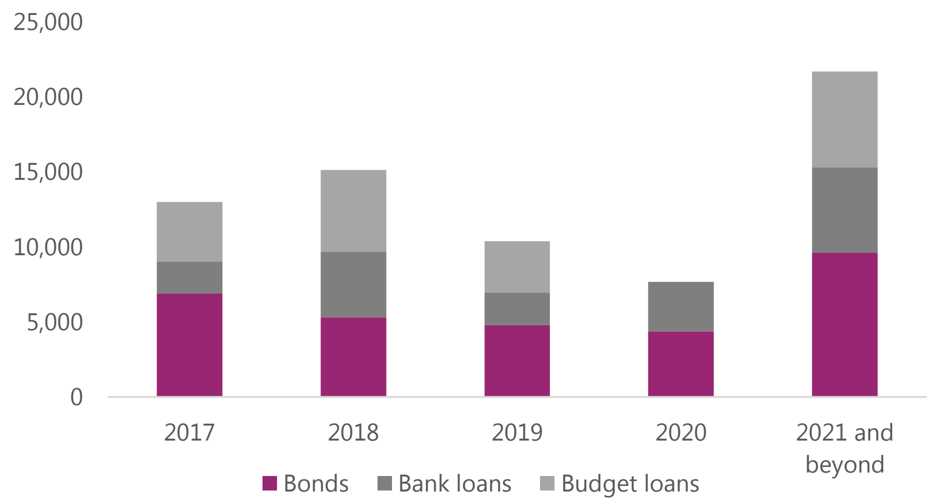
Source: The Samara region, ACRA estimates

By ACRA estimates, capital expenses of the regional government account for a moderate share of the regional spending (an average 15.8% of total spending). In 2013–2015, capital expenses equaled RUB 21.3 bln, on average, of which 22% was financed by non-repayable federal budget receipts. During the period in question, roughly 60% of capital expenses encompassed the following four sectors: highway infrastructure (15% on average), housing & utilities (17% on average), education (15% on average), sport and recreation (12%). Capital expenses budgeted for 2016 were RUB 7.3 bln higher than in 2015. That said, almost 40% of capital expenses are made up by highway infrastructure, and 65% of its funding will come from non-repayable federal budget receipts.

Debt load indicator dynamics

Between January 1, 2014, and January 1, 2017, the debt load of the Samara Region rose by almost 72%, which lead to a growth of the debt to operating balance ratio from 167% in 2013 to 292% in 2016. By ACRA estimates, the current size of debt load on operating balance corresponds to a significant risk level. The Region's debt portfolio is substantially well-balanced in terms of maturity: over 43% of debt matures after 2019. The current debt repayment schedule net of new loans does not assume sizable repayments in 2017.

Figure 6. Repayment schedule of sovereign debt incurred by the Samara Region (net of 2017–2019 loans), RUB mln



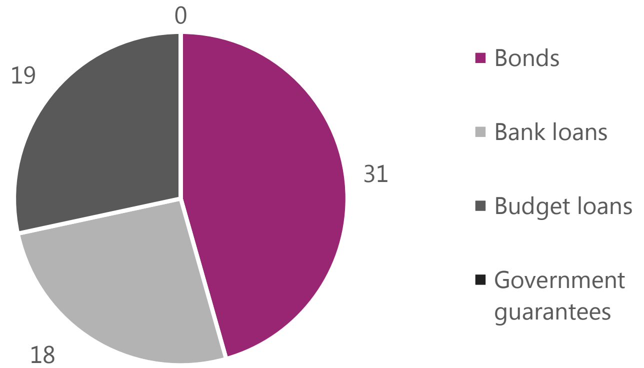
Source: The Samara Region, ACRA estimates

The basis of the Region's debt portfolio is made up by bond issues (46% as of year-end 2016), whose share will grow in line with the officially declared debt management policy aimed at cost-cutting and prolongation of the debt portfolio by reducing its share of bank loans (26%). ACRA assesses the debt portfolio structure as well-balanced and not posing any significant risks for the regional budget.

The presumptive annual volume of bond issues in 2017–2019 will approximate RUB 10 bln, to mature in 7 years. The rate of bank loan replacement will also be determined by the accessibility of budget loans, whose volumes cannot be adequately forecasted.

The Region plans to use its surplus of own budget revenues for reducing its debt load from RUB 66.8 bln in 2017 (53% of own revenues) to RUB 62.0 bln in 2019 (48%).

Figure 7. Debt structure of the Samara region as of January 1, 2017, RUB bln



Source: The Samara Region, ACRA estimates

Due to the growing debt load and the all-round growth of cost of commercial loans, debt servicing-related interest expenses grew 2.1 times in 2013–2016. ACRA defines the current level of debt servicing expenditures to operating balance as moderate. The volume of guarantees issued by the Region is insignificant.

ACRA assesses the risk related to debts incurred by state-run companies in the Samara Region as minimal, since new debt financing requires approval by the government authority authorized to control earmarked spending, loan agreement terms, including covenants and borrowing costs. Over the past five years, there has been no need for the regional budget to repay corporate debt. The Region issues no guarantees to public sector companies.

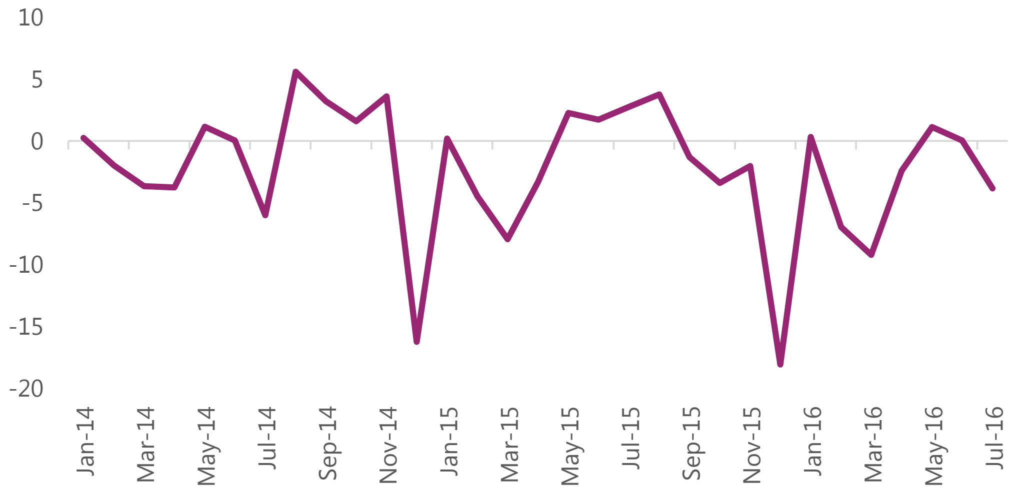
High budget liquidity and proactive surplus balance management

In 2016, the Region took a proactive approach to surplus balance management by placing balances on deposit with commercial banks. Revenues from these operations in 2016 amounted to RUB 598.5 mln, of which RUB 184.7 mln was earned by on-demand deposits.

Roughly 20% of total annual expenses is incurred by the Region in December. On average, at the start of six months out of each year, the regional budget shows a cash surplus sufficient to cover expenditure commitments of the month ahead.

In February 2016, in order to cover a cash deficiency, the Region took out a RUB 3 bln, 50-day budget loan, which it used to refill the regional account balance. The said loan was issued by the Regional Office of the Russian Federal Treasury and repaid in April 2016. There were no cash deficiencies in other reporting periods of 2016.

Figure 8. Surplus balances at the start of each month (in the same account, with deposits factored in, net of monthly expenses, RUB bln



Source: The Samara Region, Ministry of Finance of the Russian Federation, ACRA estimates

Issue ratings

No outstanding issues have been rated.

Rating history

None.

Regulatory disclosure

The credit rating has been assigned under the national scale for the Russian Federation based on the Methodology for Credit Ratings Assignment to Regional and Municipal Authorities of the Russian Federation and the Key Concepts Used by the Analytical Credit Rating Agency Within the Scope of Its Rating Activities.

A credit rating has been assigned to the Samara Region for the first time. The credit rating and its outlook are expected to be revised within 182 days following the rating action (December 27, 2016).

The assigned credit rating is based on the data provided by the Samara Region, information from publicly available sources (the Ministry of Finance, the Federal State Statistics Service, and the Federal Tax Service), as well as ACRA's own databases. The credit rating is solicited, and the Samara Region participated in its assignment.

No material discrepancies between the provided data and the data officially disclosed by the Samara Region in its financial report have been discovered.

ACRA provided no additional services to the Samara Region. No conflicts of interest were discovered in the course of credit rating assignment.

Appendix

Table 1. Consolidated economic indicators of the Samara Region

	2013	2014	2015	2016 (estimate)	2017 (estimate)	2018 (estimate)	2019 (estimate)
GRP, RUB bln	1,049	1,152	1,219	1,257	1,343	1,415	1,483
GRP growth rate (current prices)	11.9%	9.9%	5.8%	3.1%	6.9%	5.3%	4.8%
GRP per capita, RUB	326,422	358,649	379,709	392,033	419,153	441,597	463,114
GRP per capita, % of national average	86.6%	87.8%	94.8%	93.9%	95.1%	94.3%	94.0%
Unemployment	3.2%	3.0%	3.4%	4.0%	4.3%	4.3%	4.3%
Unemployment, % of national average	87%	88%	95%	94%	95%	94%	94%
Average monthly per capita income, RUB	26,865	26,062	27,732	26,885	27,750	29,065	30,448
Average per capita income, % of national average	104%	94%	92%	89%	86%	87%	86%
Degree of economic diversification (estimated value), namely:							
Sector/company share in GRP			14%				
Largest taxpayer share			3%				
Largest sector/company share in employment			18%				

Source: The Samara Region, Ministry of Finance of the Russian Federation, Federal State Statistics service, ACRA estimates

Table 2. Consolidated budget indicators of the Samara Region, RUB bln

	2013	2014	2015	2016 (estimate)	2017 (estimate)
Budget revenues, RUB bln	123.7	129.4	131.7	142.1	152.7
Budget expenses, RUB bln	134.3	143.9	141.7	152.0	
Tax and non-tax revenues, RUB bln	103.7	108.3	106.2	120.9	126.4
Namely:					
Corporate income tax	39.4	35.6	34.8	41.7	
Personal income tax	27.3	34.8	33.9	35.8	
Beer and alcohol excise tax	10.9	12.7	9.4	11.3	
Petroleum products excise tax	5.7	4.5	5.0	7.4	
Lumpsum tax	3.3	3.6	4.1	4.4	
Property tax	15.2	14.6	16.3	17.3	
Other receipts	2.0	2.4	2.6	3.1	
Own revenue structure					
Corporate income tax	38%	33%	33%	35%	
Personal income tax	26%	32%	32%	30%	
Beer and alcohol excise tax	10%	12%	9%	9%	
Petroleum products excise tax	5%	4%	5%	6%	
Lumpsum tax	3%	3%	4%	4%	
Property tax	15%	13%	15%	14%	
Other receipts	2%	2%	2%	3%	
Non-repayable federal budget receipts, RUB bln	20.0	21.1	25.5	19.5	26.3
Namely:					
Government grants	2.5	2.5	4.2	0.6	0.0
Inter-budget subsidies	7.9	8.9	9.4	7.5	0.0
Subventions	6.5	7.4	7.8	7.0	0.0
Other inter-budget transfers	2.0	1.6	3.5	3.2	0.0
Other non-repayable receipts	1.2	0.8	0.6	1.3	0.0
Regular income	116.7	122.4	124.7	128.6	0.0
Mandatory expenses	93.1	99.5	103.9	105.3	0.0
Operating balance	23.6	22.9	20.7	23.2	0.0
Interest expenses	2.5	3.3	4.4	5.3	0.0
Interest income	0.5	0.2	0.2	0.0	0.0
Capital expenses	21.2	23.5	19.2	26.5	0.0
Surplus/(deficit)	-10.6	-14.5	-10.0	-9.9	
Debt procurement	9.0	25.4	16.5	15.7	11.7
Debt repayment	6.3	11.7	7.2	10.3	13.0

Source: The Samara Region, Ministry of Finance of the Russian Federation, Federal State Statistics service, ACRA estimates

Table 3. Consolidated debt load indicators of the Samara Region, RUB bln

	01.01.2014	01.01.2015	01.01.2016	01.01.2017 (estimate)	01.01.2018 (F)
Total debt	39.5	53,2	62,5	67.8	66.5
Market debt	29.2	39,5	43,2	52.6	56.7
Short-term market debt	10.9	6,8	10,3	9.0	9.7
Long-term market debt	18.4	32,8	33,0	43.6	47.1
Non-market debt	10.2	13,6	19,2	15.3	9.8
Issued guarantees	0.0	0,0	0,0	0.0	
Account balance at period end	5.1	4,9	4,8		
Net debt	34.3	48,3	57,7		
Relevant public sector debt	0	0	0		
Augmented debt gross of public sector debt	39.5	53,2	62,5		

Source: The Samara Region, Ministry of Finance of the Russian Federation, Federal State Statistics service, ACRA estimates

Table 4. Consolidated key financial ratios of the Samara region

	2013	2014	2015	2016
Budget ratios				
Share of own revenues in budget	88%	89%	86%	89%
Share of mandatory expenses in budget	69%	69%	73%	69%
Operating balance as % of regular income	20%	19%	17%	18%
Share of capex in total expenses	16%	16%	14%	17%
Debt ratios				
Debt of Rated Entity to operating balance	167%	232%	301%	292%
Market debt to operating balance	124%	173%	209%	226%
Operating balance net of interest expenses to debt repayment in current year	333%	167%	227%	174%
Cost of debt servicing to operating balance	10%	14%	21%	23%
Share of market debt in total debt	74%	74%	69%	78%
Share of short-term debt in market debt	37%	17%	24%	17%
Cost of debt servicing to own revenues	2.4%	3.0%	4.2%	4.3%
Total debt to GRP	3.8%	4.6%	5.1%	5.4%

Source: The Samara Region, Ministry of Finance of the Russian Federation, Federal State Statistics service, ACRA estimates

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