The Moscow Region

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Credit rating components	
Institutional factor	
Final assessment	0.04
Regional economy	
Assessment prior to adjustment	0.23
Final assessment	0.26
Budget structure and budget discipline	
Final assessment	0.22
Debt load	
Assessment prior to adjustment	0.13
Final assessment	0.14
Budget liquidity	
Final assessment	0.15
Credit rating	**AA(RU)**
Outlook	**Stable**

Key rating assessment factors

High economic diversification. Despite the historically high concentration of machine-building enterprises, the dominating industry of the Moscow Region (hereinafter – the Region) is food-processing (roughly 26% of total production output), which does not belong to the procyclical category. Tax proceeds in the Region's budget are not dependent on any one large taxpayer (any one large taxpayer group): ten large taxpayers that represent various economic sectors make up not more than 10% of the total tax proceeds.

Geographical advantage. Proximity to Moscow guarantees a stable sales market for goods manufactured in the Region and a stable demand for workforce, which ensures a low unemployment level (94% of the country average) and a relatively high level of per capita income (26% higher than the country average).

Stable budget performance. The Region's budget is characterized by a persistently large share of own revenues (about 89% of budget revenues net of subventions). The growth of tax proceeds will be correlated with the economic growth rate, since the potential for extensive growth at the expense of upping local tax rates has been fully exhausted. Operating balance is under pressure from the substantially large volume of mandatory expenses (approximately 73% of total expenses); the cost saving buffer is fairly thin (by ACRA's estimates, it amounts to 3% of the Region's total expenses).

Moderate debt load level coupled with a well-balanced debt structure. As of the current date, the Region's long-term debt makes up 80% of its total debt. Every year, debt slightly exceeds the Region's operating balance. By ACRA's estimates, the value of this indicator will remain on a safe level (up to 1.5), provided that the Region adheres to its current debt management strategy (that total debt does not exceed 30% of own revenues). The volume of the Region's interest expenses is insignificant. In 2013–2015, the Moscow Region had funds sufficient for repaying its outstanding debt. If in 2016, the Region reaches its target value of intra-year debt financing, its operating balance net of interest expenses will not be sufficient to repay the debt maturing in 2016, which ACRA regards as a stress scenario of refinancing risk materialization.

Substantial volume of liabilities incurred by public sector enterprises. ACRA estimates that the fiscal and commercial indebtedness of enterprises located in the Moscow Region, which can be repaid from the regional budget amounted to RUB 6.5 bln at year-end 2015 (7% of outstanding plain debt).

Excessive budget liquidity. The Moscow Region regularly places funds on deposits and has no past due payables. That said, its own liquidity volume can decrease given the need of deficit financing.

Key assumptions

- Maintaining moderately higher-than-country-average economic growth rate;
- Maintaining the share of mandatory expenses at 70% of total budget spending;
- Possibility of settling a portion of public sector enterprises debt from the regional budget;
- Maintaining the current debt portfolio maturity structure;
- Conservative debt management approach that accounts for the market environment.

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:

- Improvement of public sector enterprises' financial standings;
- Notably exceeding the country-average economic growth rate.

A negative rating action may be prompted by:

- Growth of mandatory expenses;
- Increased cost of short-term funding coupled with significant intra-year turnover.

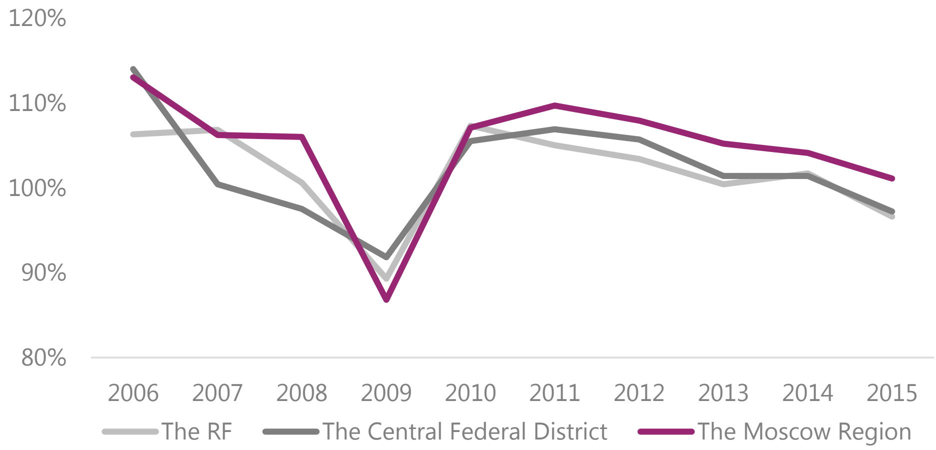
Brief information about the region

Located in the Central Federal District of Russia, the Moscow Region borders eight neighboring regions. The Region ranks second in the country by population (5% of the RF total). In 2015, the Region's gross regional product (GRP) amounted to RUB 2.8 trillion. At year-end 2014, in terms of GRP volume, the Region ranked third among the RF subjects (5% of aggregate GRP). Historically, The Region's economy has been impacted by its close proximity to Moscow, as it ensures a low unemployment level and a sufficiently high level of transportation and highway infrastructure development. The Region's location has a positive effect on food processing (the dominating industry), which manifests itself via the presence of a stable sales market for locally manufactured goods. Concentration of machine-building and defense enterprises is also partially explained by the Region's geographical position.

In 2014, 22.7% of the Region's GRP came from trade, repairs and maintenance (the third largest share in GRP structures among all Russian regions), 17.9% of GRP was attributed to real estate transactions (4th in Russia), while 17.7% was generated by manufacturing (although the relative share of this segment is not very high in comparison with other regions, in absolute terms, the Moscow Region ranks 3rd nationwide by shipments of manufactured goods). For the most part, the manufacturing sector of the Region is made up by food processing and chemical industries, as well as machinery and equipment production (in total, these industries form more than half of the manufacturing sector).

At year-end 2015, the Region's Industrial Production Index (IPI) reached 101.1%. All in all, its dynamics mirrors the country's average trend, while consistently outperforming it for the past six years.

Figure 1. The Moscow Region's IPI



Source: The Moscow Region, the Federal State Statistics Service

The Moscow Region is home to eight science & innovations centers, one special economic zone (SEZ), and three regional innovation clusters.

Rating assessment factors

Institutional factor

The Region's regulatory framework is stable.

The budgeting process is characterized by sufficient planning accuracy. The increase of target deficit within a given year is attributed to significant changes within expenditure items while deviations from target revenues are less material. Intra-year variations in target revenues are predominantly attributed to the growth of approved non-repayable receipts that is beyond the direct control of the local administration. Once the final adjustments to the budget are adopted, revenue execution approaches 100%, while expenditure execution amounts to 86%, on average. The deviation is largely made up by highway infrastructure capex resulting from unforeseeable changes of buyout dates for land plots to be used for new construction projects. As a result of capex non-execution, the Region's deficit drops significantly from its target level.

The ability of the regional administration to stimulate economic development on the municipal level is assessed as high. Additional personal income tax (PIT) deduction rates, which replace equalization transfers, are defined for all municipal units. PIT makes up a quarter of total municipal revenues, which allows local authorities to influence budget funding via economic development. Another quarter of budget revenues is generated by local taxes (land tax and lump sum tax). The Region's administration obligates municipalities to boost the collection of tax and non-tax revenues.

Non-repayable receipts account for slightly less than half of municipal revenues.

The Region controls municipal debt load by indirectly participating in negotiations between municipalities and banks, and developing road maps for decreasing indebtedness of its municipal governments. As a result, the cumulative municipal debt load has been gradually decreasing (from 10.3% of own revenues at year-end 2013 to 9.7% at year-end 2015).

Highly developed regional economy

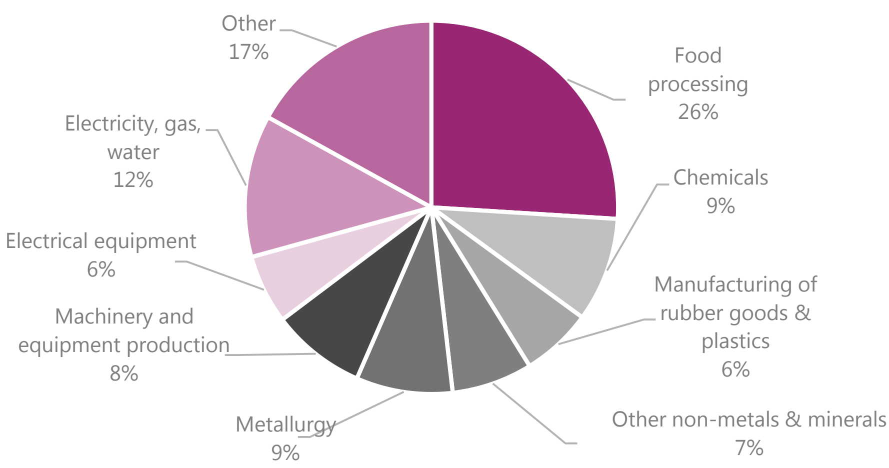
The Region's GRP is one of the highest in Russia; however, its per capita GRP is below the national average (approximately 95%), which is explained by the large population. The GRP annual growth rate is around 6%. The real GRP growth over the past 10 years was above of the national average, backed by construction, service and transportation industries outstripping growth and comparatively more favorable demographic trends.

ACRA anticipates that in 2017, the Region's GRP growth rate will be above the national average despite the moderate growth incentives provided for the largest industries.

The GRP structure is well-balanced: at year-end 2014, the share of trade was 22.7% of GRP, industrial production accounted for 22.3%, while 17.9% was attributed to real estate, rent and services, 7.8% – to transportation and communications. The share of other industries equaled 29.3%.

The basis of the industrial production in the Moscow Region is the manufacturing (17.7% of GRP in 2014). The industrial production structure is sufficiently diversified, which helps to evenly distribute risks in the Region's economy. The largest sub-industry is food processing, characterized by a stable demand, low exposure to economic cycle fluctuations, and a vast sales market (Moscow and the Moscow Region comprise 13% of the nation's entire population). Historically, the Region has been marked by a high concentration of machine-building enterprises (PAO "RSC "Energia," NPO ENERGOMASH, Public Joint stock company "Mashinostroitelny Zavod," Open Joint Stock Company "Metrovagonmash," and others). At year-end 2014, machine-building sector shipments amounted to 25% of the aggregate country volume.

Figure 2. The Moscow Region industrial production breakdown, 2015



Source: The Moscow Region

The sectoral diversification of tax proceeds in the regional budget is sufficient: by ACRA estimates, the largest share of tax proceeds contributed to budget revenues by any one sector does not exceed 23%.

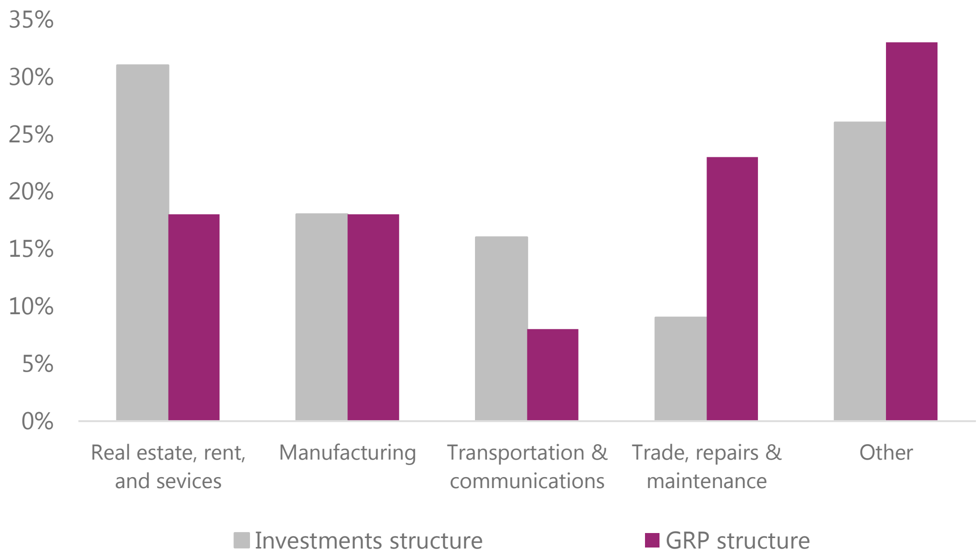
The Moscow Region's tax base is also well-diversified in terms of taxpayers. The ten largest taxpayers representing various economic sectors generate no more than 10% of total tax revenues.

At year-end 2015, the largest enterprises of the Moscow Region, turnover wise, were trade sector companies (Auchan OOO, LLC Toyota Motor, Leroy Merlin Vostok LLC, etc.) and food manufacturers (PepsiCo Holdings LLC, Mars LLC, Danone Industriya OOO, etc.).

In relative terms, the Region's enterprises are financially stable. The level of overdue RUB loans extended by banks to legal entities is 0.3 pps lower than the national average. In 2015–2016, the average sales margin fell by 2.5 pps below the country average, which is explained by the relatively low share of export-oriented industries in the Region. At the same time, sales margin is highly stable, at 6.5% with the typical annual fluctuation of 0.35 pps, which is 7 times less than the national average fluctuation.

The share of investments into the GRP is 23%, which is in line with the country average. The amount of investments stays persistently high (3rd in terms of nominal value in the RF), and the investment structure mirrors that of the GRP.

Figure 3. Investment structure (all forms of ownership) of the Moscow Region by types of economic activity in 2014



Source: The Federal State Statistics Service

In 2014, the structure of investments into PP&E shifted towards building construction (71% of total investments, of which 32% were invested in residential real estate). The growth of investments in residential construction in the Moscow Region is linked to the presence of effective market demand, including demand by residents of Moscow and the neighboring regions. Nevertheless, the high proportion of volatile sectors creates potential economic risks. Although the share of tax proceeds to the regional budget from construction comprises only 5%, ACRA believes the actual input of enterprises involved in this type of activity to be actually higher, as some part of works and services are misattributed in the Russian Classification of Economic Activities.

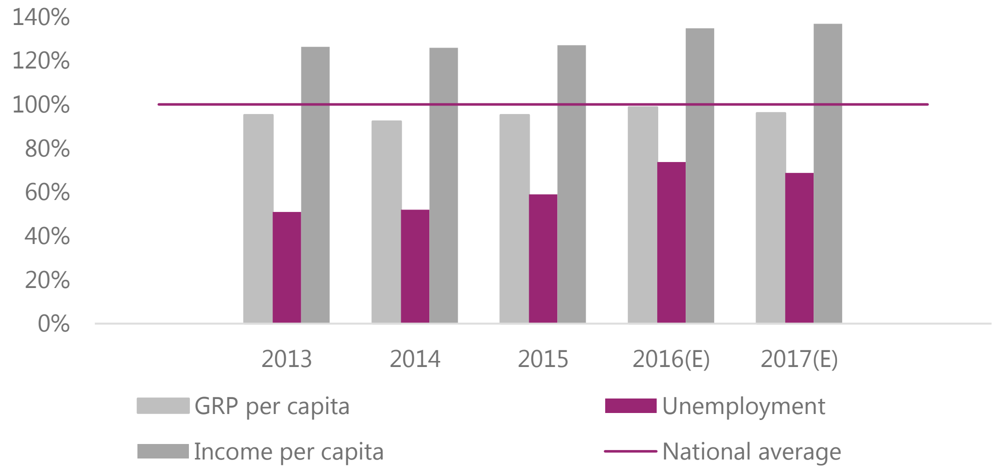
The majority of investment projects in the Region (and the most expensive ones) are made in transportation and logistics infrastructure, agricultural processing and storage, and manufacturing of construction materials, which may restore the rapid growth of these industries observed in the mid-2000s. Only 30% of all most costly projects are carried out in the cyclical sectors, making the planning of related future tax revenues potentially easier. Moreover, the creation of new jobs in non-cyclical industries is one of the social stability factors.

The Region's favorable conditions for budget tax base growth are created due to the persistently high standard of living compared to other regions and the lower-than-national-average unemployment rate partially owing to labor migration to Moscow. The average salary in the Moscow Region is the highest in Russia with the exception of oil & gas producing regions, Moscow, and Saint Petersburg.

The Region is a net donor of labor migration: due to the proximity of Moscow (the largest labor market in the country), labor outflow to other RF regions consistently exceeds inflow. At the same time, the forecasted population growth is driven by the increasing number of migrants to the Moscow Region. Its population thus balloons due to migrant inflow on the one hand, and commutes across borders in search for work on the other hand.

By ACRA estimates, the Region's demographic structure will not create a potential threat of social spending increase. The portion of active age population in the Moscow Region exceeds the national average by 1 pps.

Figure 4. Level of economic development of the Moscow Region against the national average (100%)



Source: The Moscow Region, the Federal State Statistics Service, ACRA estimates

The Region is marked by a high level of urbanization (more than 80% of its inhabitants live in urban areas), a relatively high portion of employable population (exceeds the national average by 1 pps), and high level of transportation infrastructure development (the Region ranks 5th by paved road density and 9th by rail mileage). The level of housing and utilities infrastructure depreciation is not critical. Quality of housing and utilities management and level of social infrastructure development are both assessed as neutral.

Well-balanced budget structure and moderate level of budget discipline

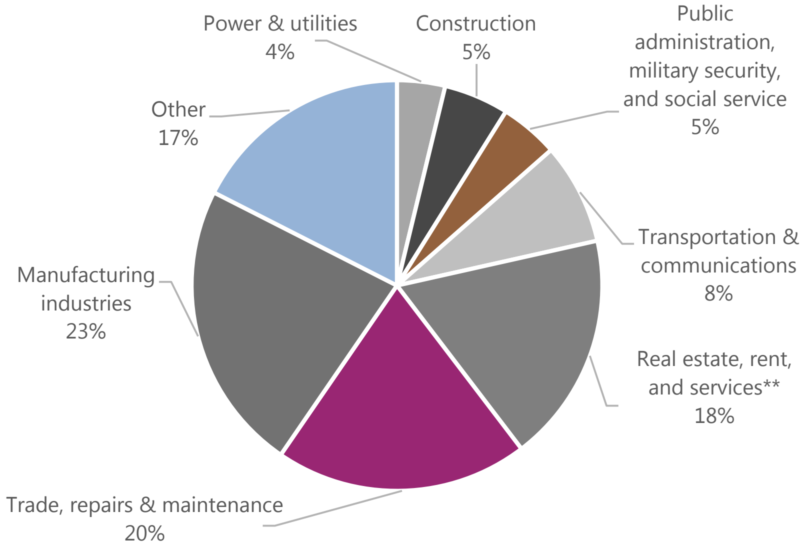
The regional budget is marked by a large share of own revenues and a stable tax revenue structure. The revenue side of the budget has high self-sustainability: the share of own revenues amounts to 89%, on average.

Since 2014, PIT proceeds have stably made up a predominant fraction of own revenues, strengthening the regional budget's reliance on salary dynamics and unemployment rate. The current growth of PIT proceeds is backed by the low unemployment rate and the relatively high per capita income. ACRA expects that given the current economic trends and changes in the federal legislation with regards to corporate income tax, the exposure of own revenues to PIT proceeds in 2016–2017 will amount to roughly 37%.

The Region has exhausted its potential for boosting own revenues by way of raising local taxes, as most tax rates are already set at their maximum possible levels. Local tax proceeds amount to an unfluctuating 15% of own revenues.

The exposure of the Region's budget revenues to any one industry does not exceed 23%. Reliance on largest taxpayers is not present (the maximum share of one taxpayer registers at or below 2%).

Figure 5. Industry composition of tax proceeds* of the Moscow Region from 4Q2015 through 3Q2016



* For the analysis, ACRA used data on corporate income tax, personal income tax, property tax, transport tax, and excises.

** Taking into account the following: real estate transactions; unmanned machinery and equipment leasing; household and personal appliance rentals; activities involving use of computers and information technologies; scientific research and development; other services.

Source: The Federal Tax Service, ACRA estimates

The Region has a high volume of mandatory expenses (73% of total), which has a detrimental effect on operating balance. At the same time, the sufficient share of regular income in the budget (97% of total) compensates for this negative force, and as a result, operating balance amounts to an average 23% of regular income, i. e. a satisfactory figure. The mandatory expenses growth rate slowed down significantly in 2015, but ACRA forecasts it to have regained pace at end 2016, although the proportion of mandatory expenses will sag down to 69% (due to an increase in capital and other expenses, among other things), whereas operating balance will amount to about 21%. In 2017, operating balance may show a slight decrease due to a partial shortfall of corporate income tax proceeds. However, this will not have a significant impact on the rating factor.

The Region maintains a high level of capital expenditures: an average 17% gross of capital expenditures covered by higher budget transfers. The target capex level is inflated every year due to the factual capex under-execution in highway construction. ACRA anticipates that the 2016 level of capital expenditures will amount to roughly 19%.

Table 1. Assessment of budget discipline indicators of the Moscow Region

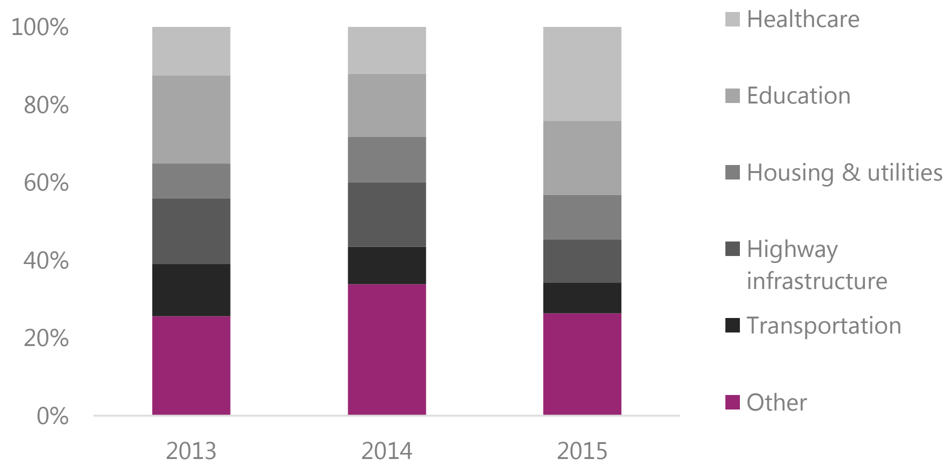
Industry	2013	2014	2015	2016 (Estimate)
Share of own revenues in budget	High	High	High	High
Share of mandatory expenses in budget	Below average	Below average	Below average	Average
Operating balance	Average	Average	Average	Average
Share of capital expenditures in budget	Moderate	Moderate	Sufficient	Sufficient

Source: ACRA estimates

Between one-third and one-half of the Region's capital expenses, largely financed by earmarked non-repayable receipts, is paid towards highway construction. ACRA makes a positive assessment of the high level of infrastructure spending in the Region, considering its role as a major transport node, but notes that only slightly more than half of this spending is paid directly towards brand new construction.

At certain past periods, transfer-financed capital expenditures used to reach 50% of total capital expenditures. Net of transfer-related expenses, the Region's average capex volume amounts to approximately 10% of total budget expenses. From the standpoint of reserves designed to reduce budget expenditures, ACRA assesses this level as average. However, taking into account the Region's capex structure in terms of economic classification, the real scale of capex reduction in favor of non-capex may amount to not more than one-third of capex net of transfers, i.e. not more than 3% of total budget expenses.

Figure 6. Own capital expenditures structure of the Moscow Region



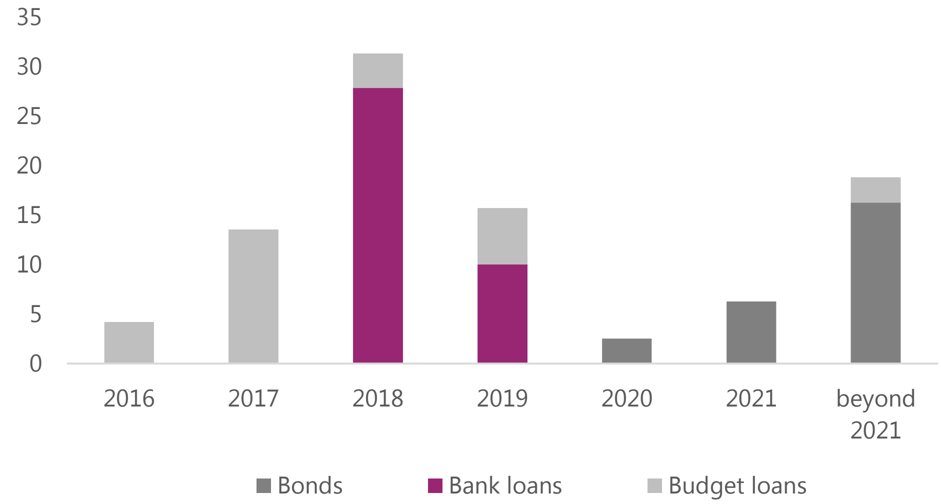
Source: The Moscow Region, ACRA estimates

Low debt load coupled with a sound debt management system

The Region adheres to a conservative debt management policy, adjusting its cost of debt to current market conditions and altering its debt structure in favor of long-term debt. ACRA makes a positive assessment of the changes in the regional administration's debt strategy that foresees bond market financing to help the Region to effectively manage its debt maturities and have a structured repayment schedule broken down by amounts and due dates. Nonetheless, in 2018, the Region is up for a lump sum debt repayment to commercial banks in the amount of RUB 27.8 bln (30% of current volume).

The current base case macroeconomic forecast by ACRA assumes a reduction of RUB interest rates by 2 pps by the end of 2018, which does not pose a threat of refinancing at significantly higher than current rates. However, a simultaneous refinancing of one-third of the region's debt portfolio in December – an unfavorable period fraught with sizable seasonal expenditures – is assessed as an adverse factor in terms of mobilizing the Region's budget resources.

Figure 7. Debt repayment schedule of the Moscow Region, RUB bln



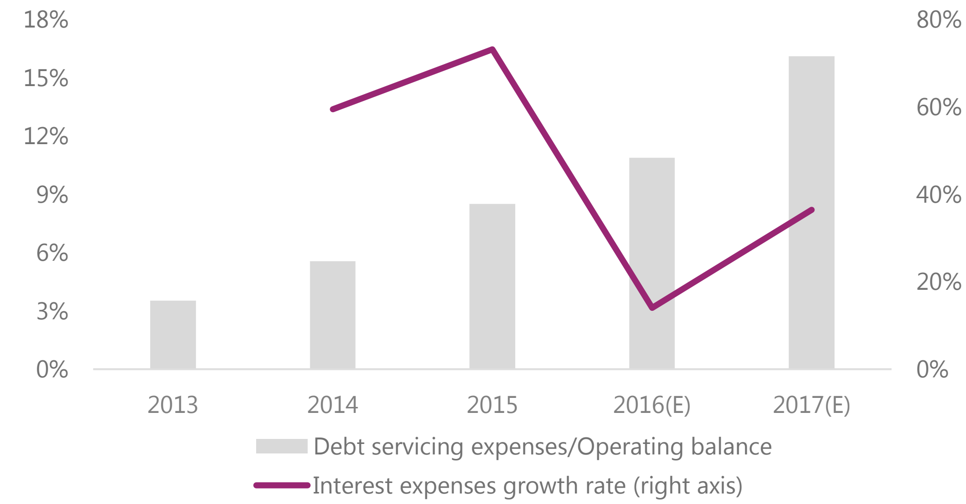
Source: The Moscow Region, ACRA estimates

By the end of 2016, the Region will have repaid RUB 4.2 bln worth of debt, and ACRA expects it to be able to attract up to RUB 25 bln from commercial banks. By ACRA estimates, the forecasted total debt at year-end 2016 will amount to RUB 113 bln, which is in line with the Region's debt strategy aimed at maintaining a 30% ratio between debt and own revenues. Long-term debt at year-end may amount to 66% of total liabilities, while short-term debt will be comprised of budget loans and bank loans. The Region had no past due accounts payable as of October 1, 2016.

The plain debt of the regional budget to its operating balance steadily registers in the 1.05–1.30 range. By ACRA estimates, if the regional administration maintains the current ratio between debt and own revenues (up to 30%), then debt will not exceed 1.5x of operating balance, which ACRA interprets as a safe (moderate) debt burden.

Despite the fact that in 2014–2015 the regional administration's interest expenses grew at a rapid race (in agreement with the market trends), the interest expenses to operating balance ratio is at a comfortable level. The current cost of debt is assessed as low. The growth rate of interest expenses in the horizon period slows down, which gives grounds to anticipate that these values will stay low going forward.

Figure 8. Interest expenses of the Moscow Region



Source: The Moscow Region, ACRA estimates

In 2013–2015, the Moscow Region had sufficient funding to repay its debt. Its operating balance after interest repayment in 2015 was three times as high as debt repayment within the same period. This ratio was sustained by the favorable debt structure (a relatively low share of short-term debt). If the regional administration is forced to attract and repay a sizable amount of short-term loans within a year, or if the repayment schedule calls for a lump sum repayment of a large debt amount, then cash available for debt repayment may suffer a significant decrease. By ACRA estimates, once borrowing kicks into high gear within one year, the ratio can go down by as much as 0.70 (compared to 2.94 at year-end 2015). However, considering the budget execution as of 9M2016, ACRA assesses the crystallization of the refinancing risk as a stress scenario.

Taking into account the social significance and financial standing of the Region's public sector companies, ACRA thinks it reasonable to make allowance for debt loads of financially distressed companies in the form of indirect obligations of the regional government. By ACRA estimates, the amount of debt incurred by such companies amounted to roughly RUB 6.5 bln at year-end 2015.

There is no evidence of any significant volumes of the Region's commercial obligations capable of affecting its creditworthiness level.

ACRA does not have any information confirming the existence of past due financial obligations or instances of extraordinary support rendered by a higher budget for the purpose of debt repayment.

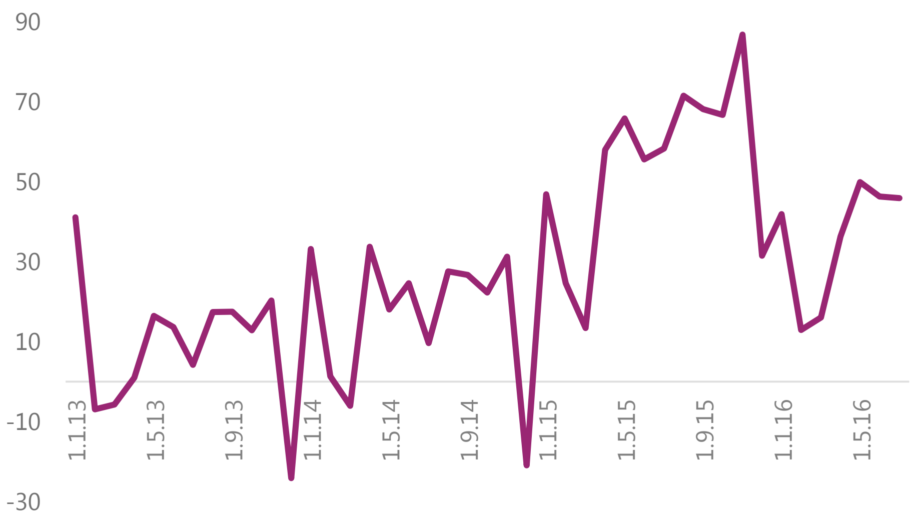
Excessive liquidity

The regional administration is statutorily entitled to place deposits with banks. Budget funds are placed with credit institutions, requirements for which, partially mirroring those for placing federal budget funds, are set forth in the local legislation.

The average monthly size of deposits placed by the Region equals to 80% of its total account balances. Liquidity planning is carried out on a daily basis.

Account balances at the beginning of each month exceed same month's expenses (except for January 2014 and January 2015), although the start of each year is typically marked by low volume of budget revenues and high probability of unused transfer paybacks.

Figure 9. Liquidity balance* of the Moscow Region, RUB bln



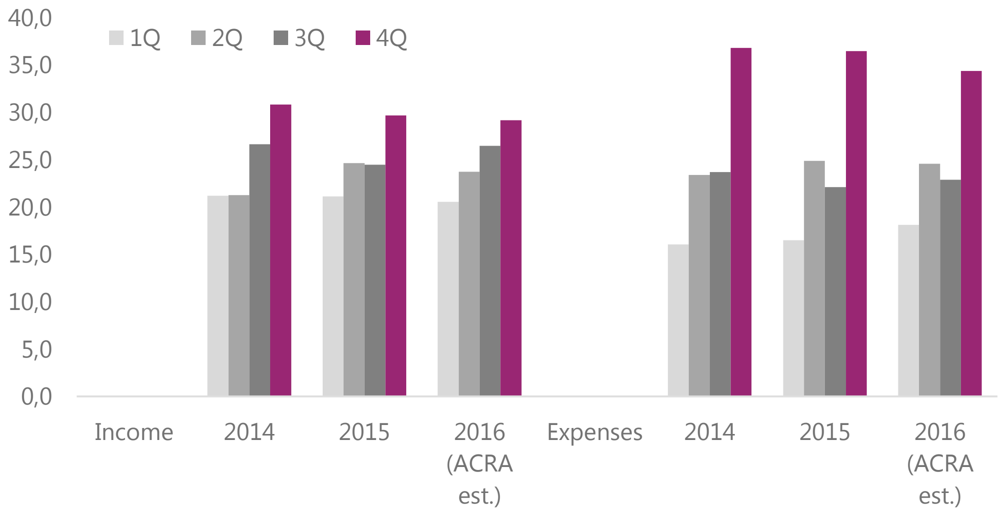
* Cash overbalance on accounts at the start of each month in excess of same month's budget expenditures

Source: The Moscow Region, ACRA estimates

The treasury function is performed with high efficiency: as of year-end 2015, interest income exceeded interest expenses from debt servicing.

The persisting high account balances in excess of monthly expenses offset the seasonal nature of budget execution that is typical for budgeting as a process: expenses are more affected by seasonality than income, which is an overall trend for Russia.

Figure 10. Budget execution seasonality of the Moscow Region, % of cash execution



Source: The Moscow Region, Russian Federal Treasury, ACRA estimates

When this analysis was made, the number of signed yet undisbursed credit commitments to commercial banks amounted to roughly one-third of December expenses.

There were no cash deficiencies in the process of regional budget execution during the period in question.

Additional adjustments

None.

Support

None.

Issue ratings

ACRA assigns AA(RU) to:

The Moscow Region, 35010 (ISIN RU000A0JX0B9); maturity date 21.11.2023; RUB 25 bln.

Rationale. ACRA believes that the bond issued by the Moscow Region has a status of senior unsecured debt. The credit rating of this debt instrument corresponds to the credit rating of the Moscow Region.

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, Key Concepts Used by the Analytical Credit Rating Agency Within the Scope of Its Rating Activities, and the Methodology for Assigning Credit Ratings to Individual Issues of Financial Instruments Under the National Scale of the Russian Federation.

A credit rating has been assigned to the Moscow Region for the first time. The credit rating and its outlook are expected to be revised within 182 days following the rating action (December 8, 2016).

The assigned credit ratings are based on the data provided by the Moscow 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 ratings are solicited, and the Moscow Region participated in their assignment.

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

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

Appendix

Table 1. Aggregated economic indicators of the Moscow Region

	2013	2014	2015	2016(E)	2017(E)	2018(E)	2019(E)
GRP, RUB mln	2,545,952	2,705,579	2,837,286	3,002,462	3,185,629	3,398,423	3,649,738
GRP growth rate	8.0%	6.3%	4.9%	5.8%	6.1%	7%	7%
Real GRP growth rate	2.2%	0.1%	-2.9%	0.4%	1.0%	-	-
GRP per capita, RUB	354,476	371,906	385,239	402,647	421,988	449,896	477,146
GRP per capita (% of national average)	94%	91%	96%	96%	96%	96%	97%
Unemployment (% of total number of employed)	2.8%	2.7%	3.3%	3.5%	3.5%	3,.9%	3.6%
Unemployment (% of national average)	51%	52%	59%	61%	57%	66%	63%
Average monthly per capita income, RUB	32,739	34,948	38,396	41,323	43,263	46,845	50,239
Average per capita income (% of national average)	126%	126%	127%	134%	135%	140%	142%
Degree of economic diversification (estimated value), namely:							
Largest sector/company share in GRP	22%	23%	23%	n/a	n/a	n/a	n/a
Largest taxpayer share	n/a	2%	2%	n/a	n/a	n/a	n/a
Largest sector/company share in employment	15%	15%	15%	n/a	n/a	n/a	n/a

Source: The Moscow Region, the Federal State Statistics Service, ACRA estimates

Table 2. Aggregated budget indicators of the Moscow Region, RUB mln

	2013	2014	2015	2016 (E)	2017(E)	9M2015	9M2016
Budget revenues	**320,926**	**365,266**	**393,145**	**409,847**	**388,572**	**275,032**	**280,584**
Budget expenses	**-314,501**	**-370,820**	**-392,748**	**-453,658**	**-419,068**	**-249,487**	**-256,267**
Tax and non-tax revenues	270,093	308,873	338,727	366,314	383,030	243,980	270,608
namely:							
Tax	263,894	301,168	321,408	352,553	370,112	232,615	260,313
namely:							
Income tax	95,514	99,843	106,250	115,435	120,256	79,252	93,265
Personal income tax	92,328	118,083	124,293	134,052	137,583	87,011	94,074
Other proceeds	6,199	7,705	17,319	13,761	12,918	11,365	10,295
Transfers	50,833	56,393	54,418	43,533	5,542*	31,052	9,977
Regular income	315,079	359,148	376,071	396,814	375,654	265,162	279,927
Mandatory expenses	-234,907	-277,990	-284,392	-315,038	n/a	n/a	n/a
Operating balance	80,172	81,159	91,678	81,776	n/a	n/a	n/a
Interest expenses	-2,827	-4,506	-7,801	-8,894	-12,133	-5,283	-4,874
Interest income	1	1,112	8,895	5,516	5,508	5,468	4,238
Other expenses	-29,832	-26,934	-29,921	-41,558	n/a		
Other income	5,662	4,313	7,894	7,257	7,106	4,156	-3,651
Capital expenses	-46,935	-61,390	-70,634	-88,168	n/a	n/a	n/a
Capital income	184	693	285	260	304	246	70
Deficit/Surplus	6,425	-5,554	397	-43,811	-30,496	25,545	24,317
Debt procurement	48,091	57,296	24,163	119,231	142,430	0	6,685
Debt repayment	-61,750	-38,392	-28,540	-104,223	-112,535	-5,877	-46,457

* The amount of transfers within the revenue portion of the 2017 budget will be undergoing adjustments.

Source: The Moscow Region, ACRA estimates

Table 3. Aggregated debt indicators of the Moscow Region, RUB mln

	2013	2014	2015	2016(E)
Market debt	53,778	64,104	68,257	87,800
Short-term market debt	25,978	0	9,000	25,000
Long-term market debt	27,800	64,104	59,257	62,800
Non-market debt	30,127	38,706	30,192	25,263
Issued guarantees	293	373	299	122
Total debt	84,198	103,182	98,748	113,185
Account balance at period end	47,294	60,678	56,353	20,000
Net debt	36,904	42,505	42,395	93,185
Relevant public sector debt	n/a	n/a	6,500	6,500
Augmented debt gross of public sector debt	n/a	n/a	48,895	119,685

Source: The Moscow Region, ACRA estimates

Table 4. Aggregated key financial ratios of the Moscow Region

	2013	2014	2015	2016(E)
Budget ratios				
Share of own revenues in budget	87%	88%	89%	93%
Own revenues growth rate	-	14%	10%	8%
Share of regular income in budget	98%	98%	96%	97%
Regular income growth rate	-	14%	5%	6%
Share of tax income in regular income	84%	84%	85%	89%
Share of mandatory expenses in budget	75%	75%	72%	69%
Mandatory expenses growth rate	-	18%	2%	11%
Operating balance (% of regular income)	25%	23%	24%	21%
Operating balance dynamics	-	1%	13%	-11%
Share of capital expenses in budget	15%	17%	18%	19%
Debt ratios				
Market debt growth rate	-	19%	6%	29%
Total debt growth rate	-	23%	-4%	15%
Share of short-term debt in market debt	48%	0%	13%	28%
Cost of debt servicing to own revenues	1%	1.5%	2.3%	2.4%
Cost of debt servicing to operating balance	3.5%	5.6%	8.5%	10.9%
Debt to operating balance	1.05	1.27	1.08	1.38
Operating balance net of interest expenses to debt repayment in current year	1.25	2	2.94	0.7
Market debt to operating balance	0.67	0.79	0.74	1.07
Net debt to operating balance	0.46	0.52	0.46	1.14
Total debt to GRP	3.3%	3.8%	3.5%	3.8%
Interest expenses growth rate	-	59%	73%	14%

Source: The Moscow Region, ACRA estimates

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