

City of Gdansk

Full Rating Report

Ratings

IDRs

Foreign-Currency Long-Term IDR	A-
Local-Currency Long-Term IDR	A-

National Rating

Long-Term Rating	AAA(pol)
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Outlooks

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

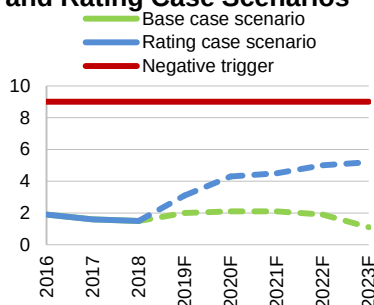
Financial Data

City of Gdansk

	2018	Rating case ^a
Payback (x)	1.5	5.2
Fiscal debt burden (%)	18	48
Synthetic coverage (x)	8.4	2.3
Net adjusted debt (PLNm)	543	1,612
Operating balance (PLNm)	358	308
Operating revenue (PLNm)	2,979	3,389
Debt service (PLNm)	109	116

^a Fitch's rating case ends in 2023
Source: Fitch Ratings, Gdansk

Payback (x) - Fitch's Base and Rating Case Scenarios



F: Forecast
Source: Fitch Ratings, City of Gdansk

Key Rating Drivers

Rating Constrained by the Sovereign: City of Gdansk's Long-Term Issuer Default Ratings (IDRs) of 'A-' are constrained by the sovereign's ratings based on the city's Standalone Credit Profile (SCP) of 'a+'. The SCP is driven by a combination of a 'Midrange' risk profile and debt sustainability in the 'aa' category under Fitch's rating case scenario. The SCP also factors in peer comparison.

'Midrange' Risk Profile: Fitch Ratings assesses the city's risk profile as 'Midrange', in line with the majority of Fitch-rated Polish cities. Gdansk's risk factor assessment reflects the combination assessment of four factors at 'Midrange', one factor at 'Stronger' and one at 'Weaker'.

Largely Stable Revenue, Expenditure Control: Gdansk has a relatively stable revenue structure, which is moderately affected by changes to the national economy. However, this limits the city's revenue flexibility. The city has a proven record and good control over operating expenditure growth, and its major responsibilities are non-cyclical. Gdansk has strong flexibility to reduce spending as the city provides a high level of services to inhabitants and has a large capex plan.

Low-Risk Liabilities: Liabilities carry little risk as nearly the whole debt stock consists of long-term loans granted by international financial institutions with maturities until 2037. However, the whole loan portfolio has floating interest rates, which cannot be hedged due to legal restrictions for Polish local and regional governments. Gdansk has a long record of high liquidity, which we assume the city will maintain in our rating case scenario.

Debt Sustainability in 'aa' Category: Fitch projects the city's debt payback ratio will increase to about 5x in 2023 from 1.5x in 2018. The fiscal debt burden will increase following investments during the forecast period, to just below 50% in 2023 from about 18% in 2018. A strong payback ratio and fiscal debt burden ratio, coupled with a sound synthetic debt service coverage ratio of just above 2x (2018: 8.4x), underpin the city's debt sustainability assessment at 'aa'.

Neutral Additional Rating Factors: Gdansk's Long-Term IDR is capped by the sovereign. Its rating does not take into account any extraordinary support from the Polish state. In addition, no additional risk factors have been identified.

Rating Sensitivities

Sovereign Upgrade: Gdansk's IDRs are constrained by those of the Polish sovereign (A-/Stable). A change in the sovereign IDRs would be mirrored in the city's.

Weaker Payback: The city's IDR would be also downgraded if the SCP were revised down by three notches, which could occur if there were a sustained weakening in the city's debt metrics, with a debt payback ratio exceeding 9x under Fitch's rating case. However, this scenario is extremely remote.

Related Research

Institutional Framework for Polish Subnationals (March 2014)
Polish LRGs: Dashboard (September 2018)

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Rating History

Date	Long-Term Foreign-Currency IDR	Long-Term Local-Currency IDR	Cause
27 Mar 15	A-	A-	Upgrade
21 Nov 07	BBB+	BBB+	Upgrade
20 Dec 04	BBB	BBB	Assign

Source: Fitch Ratings

Rating Synopsis

SCP Positioning Table

Risk profile	Typical minimal Sovereign Rating	Debt sustainability					
Stronger	AAA/AA	aaa or aa	a	bbb	bb	b	
High midrange	AA/A	aaa	aa	a	bbb	bb	b
Midrange	A/BBB		aaa	aa	a	bbb	bb or below
Low midrange	BBB/BB			aaa	aa	a	bbb or below
Weaker	BB/B				aaa	aa	a or below
Vulnerable	B/CCC-C					aaa	aa or below
Suggested Analytical Outcome		aaa	aa	a	bbb	bb	b

Source: Fitch Ratings

City of Gdansk



Source: Fitch Ratings

Gdansk's IDRs of 'A-' are driven by the city's SCP, assessed at 'a+', reflecting a combination of a 'Midrange' risk profile (see *Midrange Risk Profile*) and sound debt sustainability metrics assessed at the 'aa' category under Fitch's rating case for 2019-2023 (see *Debt Sustainability of 'aa'*). The city's IDRs, which are equal to the sovereign ratings, are not affected by any asymmetric risk or extraordinary support from the Polish state, but are constrained by the sovereign's 'A-' IDRs.

Issuer Profile

Gdansk is the capital of the Pomorskie Region, in northern Poland. With the cities of Gdynia and Sopot, the city forms a conurbation of more than 747,000 inhabitants (source: Polish Central Statistical Office). This conurbation's gross regional product per capita was above PLN70,300 in 2016 (the sixth-highest among 73 sub-regions, based on the latest available data), and exceeded the national average by 45.2%.

Gdansk is the largest and wealthiest city in the region and is an economic, scientific and cultural centre. The city is home to 14 higher education institutes and universities, with more than 80,000 students. The local economy is attractive to investors, especially from the services sector, owing to the city's location, well-educated workforce and well-developed transport infrastructure, including the A1 motorway, the largest marine port in Poland and an international airport. Several new private investments in the real estate market, including office and residential buildings, shopping and logistics centres, will be completed in the next three years. The city is also a popular tourist destination, and the number of visitors is growing. In 2017, there were more than 3.1 million visitors, including 2.0 million overnight tourist stays (2017: 2.7 million and 1.7 million, respectively).

The unemployment rate in the city reached a historical low of 2.6% at end-2018, well below the national average of 5.8%. The city's local economy is well diversified. The number of companies operating in the city increased to more than 77,000 at end-2018 from about 58,200 at end-2004, or 26% of all companies registered in the Pomorskie Region, 97% of which are micro enterprises. The growth in the number of companies was supported by the city's well-educated workforce and its favourable location. 70 registered companies had over 250 employees each, and almost 1,300 had attracted foreign capital.

Gdansk's services sector is well developed. In 2016 (latest available data), it produced almost 69% of the city's gross value added (GVA), exceeding the national average of 63%. It employed in 2017 80% of the local workforce (Poland average: 53%). However, Gdansk's industry remains an important contributor to GVA, as more than 30% is generated by industry and construction, sectors that employ 20% of the local workforce (Poland: 35% and 27% respectively). The city's main industrial sectors are petrochemicals, energy generation and maritime business.

Socioeconomic Indicators

	Gdansk	Poland
Population, 2018 (m)	0.5	38.4
2010-2018 population growth (%)	1.3	-0.3
Average salary, June 2019 (PLN)	5,831	5,105
Unemployment rate, Dec 2018 (%)	2.6	5.8

Source: Fitch Ratings, Gdansk, Statistics Poland

Related Criteria

International Local and Regional Governments Ratings Criteria – Outside the United States (September 2019)
National Scale Ratings Criteria (July 2018)

Gdansk's population has grown, reaching 466,631 at end-2018 from 460,427 at end-2012. Compared with other large Fitch-rated Polish cities, Gdansk has a higher share of young people (17.5% of the population in 2018), positive net migration (4.2 inhabitants per 1,000 in 2018 compared with negative net migration in most Polish cities) and a positive birth rate (0.5 inhabitants per 1,000 in 2018 compared with a negative rate in most Polish cities). All these factors indicate that Gdansk is an attractive city in which to live.

Midrange Risk Profile

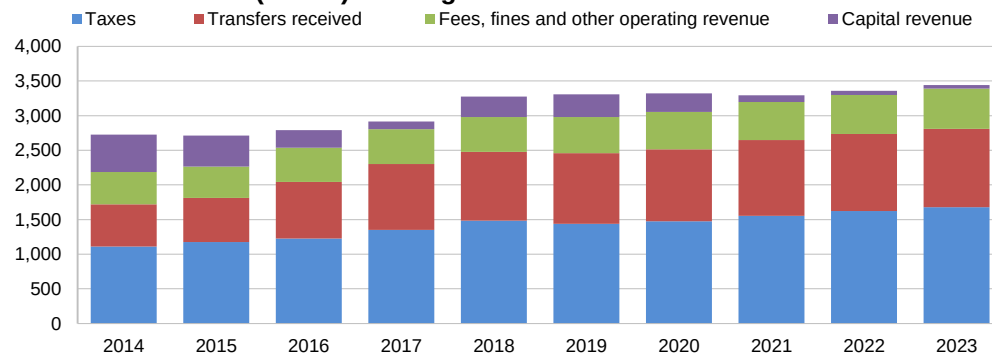
Fitch assesses Gdansk's risk profile as 'Midrange', which reflects the combination assessment of three factors at 'Midrange', two factors at 'Stronger' and one at 'Weaker'.

Gdansk – Risk Profile Assessment

Risk profile	Revenue robustness	Revenue adjustability	Expenditure sustainability	Expenditure adjustability	Liabilities & liquidity robustness	Liabilities & liquidity flexibility
Midrange	Midrange	Weaker	Midrange	Stronger	Midrange	Midrange

KRF: Key Risk Factors
Source: Fitch Ratings

Revenue Structure (PLNm) - Rating Case



Source: Fitch Ratings, City of Gdansk

Midrange Revenue Robustness

We assess Gdansk's revenue robustness as 'Midrange' in view of the city's stable revenue sources with revenue growth prospects in line with national GDP growth. Tax revenue accounted for almost 50% of Gdansk's operating revenue in 2018, being based on moderately cyclical economic activities and consisted mainly of personal income tax and local taxes. Corporate income tax, a more volatile revenue item, accounted for 3%. Fitch expects Gdansk to remain attractive to investors and inhabitants, supporting the further development of the city's diversified tax base.

Current transfers accounted for 33% of current revenue in 2018, with most transfers from the state budget. These transfers are not subject to discretionary changes as most of them are defined by law, with the subsidy for teachers' salaries and the grants for the state-originated family programme 500+ accounting for over 80% of transfers in 2018. We assume that the revenue structure will remain stable in Gdansk in the projection period.

Weaker Revenue Adjustability

We assess Gdansk's ability to generate additional revenue in response to possible economic downturns as limited. This is in line with our assessment for the majority of Polish cities rated by Fitch. Income tax rates and current transfers are set by the central government. Gdansk has limited flexibility on local taxes, which accounted on average for about 15% of operating revenue in 2016-2018 as the rates are constrained by ceilings set in national tax regulation.

Revenue Breakdown, 2018

	% operating revenue	% Total revenue
Taxes	49.8	
- Personal income tax	29.3	
- Corporate income tax	2.9	
- Property tax	14.5	
Transfers received	33.3	
- Educational subsidy	15.8	
- Grants for family program 500+	11.3	
- EU grants current	1.4	
Other operating revenue	16.9	
Operating revenue	100	90.8
Financial revenue		0.1
Capital revenue		9.1
- sale of asset		5.4
- EU capital grants		2.6

Source: Fitch Ratings, City of Gdansk

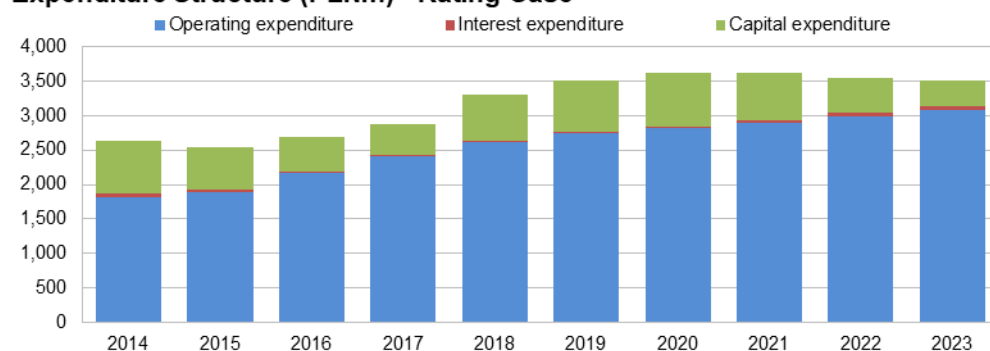
Expenditure Breakdown, 2018

	% operating expenditure	% total expenditure
Education	29.9	
Social care ^a	21.8	
Public administration	7.2	
Housing	1.3	
Transport	15	
Communal services	8.1	
Other	16.6	
Operating expenditure	100	79.2
Financial charges		0.5
Capital expenditure		20.3

^a Includes "Family" section

Source: Fitch Ratings, City of Gdansk

Expenditure Structure (PLNm) - Rating Case



Source: Fitch Ratings, City of Gdansk

Midrange Expenditure Sustainability

The city has a proven record and good control over operating expenditure growth. Gdansk's responsibilities mainly include non-cyclical expenditures, such as education, public transport, municipal services, and administration. We expect the city's capex to remain high in 2019-2022, leading to budgetary deficits up to 10% of total revenue in 2021 and then gradually declining to about 2% by 2023 under our rating case.

The opex structure for the majority of Polish cities is similar: their spending responsibilities are mainly in education (average of 35% of opex for all 65 Polish cities with urban county status in 2017), family benefits (16%, mainly state-financed), public transport (13%), administration (7%), municipal services (6%, including waste, water and sewage systems), housing economy (5%), culture (3.2%), public safety (2.3%), sport (1.8%), healthcare (1%), and capex (13.3% of total expenditure), all of which are non-cyclical. Gdansk's opex structure is generally in line with the average for Polish cities.

Stronger Expenditure Adjustability

Fitch assesses the city's ability to reduce spending in response to shrinking revenue as 'Stronger'. The city can reduce or postpone a significant part of its capex and more than 10% of its operating expenditure. In 2018 Gdansk's capex totalled more than PLN670 million or almost 20% of total expenditure and we project that it will rise to an average of about 17% of total expenditure in 2019-2023.

The city's mandatory responsibilities with the least spending flexibility account for about 65% of operating expenditure, including education, social care, administration, public safety and family benefits. The city also spends 22% more on several non-compulsory services for citizens than urban counties with the lowest spending per capita, and this could be reduced in case of need.

Midrange Liabilities and Liquidity Robustness

Gdansk's loan portfolio is dominated by loans from international financial institutions (96% at end-2018) that ensure the city has a long-term and smooth repayment schedule, with final debt maturity in 2037. The repayment structure leads to low refinancing risk for the city, with repayment at no more than 15% of the debt stock annually. The city's debt has floating interest rates, which exposes it to interest rate risk as Polish cities are not allowed to use derivatives. The city mitigates this risk with high cash reserves and its prudent budget practice, securing higher amounts for debt service in its budget. All debt is in local currency, so the city is not exposed to foreign exchange risk.

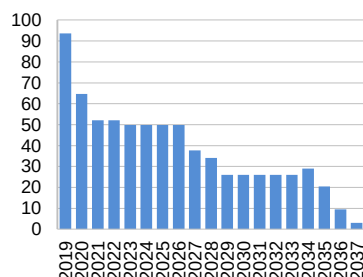
Indirect risk is negligible. Gdansk's company sector is broad compared with other Fitch-rated Polish cities. Gdansk is a shareholder in 29 companies, although it holds majority stakes in only 12. Fitch expects total company debt to decline in the medium term, as most of the city's companies will focus on debt repayment after completing their investments. Most of the debt is not considered "Net indirect debt" in Appendix A, as it was incurred by self-supporting

Debt Analysis

	End-2018
Fixed rate (%)	0
FX debt (%)	0
Loans from international financial institutions (%)	96
Bonds (%)	4
Average cost (%)	2.0
Final debt maturity (year)	2037
Debt service (PLNm)	109
Operating balance (PLNm)	358

Source: Fitch Ratings, City of Gdansk

Debt Amortisation Schedule 2019-2037 – Principal Repayments (PLNm)



Source: Fitch Ratings, City of Gdansk

Liquidity

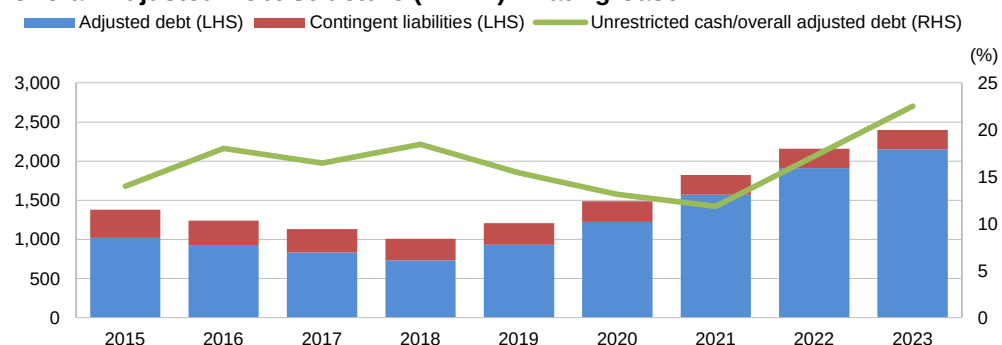
PLNm	End-2018
Available cash	186
Unrestricted cash	186
Committed credit lines	50

Source: Fitch Ratings, City of Gdansk

companies that repay their debt from tariffs collected from end-users (for example, water and sewage and solid-waste treatment utilities) and from rent paid by tenants (housing companies) or revenue received for services provided under long-term contracts (revenue bonds of the city's public transport company), which alleviates the risk for the city's budget. We expect contingent liabilities for Gdansk to remain low in the medium term, at PLN200 million-300 million, or 8%-12% of its budget.

Gdansk plans to strengthen some of its companies' financial positions through capital injections. According to the city's multi-year financial plan, average expenditure on capital injections should not exceed PLN60 million a year (about 10% of annual capex), which should not put much pressure on its budget.

Overall Adjusted Debt Structure (PLNm) - Rating Case



Source: Fitch Ratings, City of Gdansk

Stronger Liabilities and Liquidity Flexibility

Fitch assesses the city's liquidity framework as 'Midrange' due to a lack of emergency liquidity support from upper tiers of government in Poland. Gdansk has a long record of high liquidity. Liquidity at end-2018 (PLN186 million of unrestricted cash and a committed liquidity credit line of up to PLN50 million - provided by Bank Pekao SA; BBB+/Stable) exceeded annual debt service of PLN109 million by more than 2x. Our rating case projections foresee a liquidity coverage ratio (operating balance plus unrestricted cash-to-debt service in current year) of 3x on average in 2019-2023, compared with an average of 5x in 2014-2018.

Debt Sustainability of 'aa'

Debt Sustainability

	Primary metrics		Secondary metrics	
	Type A Economic liability burden (%)	Type B payback (x)	Fiscal debt burden (%)	Synthetic DSCR (x)
aaa	X≤40	X≤5	X≤50	X≥4
aa	40<X≤70	5<X≤9	50<X≤100	2≤X<4
a	70<X≤100	9<X≤13	100<X≤150	1.5≤X<2
bbb	100<X≤140	13<X≤18	150<X≤200	1.2≤X<1.5
bb	140<X≤180	18<X≤25	200<X≤250	1≤X<1.2
b	X>180	X>25	X>250	X<1

Source: Fitch Ratings

Gdansk's debt sustainability is assessed as in the 'aa' category. In its rating case scenario Fitch expects the payback ratio will grow to about 5x, up from about 1.5x in 2018, in line with a 'aa' assessment. For the secondary metrics, Fitch's rating case projects that the fiscal debt burden will increase following investments during the forecast period to just below 50% in 2023 from about 18% in 2018. During this period the synthetic debt service coverage ratio will hover just above 2x (2018: 8.4x), and remain sound.

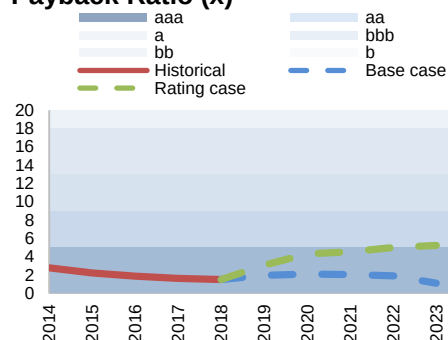
Debt Sustainability Ratios – Fitch's Rating Case Scenario

	2018	Rating case ^a
Payback (x)	1.5	5.2
Fiscal debt burden (%)	18.2	47.6
Actual coverage (x)	3.3	2.7
Synthetic coverage (x)	8.4	2.3

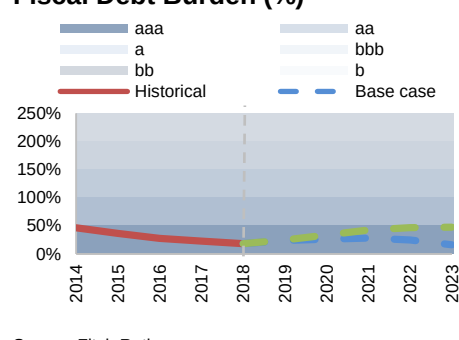
^a Fitch's rating case ends in 2023

Source: Fitch Ratings, City of Gdansk

Payback Ratio (x)



Fiscal Debt Burden (%)



Fitch's base and rating case scenario end in 2023 and have the assumptions shown in the table below.

Fitch's Base and Rating Cases Main Assumptions

(CAGR, %)	2015-2018	2019-2023	
		Base case	Rating case
National nominal GDP average growth (Fitch's assumptions)	5.4	5.6	5.6
Operating revenue growth (CAGR; %), Incl.	8.0	3.0	2.6
tax revenue	7.4	3.0	2.5
transfers received	13.0	3.0	2.6
non-tax revenue	2.0	5.3	2.9
Operating expenditure growth (CAGR; %)	9.5	2.1	3.3
Capital expenditure (average per year; PLNm)	554	618	618
Cost of new debt (average; %)	2.4	2.3	2.5

Source: Fitch Ratings

The rating case is a through-the-cycle scenario that incorporates a combination of revenue, cost or financial risk stresses.

Fitch's rating case assumptions for operating performance incorporate slower growth of operating revenue, and a faster growth of operating expenditure than in the base case. The large capex programme in the rating scenario is financed less by capital revenue and current balance than in the base case, causing higher need for new debt. Fitch's rating case envisages higher costs for debt only due to interest rate increases as the new debt will be provided by international financial institutions.

Stable and Sound Operating Performance and Debt Ratios

Gdansk's operating performance has been stable and sound over the past five years, with the operating balance between 12% and 17% of operating revenue. The operating balance averaged more than PLN370 million and we expect it to remain around PLN280 million in our rating case as we assume continuous tight cost control. The city's payback ratio averaged 2.0x in 2014-2018.

Significant Capex and Debt Increase

Gdansk is implementing a sustained level of capex in all areas of the city's responsibilities. However, the largest spending will be dedicated to public transport and road infrastructure. In 2018, capex was PLN670 million, representing 20% of total expenditure. The city is efficient in obtaining state and EU budget capital grants; in 2018 it received a total of PLN103 million for investment finance. We expect that the city will invest in total PLN3.1 billion in 2019-2023 or 17% of total expenditure yearly on average.

We expect growth of the city's debt burden towards 50% by 2023 despite a high self-financed capacity of investments assumed in our rating case (including the usage of cumulated liquid funds). As a result, net adjusted debt would rise to PLN1.6 billion at end-2023, from PLN543 million at end-2018. Direct debt may triple to PLN2.1 billion at end-2023 in our rating case, from PLN722 million at end-2018. Debt of municipal companies will gradually decrease, unless a new debt-financed investment is considered.

Other Rating Factors

Gdansk's final IDRs are driven by the city's SCP. No other factor affects the final rating.

From SCP to IDR: Including Ceiling or Support

SCP	Sovereign IDR	Rating cap	Asymmetric risks	IDR
a+	A-	A-	None	A-

Source: Fitch Ratings

Peer Analysis

National Peer Group

LRG	Risk profile	Debt sustainability	Payback (x) SCP	IDR	Outlook	
Poznan	n.a.	n.a.	n.a.	n.a.	A-	Stable
Gdansk	Midrange	aa	5.2	a+	A-	Stable
Bydgoszcz	Midrange	aa	6.0	a-	A-	Stable
Katowice	Midrange	aa	7.0	a-	A-	Stable
Gliwice	Midrange	aa	7.9	a-	A-	Stable
Szczecin	Midrange	aa	8.1	a-	A-	Stable

n.a. – not available

Source: Fitch Ratings

International Peer Group

LRG	Country	Risk profile	Debt sustainability		SCP	IDR	Outlook
City of Brasov Metropolitan	Romania	Low midrange	aa	5.5	bbb+	BBB-	Stable
City of Milan	Italy	Midrange	a	8.8	bbb+	BBB	Neg
City of Busto Arsizio	Italy	Midrange	aa	4.1	a+	BBB	Neg
City Milan	Italy	High midrange	aa	9.6	bbb+	BBB	Neg
City of Marseille	France	High midrange	a	7.6	a+	A+	Stable
City of Levallois	France	High midrange	a	7.0	a-	A-	Stable

Source: Fitch Ratings

Gdansk compares well with other Polish cities in terms of risk profile ('Midrange') and debt sustainability ('aa'). Issuers with a payback ratio above 6x have SCPs of 'a-' and their IDRs are equalised but not capped by the sovereign ratings. Issuers with lower payback projected in the rating case scenarios have SCPs of 'a+' and their IDRs are capped by the sovereign IDR. Gdansk's international peers are Romanian, Italian and French cities, most of which have either 'Low Midrange' or 'High Midrange' risks profiles or debt sustainability in the 'a' category.

Appendix A

City of Gdansk

(PLNm)	2015	2016	2017	2018	2019rc	2023rc
Taxes	1,175	1,224	1,353	1,483	1,438	1,679
Transfers received	638	819	946	993	1,020	1,130
Fees, fines and other operating revenue	451	495	507	503	523	580
Operating revenue	2,265	2,537	2,806	2,979	2,981	3,389
Operating expenditure	-1,893	-2,162	-2,411	-2,621	-2,738	-3,080
Operating balance	372	375	395	358	243	309
Interest revenue	4	6	9	5	0	0
Interest paid	-29	-24	-19	-16	-17	-62
Current balance	347	357	384	347	226	247
Capital revenue	448	251	108	298	326	50
Capital expenditure	-612	-494	-441	-671	-750	-368
Capital balance	-164	-243	-332	-373	-424	-318
Total revenue	2,717	2,794	2,923	3,281	3,307	3,439
Total expenditure	-2,535	-2,680	-2,871	-3,307	-3,505	-3,510
Surplus (deficit) before debt variation	182	114	52	-26	-198	-71
New borrowing	0	0	0	0	294	294
Debt repayment	-122	-89	-91	-94	-94	-54
Net debt movement	-122	-89	-91	-94	200	240
Overall results	60	26	-39	-120	2	169
Debt						
Short-term	0	0	0	0	0	0
Long-term	994	906	815	722	922	2,152
Intergovernmental debt	0	0	0	0	0	0
Direct debt	994	906	815	722	922	2,152
+ Other Fitch-classified debt	26	20	13	7	7	0
Adjusted debt	1,020	925	829	729	929	2,152
Guarantees issued (excluding adjusted debt portion)	0	0	3	3	3	3
Majority-owned GRE debt and other contingent liabilities	360	313	299	275	275	243
Overall adjusted debt	1,381	1,238	1,131	1,007	1,207	2,398
Total cash, liquid deposits, and sinking funds	193	223	186	186	186	540
Restricted cash	0	0	0	0	0	0
Unrestricted cash	193	223	186	186	186	540
Net adjusted debt	827	702	643	543	743	1,612
Net overall debt	1,187	1,015	945	822	1,021	1,858
Enhanced net adjusted debt	827	702	643	543	743	1,612

rc: Fitch's Rating case, based on conservative assumptions (see *Debt Sustainability of 'aa'*). 2023 is the last year of the rating case scenario

Source: Fitch Ratings, City of Gdansk

Appendix B

City of Gdansk

	2015	2016	2017	2018	2019rc	2023rc
Fiscal performance ratios (%)						
Operating balance/operating revenue	16.4	14.8	14.1	12.0	8.2	9.1
Current balance/current revenue	15.3	14.0	13.6	11.6	7.6	7.3
Operating revenue growth (annual % change)	3.6	12.0	10.6	6.2	0.1	2.8
Operating expenditure growth (annual % change)	3.9	14.2	11.5	8.7	4.5	3.1
Surplus (deficit) before net financing/total revenue	6.7	4.1	1.8	-0.8	-6.0	-2.1
Surplus (deficit) before net financing/GDP	0.6					
Total revenue growth (annual % change)	-0.6	2.8	4.6	12.3	0.8	2.4
Total expenditure growth (annual % change)	-3.5	5.7	7.1	15.2	6.0	-1.0
Debt ratios						
Primary metrics						
Economic liability burden (%)	42.3					
Payback ratio (x)	2.2	1.9	1.6	1.5	3.1	5.2
Overall payback ratio (x)	3.2	2.7	2.4	2.3	4.2	6.0
Gross payback ratio (x)	2.7	2.5	2.1	2.0	3.8	7.0
Secondary metrics						
Fiscal debt burden (%)	36.5	27.7	22.9	18.2	24.9	47.6
Synthetic debt service coverage ratio (x)	5.5	6.6	7.8	8.4	4.2	2.3
Actual debt service coverage ratio (x)	2.5	3.3	3.6	3.3	2.2	2.7
Enhanced metrics						
Other debt ratios						
Liquidity coverage ratio (x)	3.6	5.0	5.6	5.0	3.9	5.9
Direct debt maturing in one year/total direct debt (%)	8.9	10.0	11.5	13.0	7.0	2.3
Direct debt annual change (%)	-11.0	-8.9	-10.0	-11.5	27.8	12.6
Apparent cost of debt (%)	2.8	2.6	2.2	2.0	2.1	3.1
Revenue ratios (%)						
Tax revenue/total revenue	43.3	43.8	46.3	45.2	43.5	48.8
Current transfers received/total revenue	23.5	29.3	32.4	30.3	30.8	32.9
Interest revenue/total revenue	0.2	0.2	0.3	0.1	0.0	0.0
Capital revenue/total revenue	16.5	9.0	3.7	9.1	9.9	1.5
GDP deflated total revenue growth (annual % change)	-1.4	2.7	2.8	10.1	-0.8	0.3
Expenditure ratios (%)						
Staff expenditure/total expenditure	30.0	29.6	28.7	27.6	n.a.	n.a.
Current transfers made/total expenditure	10.1	10.7	13.2	12.3	n.a.	n.a.
Interest expenditure/total expenditure	1.1	0.9	0.7	0.5	0.5	1.8
Capital expenditure/total expenditure	24.2	18.4	15.3	20.3	21.4	10.5
GDP deflated total expenditure growth (annual % change)	-4.3	5.6	5.3	13.0	4.4	-2.9

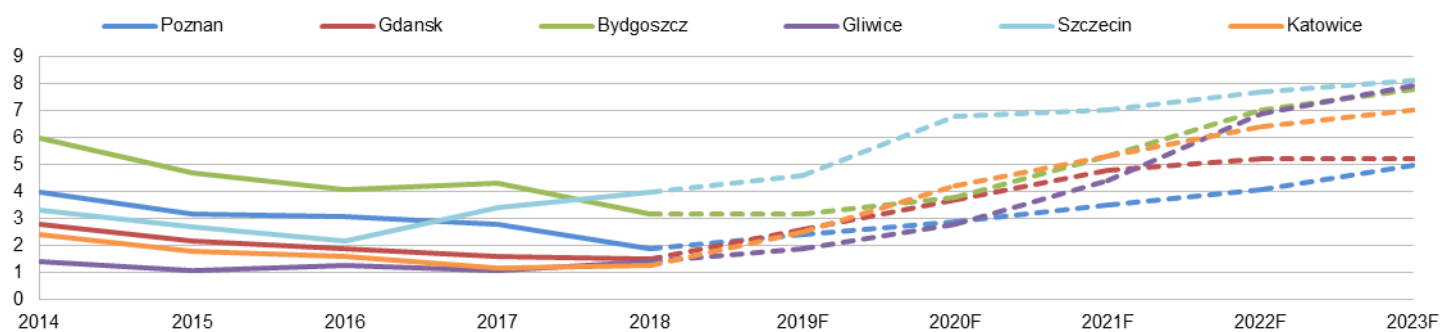
rc: Fitch's rating case, based on conservative assumptions (see *Debt Sustainability of 'aa'*). 2023 is the last year of the rating case scenario

n.a. – not available

Source : Fitch Ratings, City of Gdansk

Appendix C

Fitch-Rated Polish Cities Rating Case Scenarios - Payback (x)



F: Forecast
Source: Fitch Ratings, Fitch-rated Polish cities

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