

## XIV. Ratingul Municipiului Bucuresti

Bucurestiul a primit calificativul BB stabil, de la Agentia de Rating Standard&Poor's, calificativ care atribuie un rating financiar aproximativ egal cu cel al Romaniei.

**Ratingul este o opinie referitoare la abilitatea si intentia unei entitati de a-si achita obligatiile financiare la timp. Creditul de rating masoara probabilitatea de neachitare integrala si la timp a capitalului si a dobanzii.**

Ratingurile reprezinta opinia asupra capacitatii si vointei unei autoritati locale de a achita la timp datoriile de prim rang si negarantate integral. Acestea sunt :

- Rating-uri in moneda locala si dau informatii asupra probabilitatilor de nerespectare a obligatiilor de plata la emisiunile in moneda locala si
- Rating-uri in moneda straina care dau informatii asupra riscurilor de transfer si de convertibilitate si indica probabilitatea de nerespectare a obligatiilor de plata la emisiunile in moneda straina

Conform scalei de rating Fitch, rating-urile intre 'BBB-' si 'AAA' sunt "Investment Grade" (investitii cu risc redus) – ceea ce denota asteptari reduse de risc de credit. Cu un rating 'AAA', probabilitatea este aproape zero.

Rating-urile Investment Grade incurajeaza creditorii sa includa astfel de rating-uri in portofoliile lor de credit sau de investitii. Cu cat este mai inalt rating-ul, cu atat accesul la finantare este mai usor si in conditii mai favorabile

Rating-urile intre 'C' si 'BB+' denota probabilitatea de risc de credit care creste exponential cu cat scade nivelul rating-ului.

Bucurestiul a intrat in randul marilor capitale ale lumii care isi pot permite sa imprumute bani de pe pietele financiare internationale pentru ca are o evaluare a riscului financiar.

Este pentru prima data cand Agentia Standard&Poor's atribuie un rating financiar unui oras din Romania.

Acest calificativ acordat Municipiului Bucuresti reprezinta rezultatele aplicarii unei strategii coerente si a unui management eficient in perioada 2000-2004.

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## Summary: City of Bucharest

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Credit Rating  
BB/Stable/-

### Rationale

On May 12, 2004, Standard & Poor's Ratings Services assigned its 'BB' long-term issuer credit rating to the City of Bucharest. This is Standard & Poor's first local and regional government rating in the Republic of Romania. The outlook is stable.

The rating on the City of Bucharest, the capital of Romania (foreign currency: BB/Positive/B; local currency: BB+/Positive/B), is constrained by the city's low financial flexibility, low wealth levels, high capital spending needs, expected fast debt accumulation, and a need for better financial transparency. These factors are mitigated by the city's strategic position as the administrative, financial, cultural, and economic center of the country, its solid operating budgetary performance, and the relative supportiveness of the system.

The city's financial flexibility is restricted by the very centralized Romanian intergovernmental system. The state controls types, rates, and shares of taxes, while modifiable revenues make up less than 10% of the city's total revenues. The system is more supportive and predictable, however, than other East European countries.

The city's wealth levels are low, and Bucharest's growing capital investments do not bring additional flexibility because the city faces higher infrastructure needs than its Central and Eastern European (CEE) peers. These investments will lead to an increase in the city's debt by up to 100% of its operating revenues over the next two to three years, from 56% in 2003. The risks associated with Bucharest's high debt burden and foreign currency exposure are to some extent mitigated by its favorable debt profile, with 10-15 year maturity and amortizing repayment of loans. This will help keep the city's debt service below a manageable 10% of operating revenues over the next five years.

Like many other CEE cities, the City of Bucharest needs to improve its management systems and financial transparency.

The city's position as the administrative, financial, cultural, and economic center of the country contributes to the high growth of the economy and budgetary revenues. Over the past five years, Bucharest has demonstrated solid financial performance with an average 18.5% operating surplus, and a minor surplus after capital expenditures. The latter balance, however, is likely to temporarily deteriorate to a deficit of 15%-20% of total revenues, owing to the implementation of the city's investment program, before stabilizing at a moderate 10% of total revenues in 2006.

### Outlook

The stable outlook reflects Standard & Poor's expectation that the city's growing economy and revenues will help the city to maintain a sound operating surplus. Implementation of the city's ambitious investment program will, however, be a challenge administratively and financially. Nevertheless, its favorable debt profile will allow the city to keep its debt servicing manageable at the 'BB' rating level.

### Ratings List

City of Bucharest

- Issuer credit rating BB/Stable/--

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**European Bank**  
for Reconstruction and Development

Mr Traian Basescu  
General Mayor  
Municipality of Bucharest  
B-dul Regina Elisabeta nr. 47  
Sector 5, Bucharest  
Romania

Dear Mr. Basescu,

I am writing to you to congratulate yourself and your colleagues at Bucharest receiving a BB rating from Standard and Poors. This rating of the sound financial and managerial policies implemented by you validates the trust that was invested by the Bank through our extension on the Bucharest Multi-sector loan. We look forward to finalising the financing this year and to working with you to identify new opportunities.

Kind regards.

Yours sincerely,

*excellent news!*

**Thomas Maier**  
Director, Municipal and Environmental Infrastructure