State of Bremen

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	AAA
Short-Term IDR	F1+
Local Currency	
Long-Term IDR	AAA
Short-Term IDR	F1+

Outlooks

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

Financial Data

State of Bremen

	31 Dec	31 Dec
Operating revenue (EURm)	5,078.7	4,489.0
Debt (EURm)	22,204.0	22,007.0
Operating balance/	17.01	24.38
Debt service/current revenue (%)	58.85	57.25
Debt/current balance (yrs)	69.3	38.0
Operating balance/	1.40	1.90
Capital expenditure/	5.94	6.9
Surplus (deficit) before debt variation/total rev. (exc. new debt) (%)	0.15	4.93
Current balance/capital expenditure (%)	70.16	130.24

Related Research

Fitch Affirms 11 German Laender at 'AAA'; Outlook Stable (November 2017)

Fitch's Rating Approach for the German Laender (August 2015)

Institutional Framework for German Subnationals (September 2015)

Fitch: Higher Tax Growth Helps Laender Budget Consolidation (November 2017)

German Laender Dashboard August 2017

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Key Rating Drivers

Stability of Solidarity System: The ratings of the State of Bremen (Bremen) reflect the stability and sustainability of the solidarity system for German Laender. Per the German constitution, member states are jointly responsible for supporting a Land in financial distress. The Laender share equal responsibilities and must be financially able to fulfil their constitutional duties, while exercising their right of autonomy. The federal government (the Bund) and all other federated states must support a Land if it experiences extreme budgetary hardship.

Liquidity, Good Cash Management: Liquidity risk is mitigated through bilateral and mutual agreements linking all the federated states and the Bund, ensuring their ability to assist one another. Cash would not be forthcoming to a Land only in the case of a federation-wide failure, whereby none of the Laender or the Bund could provide the needed funds. A Laender's active liquidity management and proper treasury facilities prevent any delays in providing support.

Extensive Financial Equalisation System: Extensive equalisation systems and an ambitious solidarity pact compensate for financial disparities. This framework requires financially stronger Laender to transfer some of their above-average tax proceeds to financially weaker ones, and to reduce the gaps in financial strength between the federated states to a minimum. Bremen is a net receiver in the financial equalisation system and received EUR694 million in 2016.

Debt Brake Ahead: From 2020, Laender will not be able to take on new debt to finance structural deficits. Bremen has introduced measures to slow the debt increase; however, in 2015-2016, the state was challenged by the additional burden of refugee costs. Bremen remained below the structural deficit in 2016 and is likely to remain below the deficit of EUR376 million in 2017, an important trigger to receive EUR300 million of additional transfers.

Still Sound Budgetary Performance: Bremen's budgetary performance remained sound in 2016, despite the operating margin dropping to 17% (2015: 24.4%) due to a sharp increase of operating expenditure by 24% (transfers and personnel costs in particular). The Land reported a small surplus before debt variation of 0.2% of total revenue. Fitch expects the operating margin to remain around 17% in 2018-2021 and to cover interest paid by at least 1.5 x.

High Debt Burden: Bremen's debt burden is very high compared to other Fitch-rated Laender. The EUR22.2 billion of direct debt at end-2016 accounted for 433% of its current revenue and the direct debt-to-current balance (payback) was 69 years. According to a medium-term financial plan for 2017-2021, debt growth may decelerate and direct debt peak at EUR22.8 billion in 2020. Fitch assumes Bremen will remain on track to comply with the debt brake.

Limited Indirect Risk: Bremen's contingent liabilities amount to EUR1.2 billion of guarantees and EUR2.5 billion of state-owned company debt. In Fitch's view, the state's contingent liabilities do not constitute a major risk, as there is no large concentration (the highest single amount is EUR774 million towards its development bank, Bremer Aufbau-Bank GmbH) and the total indirect risk is stable and relatively low compared to Bremen's budget.

Rating Sensitivities

Downgrade of Germany: A rating downgrade of Germany (AAA/F1+) could lead to negative rating action on Bremen. Any change in the support scheme would require a review of the state's ratings.

Principal Rating Factors

Summary: Strengths and Weaknesses

	Institutional framework	Debt and other liabilities	Economy	Finances	Management and admin.
Status	Strength	Weakness	Neutral	Neutral	Neutral
Trend	Stable	Stable	Stable	Stable	Stable

Source: Fitch

Overall Strengths

- Strong institutional framework, securing good access to the capital markets and liquidity
- Prudent strategic and financial management
- Stable positive fiscal performance and self-finance capacity of investments

Overall Weaknesses

- Weak employment market compared to other Laender
- Spending pressure related to personnel and social costs
- High debt burden and weak debt metrics compared to peers

Institutional Framework

According to the German Constitution (Article 20), the 16 Laender are equal partners with the federal government and have the same rights and duties, even though in practice they are subordinate in some areas. Given the mutual support and stable solidarity system, extensive financial equalisation system and the Laender's good access to liquidity and exhaustive cash management, their ratings are linked to those of Germany. For further information, see *Fitch's Rating Approach for the German Laender* and *Institutional Framework for German Subnationals* under *Related Research*.

Representatives of Germany's 16 Laender and the federal government (Bund) agreed in December 2016 on changes to current legislation to reform the operation of the financial equalisation system. A streamlined financial equalisation system will operate from 2020, when the Solidarity Pact II with the eastern states and the existing financial equalisation system expires.

The above-mentioned agreement confirms annual support from the Bund to the Laender of about EUR9.7 billion, with the Bund taking a larger role in areas such as construction and maintenance of highways, tax administration, and investment in schools and public administration. The amount includes additional support to Bremen and Saarland, which have the highest debt burden among all Laender. The support is worth EUR400 million per state annually. The provision of the funds and related conditionality should ensure that Bremen and Saarland meet three core targets: to comply with the debt brake from 2020; to reduce their total debt; and to implement structural economic reforms. The package requires the two Laender to aim to reduce their debt burden by EUR50 million annually, under the Bund's supervision.

Debt, Other Long-Term Liabilities and Liquidity

Debt Prospects

At end-2016, Bremen's direct debt was EUR22.2 billion (including EUR1.1 billion short-term debt) and the current budget for 2017 foresees debt stabilisation. According to the medium-term financial plan for 2017-2021, debt may increase to EUR22.8 billion by 2020 and stabilise in 2021, in compliance with the debt brake rule, starting 2020.

Bremen has the weakest debt ratios among all Laender and by far the highest debt per capita (2016: EUR31,096), significantly above that of the other Laender (EUR6,633). Following its

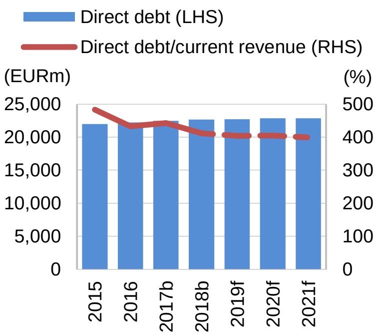
Rating History

Date	Long-Term Foreign IDR	Long-Term Local IDR
25 Oct 16	AAA	AAA
2 Dec 10	WD	
25 May 99	AAA	

State of Bremen

Source: Fitch

Debt and Payback



b - Budget, f - Forecast
Source: State of Bremen, Fitch

Related Criteria

International Local and Regional Governments Rating Criteria - Outside the United States (April 2016)

Debt[a] Per Capita of the Laender, End-2016

Land	(EUR)
Bremen	**31,096**
Berlin	16,477
Saarland	14,270
Hamburg	12,880
Schleswig-Holstein	9,244
Saxony-Anhalt	9,040
Rhineland-Palatinate	8,011
North Rhine-Westphalia	7,770
Lower Saxony	7,226
Hessen	6,909
Thuringia	6,761
Brandenburg	6,446
Mecklenburg-Western Pomerania	5,380
Baden-Wuerttemberg	4,256
Bavaria	1,614
Saxony	1,223
Laender average	**6,633**
Bund	**12,755**

[a] Capital market debt
Source: Federal Ministry of Finance

cost consolidation efforts (see *Fiscal Performance* below), Bremen's debt ratios for 2012-2016 improved. The direct debt/current revenue ratio fell to 433% in 2016 from 510% in 2012 and it may further decline to about 400% in 2021. The payback ratio (direct debt/current balance) weakened to 69 years in 2016 from 38 years in 2015, but may start declining from 2018 to 55 years, according to the state's own estimates.

In 2016, the state's interest coverage (operating balance/interest paid) was 1.5x, which is a good result given the fact that interest payments increased, due to the higher debt stock compared with 2012-2013. We expect the ratio to hover around 1.0-1.5x in the medium term; this considers some slight growth in interest expenses.

Bremen is a frequent issuer in the capital markets, and has a good access. We assume Bremen should comfortably roll over maturing debt at favourable conditions, supported by demand from investors for Laender debt. Additional funding flexibility stems from Bremen's participation in the Laender joint jumbo issues, a well-recognised, liquid and frequent (up to 3x/year) bond issue from a group of Laender, totalling a minimum of EUR1 billion.

Debt Structure

Bremen's funding sources are well diversified, with 64% of the portfolio consisting of bonds and 36% of loans at end-2016. The share of bonds will further increase, following Bremen's debt policy to issue more fixed-bond issues (Schatzanweisungen). In 2016, Bremen issued EUR1.8 billion in the form of bonds and only EUR279 million were loans. Most of the debt is at fixed rates, with an 11% share of floating rate debt at end-2016 after swaps. All debt is in euros, eliminating foreign-exchange risk. Fitch assumes Bremen's debt management to be prudent, with swaps being used only to reduce interest rate risk on its floating portfolio.

The state's repayment profile is smooth and long term, despite the dominance of credit instruments, with one payment at final maturity. The average life of its debt is six years and the highest repayment will be due in 2024, when about 11% of debt at end-2016 will mature. Repayments in 2017-2023 will be below EUR2 billion annually (below 10% of Bremen's current debt), a bulk of it refinanced with long-term debt.

Liquidity

Bremen had no liquidity reserves at end-2017 and intends to remain cash free if possible, given the negative interest rates on cash holdings. Bremen, in line with the other Laender, has good access to liquidity and considering the active and prudent liquidity management, no unforeseeable liquidity shortage should occur.

Pension Commitments

Like other German states, Bremen faces large pension liabilities. Most of the annual pension payments are unfunded (95% in 2016), and the payments are made on a pay-as-you-go basis from its current revenues, being a marked expenditure item. In 2016, pension payments amounted to EUR404 million, ie 12% of operating expenditure. The net present value of all Bremen's pension payments in 2016 was EUR9.5 billion.

Bremen has established a pension reserve fund (Sondervermoegen Versorgunsruecklage, SVR) and an entity for the creation of a pension reserve (Anstalt zur Bildung einer Ruecklage fuer Versorgungsvorsorge, AVV). Both receive annual contributions and Bremen discharges the capital revenues. The capital revenues totalled close to EUR90 million from both funds in 2016 and the fund assets together amounted to EUR498 million.

Indirect Risk

Indirect risk stems from guarantees issued and from Bremen's main shareholdings' debt; it is low in relation to Bremen's budget size. At end-2016, Bremen had EUR1.2 billion (5.5% of its direct debt) of guarantees outstanding, with no particular concentration on a single project. The debt of its public sector entities (PSEs) amounted to EUR2.5 billion, or 11% of its direct debt (see table below). The two largest single items are GEWOBA Aktiengesellschaft Wohnen und Bauen and its development bank, the Bremer Aufbau-Bank GmbH.

GEWOBA (24% of PSEs' debt in 2016) services its debt by itself. For the bank, Bremen provides a deficiency obligation (Gewaehrtraegerhaftung) and a maintenance obligation (Anstaltslast) and is liable for all its obligations (26% of PSEs' debt in 2016). We assume the bank debt's risk to be limited, as the bank business is focussed on supporting the local economy.

Bremen: Most Important Shareholdings, 2016

Land	(Debt, EURm)
hanseWasser Bremen GmbH	51.0
Bremer Lagerhaus Logistics Group AG & Co. KG	414.3
Bremer Verkehrsgesellschaft mbH	57.1
Bremer Straßenbahn AG	109.3
Fischereihafen-Betriebsgesellschaft mbH	10.9
Flughafen Bremen GmbH	26.6
Gesundheit Nord gGmbH Klinikverbund Bremen	423.3
HAWOBEG Hanseatische Wohnungs-Beteiligungs-Gesellschaft mbH	180.4
GEWOBA AG Wohnen und Bauen	688.4
Immobilien Bremen AoeR	6.2
WFB Wirtschaftsfoerderung Bremen GmbH	187.8
Bremer Aufbau-Bank GmbH[a]	773.6
Total	**2,928.9**

[a] Not included under Net Indirect Debt in *Appendix A*
Source: State of Bremen, Fitch

GDP[a] Per Capita of the Laender, 2015

Land	(EUR)
Hamburg	60,912
Bremen	**46,755**
Bavaria	42,950
Hessen	42,732
Baden-Wuerttemberg	42,623
North Rhine-Westphalia	36,544
Berlin	35,428
Saarland	34,893
Rhineland-Palatinate	33,589
Lower Saxony	32,591
Schleswig-Holstein	30,482
Saxony	27,899
Thuringia	27,172
Brandenburg	26,848
Saxony-Anhalt	25,828
Mecklenburg-Western Pomerania	25,025
Germany	**37,128**

[a] At current prices
Source: VGR der Laender, 2015, Fitch

Economic Structure of Bremen, 2016

Sector (as % of GVA)	Bremen	Germany
Agriculture and forestry	<0.1[a]	0.6
Production	28.2	30.5
Services	71.7	68.9
Inhabitants per square kilometer	**1,712**	**230**

[a] 0.05%
Source: VGR der Laender, 2016, Fitch

Economy

Bremen is located in the north-west of Germany and is the smallest of all Laender, both in terms of population (677,751) and area (419.38 km^2). Unlike the sole city-state Berlin and Hamburg, it is the only federated state consisting of two cities: Bremen and Bremerhaven, which are about 53km from each other. Bremen is located at the delta distributary of the river Weser south of Bremerhaven; Bremerhaven is in the north of the state and borders the North Sea. Due to its location, Bremen's harbours cover 30km^2, accounting for over 7% of the state's area.

In line with the German trend, Bremen has a natural population decrease of between 1,000 and 2,000 persons annually. Except for 2008 and 2010, this has been compensated for by a positive migration balance over the past 11 years. However, according to the statistical office, Bremen's population is likely to increase by 3.5% in 2015-2021. Compared to the German average, the state's population structure is a negative factor in economic terms. Bremen faces a high unemployment rate and 63% of its population are of working age (18-65 years). The 388,600 employees in 2015 represented 58% of its population, compared with about 60% in Germany as a whole, limiting the tax base on the revenue side and driving the city's expenditure in terms of social costs.

Given the city's centre functions as a city-state, Bremen attracts jobseekers who often stay while applying for unemployment benefit or social aid. This partly explains why Bremen's unemployment rate (9.9% in December 2017) is the highest among the other western states (4.9%) and Germany as a whole (5.3%). The city experienced a decline in its shipbuilding industry in the period 1980-1990, and not all affected employees were able to find new jobs.

Bremen's nominal GDP of EUR32.3 billion increased by 2.2% year-on-year (yoy) in 2016 (above Germany's growth rate of 1.9%). Due to its city-state status influencing the number of inhabitants and thanks to its wealthy economy, its GDP per capita of EUR46,755 in 2015 was the second highest among the German states and well above the national average of EUR37,128.

Bremen's economic profile is dominated by a broad services sector (trade, traffic, real estate and public services), accounting for 72% of gross value added (GVA). Due to its harbours, it is the second-most important export location after Hamburg. Exports are focussed on food (fish, meat, dairy, tobacco and coffee) and Bremen is the most important reloading point for the automotive sector. Production companies located in Bremen, such as Daimler and Airbus, Kraft Foods and Kellogg's, explains the state's high wealth levels compared to peers. Public-sector services (administration, schools, hospitals and cultural facilities) accounted for a high 16% of GVA in 2016. The state focuses on the development of renewable energies, which have an important role in Bremen's future and Bremerhaven is an important offshore wind energy location.

Unemployment Rates

	2013	2014	2016	Dec 17
Germany	6.9	6.7	6.1	5.3
West	6.0	5.9	5.6	4.9
East	10.3	9.8	8.5	7.1
Bremen	11.1	10.9	10.5	9.9

Source: Arbeitsagentur, Fitch

Finances

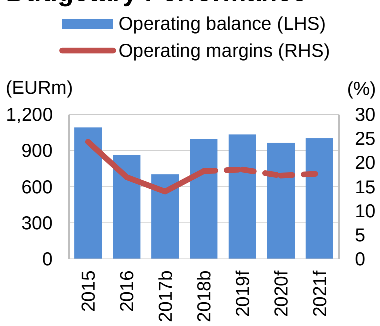
Bremen's operating performance decreased in 2016 compared to 2015. The operating margin declined to 17% (2015: 24.4%), but remains sound. Operating spending growth (by 24.2%) was well above that of operating revenue (by 13.1%), mainly driven by transfers made (social transfers in particular) and personnel cost increases. Based on public data available for end-November 2017, Bremen reported an operating margin of 16.8%, in line with 2016 results and above the 14% expected for 2017.

The current balance of Bremen was lower due to deteriorated operating performance, as well as higher interest expenditure (by EUR20 million, to about 12% of operating expenditure) due to higher debt stock. However, the state's capacity to finance investments from its own funds and capital revenues remained unaffected and Bremen reported a small surplus before debt variation of 0.2% of total revenue (2015: 4.9%).

According to Bremen's financial plan for 2017-2021, the state aims to achieve operating margins around 16% and current margins averaging to 5%-6% in the medium term. Both margins will be below the last five years' average of 22.1% for the operating margin and 10% for the current margin; we expect Bremen to finally get nearer to the last five years' averages. This assumes the most recent tax estimate as of November 2017, as well as the future development of refugee-related costs.

Bremen faced additional refugee-related costs of EUR387 million (EUR225 million net of refugee-related revenues) in 2016. The state budgeted for EUR438 million in 2017 (EUR296 million in 2018). The costs should be partially absorbed by state transfers of EUR63 million in 2017 (EUR59 million in 2018). As a result, Bremen may have to cover from its own resources refugee-related costs of EUR326 million in 2017 and EUR188 million in 2018.

Budgetary Performance



b - Budget
f - Forecast
Source: State of Bremen, Fitch

Based on its specific situation, Bremen currently receives EUR300 million of additional state transfers to comply with the debt brake starting in 2020. In turn, the state needs to follow a strict consolidation path to reduce its deficit, which is supervised by the German Stability Council (Stabilitaetsrat), a joint body of the Bund and the Laender. Failure to do so would result in a reduction of these transfers. Facing the additional burden stemming from refugee-related costs, Bremen applied for an exemption in July 2016, which was declined by the board.

In January 2017 Bremen announced that it was in compliance with the structural deficit limit of EUR501 million in 2016. The structural deficit was EUR350 million below the state's estimate, as refugee-related costs and interest expenditure were below budget, whereas transfers from the Bund to support refugee costs were above budget. In general, the structural deficit does not take into account higher tax revenues. The structural deficit limit for 2017 is EUR376 million (2018: EUR251 million) and Bremen is confident to remain within these limits, a precondition for the EUR300 million of state transfers in 2017 and 2018.

Management and Administration

State of Bremen: Parliament

Party	Seats
SPD	30
CDU	20
Green party	14
Left party	8
FDP[a]	6
Others	5
Total	**83**

[a] Liberal party
Source: State of Bremen

The most recent elections took place in May 2015. The Social Democrats (SPD) remained the strongest party (30 seats in the 83-seat state parliament) and continued its coalition with the Green Party (14 seats). The new ruling Mayor is Carsten Sieling (SPD). The opposition consists of Christian Democrats, the Left Party and the Liberal party, which together do not comprise a parliamentary majority. The next election will take place in May 2019.

Prior to the resolution of the Federalism Commission II (Foederalismuskommission II), Bremen announced in January 2008 its inability to reduce the annual net new debt requirement to zero until 2020, based on its own resources. The Federalism Commission agreed and approved a consolidation aid package. Bremen received EUR300 million of additional transfers annually in 2011-2019, subject to certain conditions. In receiving these transfers, Bremen is obliged to reduce its structural deficit (the funding gap of its budget) by one-tenth of the structural deficit in 2010 (EUR1,253.5 million) and to zero by 2020. Bremen's fiscal priority is to comply with these limits.

Appendix A

State of Bremen

(EURm)	2012	2013	2014	2015	2016
Taxes	2,189.1	2,323.5	2,470.3	2,605.6	3,048.3
Transfers received	1,443.0	1,516.7	1,656.4	1,651.6	1,775.0
Fees, fines and other operating revenue	189.5	202.3	213.4	231.8	255.4
Operating revenue	**3,821.6**	**4,042.5**	**4,340.1**	**4,489.0**	**5,078.7**
Operating expenditure	-3,025.6	-3,109.5	-3,250.4	-3,394.5	-4,214.7
Operating balance	**796.0**	**933.0**	**1,089.7**	**1,094.5**	**864.0**
Financial revenue	58.9	79.1	50.1	64.1	54.0
Interest paid	-558.8	-610.6	-538.9	-578.9	-597.6
Current balance	**296.1**	**401.5**	**600.9**	**579.7**	**320.4**
Capital revenue	99.8	101.6	107.6	94.6	144.2
Capital expenditure	-411.5	-485.6	-592.6	-445.1	-456.7
Capital balance	-311.7	-384.0	-485.0	-350.5	-312.5
Surplus (deficit) before debt variation	**-15.6**	**17.5**	**115.9**	**229.2**	**7.9**
New borrowing	9,867.8	9,341.5	5,211.6	2,235.3	2,551.1
Debt repayment	-9,407.0	-8,962.6	-4,936.9	-2,027.6	-2,423.1
Net debt movement	**460.8**	**378.9**	**274.7**	**207.7**	**128.0**
Overall results	**445.2**	**396.4**	**390.6**	**436.9**	**135.9**
Debt					
Short-term	659.0	65.0	1,388.0	779.0	1,134.0
Long-term	19,133.0	19,846.0	19,548.0	21,228.0	21,070.0
Direct debt	**19,792.0**	**19,911.0**	**20,936.0**	**22,007.0**	**22,204.0**
+ Other Fitch classified debt - pre-financing	0.0	0.0	-	-	-
Direct risk	**19,792.0**	**19,911.0**	**20,936.0**	**22,007.0**	**22,204.0**
- Cash, liquid deposits, sinking fund	0.0	0.0	0.0	0.0	0.0
Net direct risk	**19,792.0**	**19,911.0**	**20,936.0**	**22,007.0**	**22,204.0**
Guarantees and other contingent liabilities	1,144.8	1,081.7	1,078.3	1,053.8	1,233.2
Net indirect debt (public sector entities exc. gteed amount)	2,984.5	2,750.6	2,431.1	2,530.2	2,491.2
Net overall risk	**23,921.3**	**23,743.3**	**24,445.4**	**25,591.0**	**25,928.4**
Memo for direct debt					
% in foreign currency	0.0	0.0	0.0	0.0	0.0
% issued debt	96.7	99.7	93.4	96.5	94.9
% fixed interest rate debt	-	-	-	-	-

Source: Issuer and Fitch calculations

Appendix B

State of Bremen

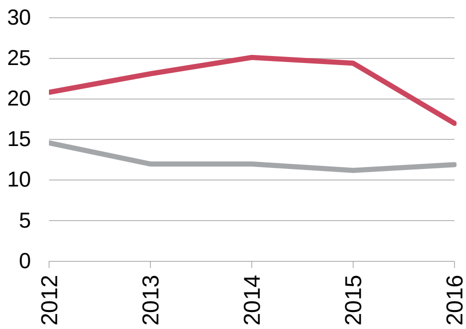
	2012	2013	2014	2015	2016
Fiscal performance ratios					
Operating balance/operating revenue (%)	20.83	23.08	25.11	24.38	17.01
Current balance/current revenue[a] (%)	7.63	9.74	13.69	12.73	6.24
Surplus (deficit) before debt variation/total revenue[b] (%)	-0.39	0.41	2.58	4.93	0.15
Overall results/total revenue (%)	11.19	9.39	8.68	9.40	2.58
Operating revenue growth (annual % change)	5.02	5.78	7.36	3.43	13.14
Operating expenditure growth (annual % change)	3.20	2.77	4.53	4.43	24.16
Current balance growth (annual % change)	45.93	35.6	49.66	-3.53	-44.73
Debt ratios					
Direct debt growth (annual % change)	5.52	0.6	5.15	5.12	0.9
Interest paid/operating revenue (%)	14.62	15.1	12.42	12.9	11.77
Operating balance/interest paid (x)	1.4	1.5	2	1.9	1.4
Direct debt servicing/current revenue (%)	256.82	232.27	124.73	57.25	58.85
Direct debt servicing/operating balance (%)	1,251.98	1,026.07	502.51	238.15	349.62
Direct debt/current revenue (%)	510.04	483.09	476.88	483.34	432.60
Direct risk/current revenue (%)	510.04	483.09	476.88	483.34	432.60
Direct debt/current balance (yrs)	66.84	49.59	34.84	37.96	69.30
Net overall risk/current revenue (%)	616.45	576.07	556.82	562.06	505.16
Direct risk/current balance (yrs)	66.84	49.59	34.84	37.96	69.30
Direct debt/GDP (%)	68.55	68.07	70.05	70.6	68.83
Direct debt per capita (EUR)	30,217	30,306	31,625	32,797	32,749
Revenue ratios					
Operating revenue/budget operating revenue (%)	n.a.	n.a.	n.a.	n.a.	108.20
Tax revenue/operating revenue (%)	57.28	57.48	56.92	58.04	60.02
Modifiable tax revenue/total tax revenue (%)	100.00	100.00	100.00	100.00	100.00
Current transfers received/operating revenue (%)	37.76	37.52	38.17	36.79	34.95
Operating revenue/total revenue[b] (%)	96.01	95.72	96.49	96.59	96.24
Total revenue[b] per capita (EUR)	6,077	6,428	6,794	6,926	7,783
Expenditure ratios					
Operating expenditure/budget operating expenditure (%)	n.a.	n.a.	n.a.	n.a.	105.76
Staff expenditure/operating expenditure (%)	38.90	38.31	38.11	37.28	37.69
Current transfer made/operating expenditure (%)	50.98	51.44	52.06	52.23	51.57
Capital expenditure/budget capital expenditure (%)	n.a.	n.a.	n.a.	n.a.	91.52
Capital expenditure/total expenditure (%)	3.07	3.69	6.36	6.90	5.94
Capital expenditure/local GDP (%)	1.43	1.66	1.98	1.43	1.42
Total expenditure[b] per capita (EUR)	6,103	6,399	6,622	6,581	7,774
Capital expenditure financing					
Current balance/capital expenditure (%)	71.96	82.68	101.4	130.24	70.16
Capital revenue/capital expenditure (%)	24.25	20.92	18.16	21.25	31.57
Net debt movement/capital expenditure (%)	111.98	78.03	46.36	46.66	28.03

n.a.: Not available
[a] Includes financial revenue
[b] Excluding new borrowing
Source: Issuer and Fitch calculations

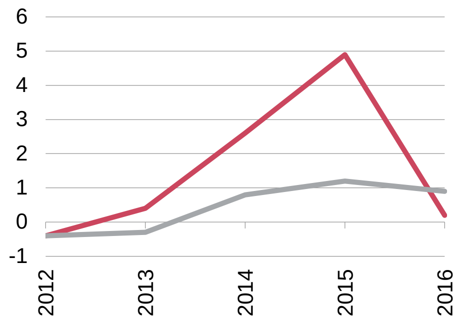
Appendix C
State of Bremen

Peer Comparison

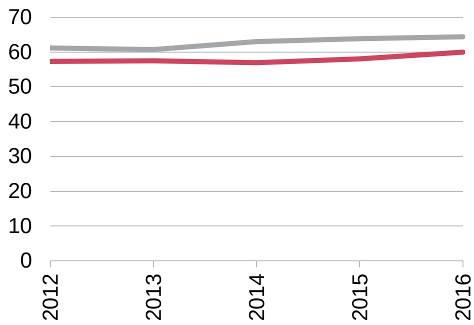
Operating Balance
% Operating Revenue



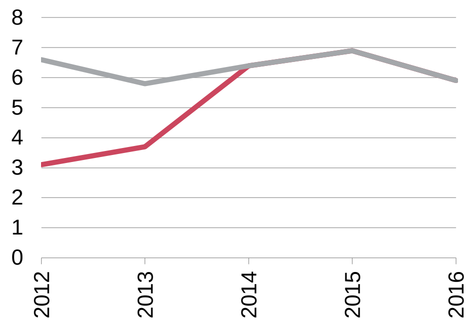
Surplus (Deficit)
% Total Revenue



Taxes
% Operating Revenue

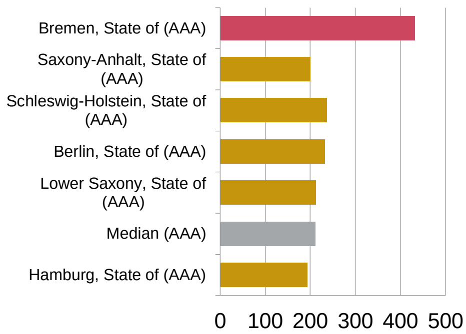


Capital Expenditure
% Total Expenditure

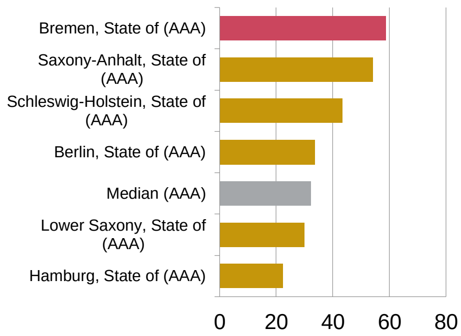


State of Bremen   AAA Peer Group Median

Debt
To Current Revenue (%) 2016



Debt Servicing
To Current Revenue (%) 2016



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