Aruba

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB−
Short-Term IDR	F3

Local Currency

Long-Term IDR	BBB−
Country Ceiling	BBB

Outlooks

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

Financial Data

Aruba

(USDm)	2015
GDP	2,706
GDP per head (USD 000)	25
Population (m)	0.1
International reserves	823.3
Net external debt (% GDP)	3.9
Central government total debt (% GDP)	82
CG foreign-currency debt	823.7
CG domestically issued debt (AWGm)	2,499.3

Related Research

Sovereign Data Comparator (March 2016)

Latin America Sovereign Overview 2Q16 (April 2016)

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Key Rating Drivers

Fiscal Consolidation Progressing: The government is making progress in stabilising the public finances, working with the Aruba Board of Financial Supervision (CAFT), agreed with the Netherlands in 2015. The central government deficit (also incorporating the Aruba Development Fund) was 3.7% of GDP in 2015, on a cash basis, in line with the government's target. The government's accrual-basis deficit figures showed the central government deficit at 2% of GDP. By either measure, the deficit has narrowed, based largely on higher revenues.

Government Debt Growth Slows: At 82% of GDP on a gross general government basis in 2015 and 64.8% of GDP on a consolidated basis, the government debt ratio is higher than the 'BBB' median. However, its rise has slowed and Fitch Ratings expects it to start to fall from 2017.

Subdued Growth, With Upside: Tourism, the dominant services export, performed well in 2015, and the trend should continue in 2016. Real GDP grew just 0.1% in real terms, held back by subdued private consumption and government spending. Fitch expects 1% growth in 2016 and 2% in 2017.

Refinery May Re-Open: The government and refiner Citgo entered talks on the future of the oil refinery in 2015. The reopening of the refinery – closed in 2012 – as an "upgrader" for Venezuelan heavy oil would have a major one-off impact on growth, and a more lasting impact on employment and government revenue. This could be agreed as soon as mid-May 2016.

Structural Strengths: Aruba's ratings are supported by its relatively high income per head and sound governance indicators, owing to its membership of the Kingdom of the Netherlands with separate status. Parliamentary elections to be held in September 2017 are likely to result in policy continuity. Structural strengths are balanced by a narrow, tourism-dependent economic base and small size, which present a vulnerability to shocks.

External Finances Improve: Buffers against external vulnerability improved in 2015. A decline in imports, helped by lower fuel prices, and growth in services exports led the current account back to a surplus of 4.1% of GDP in 2015, from a deficit of 5.4% of GDP in 2014. Reserves increased by USD150m to USD710m, strengthening backing for the longstanding peg of the florin to the USD. The external liquidity ratio is 170%.

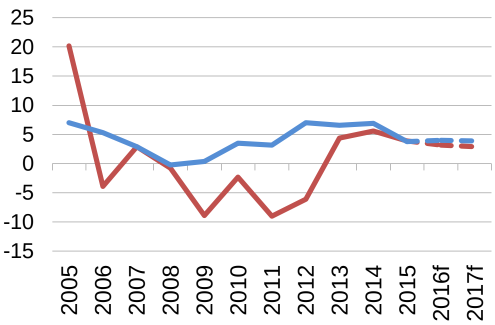
Rating Sensitivities

Fiscal Consolidation, Faster Growth: Successful fiscal consolidation that puts the government debt ratio on a downward path would be credit positive. Higher infrastructure execution and private investment, including from the conversion and re-opening of the oil refinery, leading to a sustained faster growth trajectory and diversification of external sources of revenue, would also be positive for the rating.

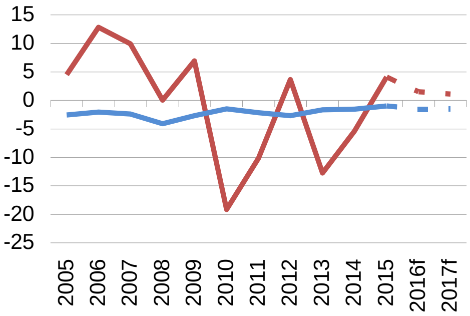
Fiscal Deterioration, Falling Reserves: Fiscal deterioration would be credit negative, as would a sustained fall in international reserves and emergence of financing constraints. Deterioration in the relationship between Aruba and the Netherlands would undermine support for the rating.

Peer Comparison

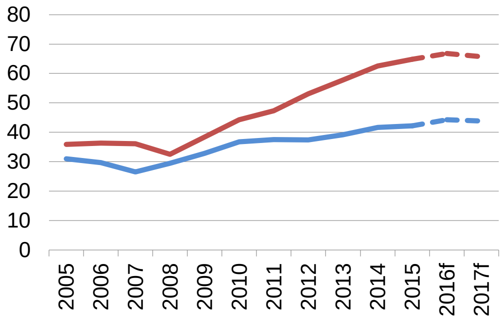
Net External Debt
% of GDP



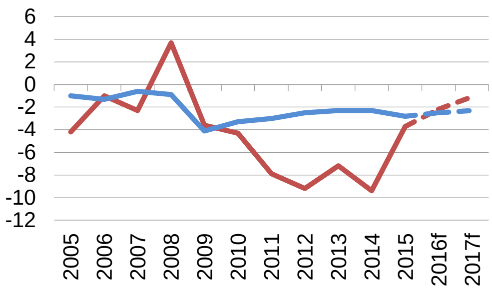
Current Account Balance
% of GDP



General Government Debt
% of GDP

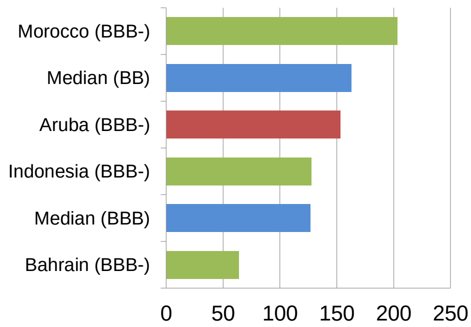


General Government Balance
% of GDP

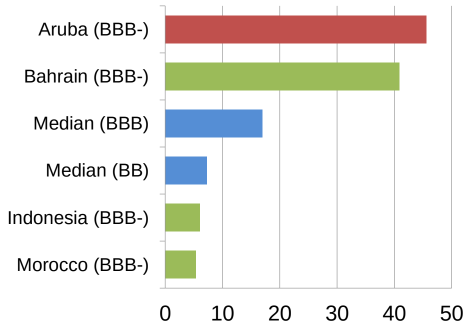


Aruba Medians

International Liquidity Ratio, 2016
%



GDP per capita Income, 2015e
At market exchange rates, USA=100



Related Criteria

Sovereign Rating Criteria (August 2014)
Country Ceilings (August 2015)

Peer Group

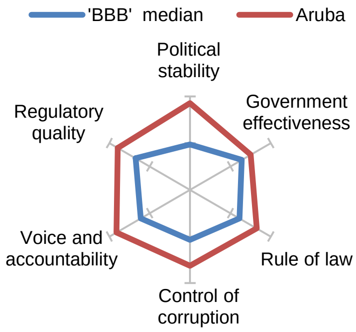
Rating	Country
BBB	Andorra
	Colombia
	Panama
BBB−	**Aruba**
	Bahrain
	Bulgaria
	India
	Indonesia
	Morocco
	Namibia
	Philippines
	Romania
	Russia
	South Africa
	Turkey
	Uruguay
BB+	Azerbaijan
	Brazil
	Costa Rica
	Hungary
	Macedonia
	Portugal

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
23 Jul 14	BBB−	BBB−
29 Apr 02	BBB	BBB

Figure 1

WB Governance Indicators



Source: Fitch

Rating Factors

Summary: Strengths and Weaknesses

Rating factor	Macroeconomic	Public finances	External finances	Structural issues
Status	Neutral	Weakness	Weakness	Strength
Trend	Stable	Stable	Stable	Stable

Note: Relative to 'BBB' category
Source: Fitch

Strengths

- Aruba's creditworthiness is supported by its higher per capita income than peers, strong rule of law, and long record of political and social stability.
- Aruba's link with the Netherlands currently allows for fiscal oversight and in the past has facilitated access to development funds and emergency assistance in the event of acute balance-of-payments pressures and financial distress. However, Aruba has not accessed extraordinary funds since the 2008 crisis and is reducing reliance on bilateral lending.
- Aruba has an impeccable repayment record. A captive domestic investor base and access to international capital markets have provided the sovereign with sufficient fiscal financing flexibility.
- Adequate external liquidity, low financial dollarisation, a well-capitalised banking system with strict capital flight controls and potential access to balance-of-payments support from the Netherlands (demonstrated in 1986) underpin confidence in the stability of the exchange rate peg.

Weaknesses

- The government has boosted revenues, but public finances suffer from structural weaknesses: a narrow revenue base and rigid public expenditure stemming from a large public-sector wage bill, a heavy interest burden, and generous universal healthcare and pension benefits.
- Government debt, measured in gross and net terms, is significantly higher than the 'BBB' median. Gross public debt is 82% of GDP. Consolidated general government debt, netting off holdings by the state pension and social security funds, is 64.8% of GDP.
- Aruba's five-year average growth is well below the 'BBB' median. A narrow economic base and low domestic savings limit the country's potential growth. The revival of the oil refinery, which closed in 2012, would boost output, jobs and tax revenue.
- As a small open economy, Aruba has limited capacity to absorb external shocks and implement counter-cyclical policies. Demographic challenges, labour market rigidities, lengthy legal disputes and structural impediments to starting new businesses hinder domestic investment and economic diversification.

Local-Currency Rating

The Long-Term Local-Currency IDR is at the same level as the Long-Term Foreign-Currency IDR. This reflects the country's limited monetary policy flexibility due to the combination of a fixed exchange rate regime and weak public finances. The domestic capital market is relatively liquid but underdeveloped, and partially dependent on foreign investors from Curaçao.

Country Ceiling

Aruba's Country Ceiling is one notch above the Long-Term Foreign-Currency IDR. The Aruban economy is open to international trade and capital, as shown by the large presence of foreign financial institutions and tourism corporations in the island. However, the country maintains restrictions on the holdings of foreign currency and convertibility controls for commercial banks, collects taxes on foreign exchange payments to non-residents, and sets limits on residents' investments abroad to protect the fixed exchange regime.

Figure 2

Strengths and Weaknesses: Comparative Analysis

2015	Aruba BBB−	BBB Median[a]	BB Median[a]	Bahrain BBB−	Indonesia BBB−	Morocco BBB−
Macroeconomic performance and policies						
Real GDP (5yr average % change)	1.5	3.3	4.0	3.8	5.5	4.0
Volatility of GDP (10yr rolling SD)	4.4	2.8	2.3	1.9	0.6	1.6
Consumer prices (5yr average)	0.7	3.3	4.6	2.2	5.7	1.2
Volatility of CPI (10yr rolling SD)	3.5	1.8	2.8	1.1	2.7	1.1
Unemployment rate (%)	7.3	6.8	9.3	3.1	6.5	9.7
Type of exchange rate regime	Peg	n.a.	n.a.	Peg	Managed float	Managed float
Dollarisation ratio (% of bank deposits)	16.1	31.3	38.4	-	14.5	3.8
REER volatility (10yr rolling SD)	2.5	4.9	5.0	4.7	8.1	2.0
Structural features						
GDP per capita (USD, mkt. exchange rates)	25,152	9,253	4,087	22,548	3,368	2,959
GNI per capita (PPP, USD, latest)	-	18,290	10,581	39,192	10,250	7,180
GDP (USDbn)	2.7	n.a.	n.a.	31.7	861.9	100.1
Human development index (percentile, latest)	-	63.4	52.9	76.8	42.4	30.6
Governance indicator (percentile, latest)[b]	85.4	57.1	44.7	50.9	44.0	44.2
Broad money (% GDP)	78.0	70.5	56.6	83.6	41.4	115.4
Default record (year cured)[c]	-	n.a.	n.a.	-	2002	-
Ease of doing business (percentile, latest)	-	71.9	50.6	66.0	42.6	60.7
Trade openness (avg. of CXR + CXP % GDP)	89.7	42.8	50.7	63.2	22.3	45.1
Gross domestic savings (% GDP)	13.5	23.0	18.0	37.1	33.1	20.4
Gross domestic investment (% GDP)	22.3	22.2	22.3	14.7	33.5	29.1
Private credit (% GDP)	61.7	59.5	49.7	105.1	37.0	65.3
Bank systemic risk indicators[d]	-/1	n.a.	n.a.	4/1	-/2	5/1
Bank system capital ratio (% assets)	25.8	15.0	13.7	-	20.5	13.8
Foreign bank ownership (% assets)	100.0	36.6	31.9	-	13.6	23.0
Public bank ownership (% assets)	0.0	18.2	24.4	-	35.0	15.0
External finances						
Current account balance + net FDI (% GDP)	7.2	0.4	0.1	-3.6	-0.9	0.2
Current account balance (% GDP)	1.3	-1.7	-2.2	-3.7	-2.1	-2.3
Net external debt (% GDP)	2.7	4.9	11.9	-56.1	15.9	12.0
Gross external debt (% CXR)	75.2	141.9	116.6	651.1	172.5	92.4
Gross sovereign external debt (% GXD)	61.9	31.7	45.7	6.6	40.9	39.3
Sovereign net foreign assets (% GDP)	-11.8	0.8	-1.9	-8.9	-2.3	5.6
Ext. interest service ratio (% CXR)	4.8	4.7	2.9	9.4	5.8	2.5
Ext. debt service ratio (% CXR)	9.2	13.7	11.4	13.7	16.0	12.7
Foreign exchange reserves (months of CXP)	4.3	5.6	4.3	3.3	6.3	5.6
Liquidity ratio (latest)[e]	153.2	148.5	157.4	63.9	127.7	203.4
Share of currency in global reserves (%)	0	n.a.	n.a.	0	0	0
Commodity export dependence (% CXR, latest)	12	20.2	19.1	53.8	48.5	16.1
Sovereign net foreign currency debt (% GDP)	-6.7	-6.7	0.8	8.3	-0.2	-5.6
Public finances[f]						
Budget balance (% GDP)	-2.3	-2.5	-3.8	-14.1	-2.5	-2.2
Primary balance (% GDP)	2.1	-0.6	-1.8	-11.6	-1.2	-0.6
Gross debt (% revenue)	249.9	173.6	184.9	360.0	206.0	161.9
Gross debt (% GDP)	64.3	42.2	42.5	62.9	26.8	49.9
Net debt (% GDP)	60.8	32.4	33.2	45.8	24.6	47.9
Foreign currency debt (% total debt)	39.2	33.8	53.6	41.9	45.1	32.0
Interest payments (% revenue)	16.0	7.6	8.4	14.2	10.4	5.4
Revenues and grants (% GDP)	25.7	28.6	26.6	17.5	13.0	30.8
Volatility of revenues/GDP ratio	9.3	6.2	5.5	13.4	12.0	3.8
Central govt. debt maturities (% GDP)	4.3	5.4	4.0	14.0	3.8	8.2

[a] Medians based on three-year centred averages
[b] Composite of six World Bank Governance Indicators used in the Sovereign Rating Model; Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence
[c] None
[d] Bank systemic indicator, which equates to a weighted average Viability Rating; and macro prudential indicator, with 1 'low' systemic risk through to 3 'high'
[e] Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year
[f] General government unless stated

Note: Acronyms used: Consumer price inflation (CPI), gross domestic product (GDP), current external receipts (CXR), current external payments (CXP), gross national income (GNI), purchasing power parity (PPP), standard deviation (SD), foreign direct investment (FDI)
Source: Fitch

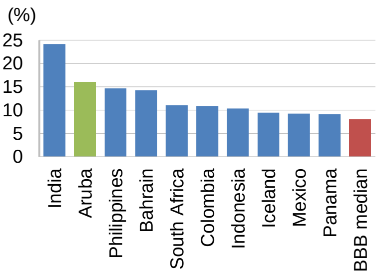
Key Credit Developments

Deficit Narrows in 2015; Spending Consolidation Elusive

The government is making progress in stabilising the public finances under a new supervisory arrangement agreed in 2015. The Aruba Board of Financial Supervision (CAFT by its initials in Dutch) monitors budget performance against annual deficit targets and advises on fiscal matters. Aruba and the Netherlands agreed on the role of the CAFT after external shocks and fiscal stimulus led to widening budget deficits earlier in the decade, and the Netherlands withheld its approval of the 2014 budget.

The central government deficit was 3.7% of GDP in 2015, on a cash basis, incorporating the Aruba Development Fund, as reported by the Central Bank of Aruba.[1] The CAFT had set a target of 3.7% for the general government. The government's accrual-basis deficit figures showed the central government deficit at 2% of GDP[2]. By either measure, the deficit has narrowed, having spiked to 9.4% of GDP in 2014 as the government recapitalised the civil service pension fund APFA as part of a pension reform – the underlying deficit excluding this AWG170m transfer was 5% of GDP.

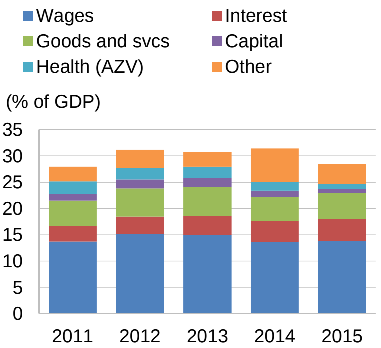
Figure 3
Government Interest To Revenue
Selected BBB sovereigns



Source: Fitch

The bulk of the consolidation has come through higher revenues. The introduction of a new self-assessment system (VAS) for corporate income tax led to a jump in revenues in 4Q15, boosting revenues by AWG70m. VAS cut the tax collection lag, requiring companies to pay by the filing deadline. Companies declared income for 2014 and paid tax in December 2015. They will pay 2015 tax in May 2016, and 2016 taxes in December 2016. Increased compliance, including collecting some of the large stock of back taxes, also contributed to revenues. The government did not follow one of the recommendations of the CAFT, which was to narrow the gap by increasing the rate of the turnover tax (BBO). Finance minister Angel Bermudez believes that improving compliance, public finance management and updating laws will produce better results than raising tax rates[3].

Figure 4
Spending Profile



Source: CBA, Fitch

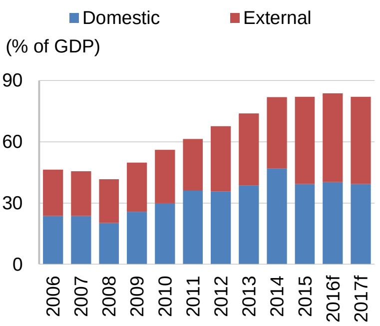
The government's main tax reform project for 2016 is the replacement of the sales tax with an import duty and services tax, the so-called general expenditure tax (ABB). The authorities believe this would improve revenues by taxing imports at source instead of taxing sales of imported goods by retailers. A financial transactions tax has also been proposed (at a rate of 0.03%) with revenues to be earmarked for the Aruba Investment Fund, a fund for capital spending.

On the spending side, the government is gradually reducing the size of the public-sector payroll through attrition. The number of civil servants has declined 6% in the past two years (CAFT). Aruba still has a significantly larger civil service than Curaçao, despite its smaller population.

Deficit and Debt: Targets and Financing

The 2016 budget targets a deficit of 0.5% of GDP. Fitch expects consolidation but that this target will be exceeded. From 2018, the government aims to runs surpluses of 0.5% of GDP or higher, in pursuit of lowering the gross debt ratio to 60% of GDP. Once this is achieved, the CAFT would be replaced by an advisory fiscal council. Aruba would also be eligible to borrow at the same terms as the Netherlands.

Figure 5
General Govt Debt
Gross debt



Source: Department of Finance, Fitch

Debt ended 2015 at 64.8% of GDP on a consolidated basis, and 82% of GDP on a gross basis. The majority of government borrowing in 2014 and 2015 was in US dollars. Aruba issued

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[1] Aruba reports a central government balance, on an accruals basis, not in accordance with GFS, as well as balances for the other main parts of the general government.

[2] The forgiveness of AWG60m in debt owed by the government to the social security bank (SVB) was counted as revenue in the government presentation, but Fitch, following the GFS definition, counts this as a financing item below the line.

[3] Note: a new turnover tax, BAZV, or "health tax" to fund the state-run health insurance system, the AZV, was introduced in 2014, reducing the need for transfers from the budget, and the rate was raised by 1pp in 2015. Pension contributions were also raised.

USD85m in August and USD42m in October 2015 at a rate of Libor plus 450bp, for a term of seven years.

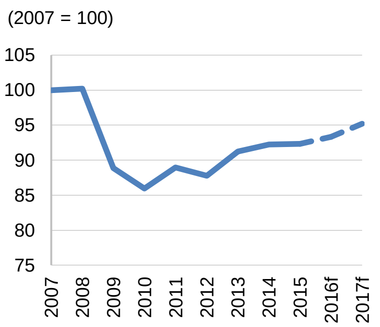
The delay in the approval of the 2015 budget prevented the government from borrowing and forced recourse to selective financing from suppliers. The 2016 budget was passed in February, allowing a return to more regular order. Sources of financing have evolved, as APFA has hit its limit for exposure to the government. The government can freely tap the Curaçao market, which counts as domestic borrowing. Domestic banks have excess liquidity as businesses demand less credit for new investment in the environment of greater tax uncertainty during 2015 and 2016.

The government is preparing to issue a foreign private placement of USD100m[4] in 2016, and plans to borrow on external markets in 2017 to finance the deficit and refinance an external maturity. Government debt maturities reach 9.7% of GDP in 2017.

Economic Growth Slows in 2015, Refinery Restart Offers Upside in 2016-2017

The economy grew an estimated 0.1% in 2015, according to the Central Bank of Aruba (CBA). Private consumption, which excludes purchases by tourists, was subdued. Previous tax rises (a rise in the health tax and the social security contribution), and uncertainty over government fiscal plans, curbed consumption and investment. Government consumption subtracted from growth as the government sought to rein in its deficit. Inflation stayed low, averaging 0.5%, and is expected to rise but remain below US levels, given subdued domestic demand.

Figure 6
Real GDP Recovery



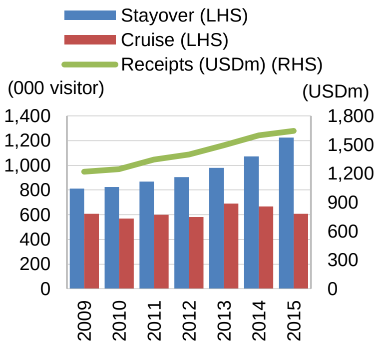
Source: CBA, Fitch

Credit growth was similarly low, largely owing to a lack of demand, with most growth occurring in mortgage lending. Banks are increasingly liquid and well capitalised. The CBA has made no changes to monetary policy (the benchmark rate of 1% and the reserve requirement of 11%) since 2010, with the impending rise in US interest rates unlikely to have an immediate impact on Aruban interest rates.

Tourism Still Performing Well

Tourism, which dominates the services sector, performed well in 2015, and a pipeline of new hotel rooms will enable further growth. Visitor numbers to Aruba continued to outpace the average for the Caribbean, but two structural trends are combining to put pressure on average spend per visitor. A growing share of visitors stay in apartments and villas, and spend less than hotel guests. Stayover arrivals from Venezuela, who also tend to spend less, grew 42.5% in 2015 and have tripled since 2011 as “currency tourists” seek to circumvent restrictions on dollar purchases at home. Arrivals from the US, which accounts for around half of all visitors, grew 7.7% (more quickly than the Caribbean regional average of 7.2% in 2015). The Aruba Tourism Authority (ATA) expects growth of 5.5% in arrivals and flat revenue per head in 2016.

Figure 7
Tourism Growth



Source: Aruba Tourism Authority

The ATA is seeking to diversify markets, particularly in Latin America. The Netherlands waived visa requirements for Colombian and Peruvian visitors in 2015. At some point, visitor numbers from Venezuela are likely to dip. The impact of the Zika virus on tourism bookings has been minor to date, largely showing up in the cancellation of group bookings (8% of the tourism business) rather than individual holidaymakers’ plans.

Other growth-supporting projects include a new container port at Barcadera, relocated from Oranjestad, which opened recently. The area of Oranjestad formerly occupied by the port will be opened for re-development. The construction of a highway, the Green Corridor, and a new hospital will also support growth in 2016.

Agreement In Sight to Reopen Refinery

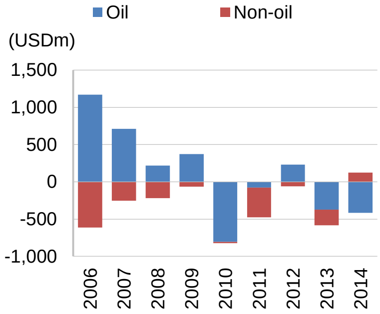
An oil refinery at San Nicolas, which formerly provided 600 direct jobs and accounted for up to 12% of GDP, may re-open, improving the outlook for the economy, balance of payments and

[4] On 11 March 2016, Aruba received borrowing approval to seek USD100m foreign financing for 2016 by the Kingdom Council, which must authorize Aruba’s foreign debt issuance.

Figure 8

Current Account

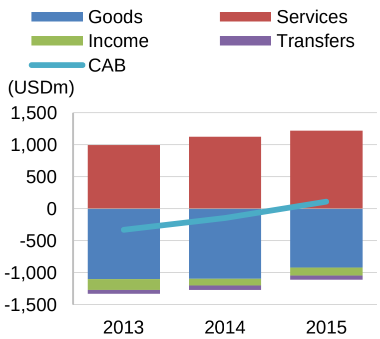
By sector



Source: CBA

Figure 9

C/A In Surplus



Source: Central Bank of Aruba, Fitch

public finances compared with Fitch's baseline scenario. The refinery closed in 2012 and has since been used solely as a trans-shipment and distribution centre. The CBA, based on a scenario where work on the refinery begins in April 2016, projected that growth could reach 6.7% in 2016.

In November 2015, the government reached a "heads of agreement" with Citgo, the Venezuelan-owned, US-based refiner and distributor, to convert the plant to an "upgrader" to blend heavy, sour Orinoco crude with lighter oils for processing by other refineries. Most recently, the deadline to reach a Definitive Participation Agreement between Citgo and the government was extended until 13 May 2016. The success of the project depends on Citgo's cash flow and may be affected by developments in Venezuela.

As envisioned, Valero, the previous operator of the refinery, will transfer it to a newly created Aruban state-owned company, which will lease it to Citgo to operate under a 15- to 20-year contract. Citgo would not be responsible for environmental liabilities that accrued under the previous owners. The creation of the state-owned holding company requires approval by Aruba's parliament.

Current Account Deficit Turns to Surplus

A decline in imports, driven largely by lower fuel prices, coupled with growth in services exports, led the current account back to a surplus of USD110m (4.1% of GDP) in 2015, from a deficit of 5.4% of GDP in 2014. However, the full benefits of lower fuel prices were not felt as the main fuel importer had hedged the import price at above market levels. Losses on this contract show as an outflow in derivatives on the capital account. Net capital inflows were lower year on year.

Reserves increased by USD150m to USD710m, strengthening backing for the longstanding peg of the florin to the US dollar. The reserve forecast is dependent on the level of foreign borrowing by the government.

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Public Debt Dynamics

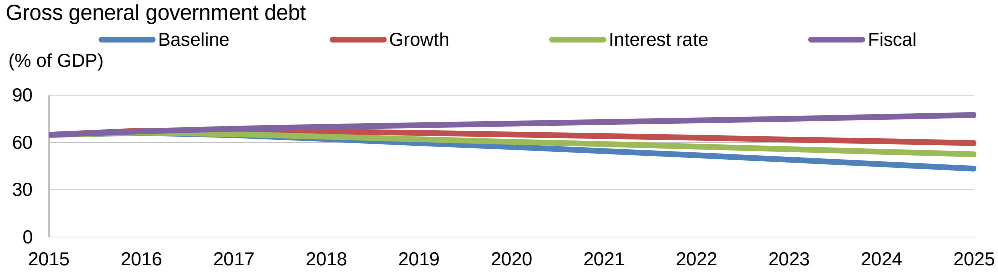
Under Fitch's baseline scenario, which assumes a fiscal consolidation that reduces the deficit to close to balance (with a primary surplus of 4% from 2018), consolidated general government debt will gradually decline. More rapid growth would allow higher deficits to be consistent with deficit reduction. Under an adverse scenario of no further fiscal adjustment, debt rises.

Debt Dynamics – Fitch's Baseline Assumptions

	2015	2016	2017	2018	2019	2020	2024
Consolidated general gov't debt (% GDP)	64.8	66.8	65.7	63.5	61.0	58.4	44.7
Primary balance (% of GDP)	0.6	1.8	3.6	4.0	4.0	4.0	4.0
Real GDP growth (%)	0.1	1.1	2.0	2.0	2.0	2.0	2.0
Avg. nominal effective interest rate (%)	7.1	7.0	7.0	6.9	6.5	6.5	6.5
AWG/USD (annual avg.)	1.8	1.8	1.8	1.8	1.8	1.8	1.8
GDP deflator (%)	2.0	1.0	1.5	2.0	2.0	2.0	2.0

Sensitivity Analysis

Gross general government debt



Source: Fitch

Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	GDP growth a half standard deviation lower than baseline
Interest rate	Marginal interest rate 100bp higher than baseline
Fiscal	No change in primary balance from 2015 level

Forecast Summary

	2011	2012	2013	2014	2015	2016f	2017f
Macroeconomic indicators and policy							
Real GDP growth (%)	3.5	-1.3	3.9	1.1	0.1	1.1	2.0
Unemployment (%)	8.9	9.6	7.6	7.5	7.3	7.0	7.0
Consumer prices (annual average % change)	4.4	0.6	-2.4	0.4	0.5	1.5	1.5
Short-term interest rate (bank policy annual avg.) (%)	1.0	1.0	1.0	1.0	1.0	1.0	1.5
General government balance (% of GDP)	-7.9	-9.2	-7.2	-9.4	-3.7	-2.2	-1.1
General government debt (% of GDP)	47.3	53.1	57.8	62.6	64.8	66.8	65.7
AWG per USD (annual average)	1.79	1.79	1.79	1.79	1.79	1.79	1.79
Real effective exchange rate (2000 = 100)	110.9	109.3	105.2	103.9	102.9	102.4	101.9
Real private sector credit growth (%)	-1.0	-1.5	2.8	7.7	3.7	-0.7	1.5
External finance							
Current account balance (% of GDP)	-10.2	3.6	-12.8	-5.4	4.1	1.5	1.1
Current account balance plus net FDI (% of GDP)	8.8	-9.0	-4.1	3.7	2.8	5.6	5.0
Net external debt (% of GDP)	-9.0	-6.1	4.4	5.6	3.9	3.2	2.9
Net external debt (% of CXR)	-3.3	-4.7	5.0	6.1	4.1	3.4	3.0
Official international reserves including gold (USDm)	694.1	768.5	653.5	678.4	823.3	877.7	920.3
Official international reserves (months of CXP cover)	1.2	2.9	3.0	3.2	4.0	4.1	4.1
External interest service (% of CXR)	1.4	3.0	5.1	4.9	4.5	4.8	4.5
Gross external financing requirement (% int. reserves)	49.3	7.7	67.5	46.7	-3.4	4.6	12.2
Real GDP growth (%)							
US	1.6	2.2	1.5	2.4	2.4	2.1	2.1
China	9.5	7.7	7.7	7.3	6.9	6.2	6.0
Eurozone	1.7	-0.9	-0.3	0.9	1.5	1.5	1.6
World	3.4	2.5	2.4	2.5	2.3	2.2	2.6
Oil (USD/barrel)	111.0	112.0	108.8	98.9	53.0	35.0	45.0

Source: Fitch

Fiscal Accounts Summary

(% of GDP)	2012	2013	2014	2015	2016f	2017f
General government						
Revenue	**22.5**	**24.7**	**23.6**	**25.0**	**26.0**	**26.6**
Expenditure	**31.8**	**31.1**	**31.4**	**28.5**	**28.5**	**27.4**
O/w interest payments	3.3	3.6	4.0	4.2	4.3	4.4
Primary balance	-5.9	-2.8	-3.9	0.6	1.8	3.6
Overall balance	**-9.2**	**-7.2**	**-9.4**	**-3.7**	**-2.2**	**-1.1**
General government debt	**53.1**	**57.8**	**62.6**	**64.8**	**66.8**	**65.7**
% of general government revenue	235.9	234.1	265.8	259.3	257.0	246.4
Central government deposits	4.6	5.3	3.9	3.6	3.6	3.6
Net general government debt	48.6	52.5	58.7	61.2	63.2	62.1
Central government debt	**67.8**	**73.7**	**81.8**	**82.0**	**83.7**	**82.0**
% of central government revenues	301.0	298.7	347.3	328.3	321.9	307.5
Central government debt (AWGm)	**3,072.6**	**3,413.9**	**3,882.2**	**3,973.7**	**4,140.9**	**4,196.6**
By residency of holder						
Domestic	1,611.1	1,624.6	2,227.3	1,905.0	1,988.6	2,016.5
Foreign	1,461.5	1,789.3	1,655.0	2,068.7	2,152.3	2,180.2
By currency denomination						
Local currency	2,015.1	2,218.9	2,821.6	2,499.3	2,582.9	2,610.8
Foreign currency	1,057.4	1,195.0	1,060.7	1,474.4	1,558.0	1,585.9
In USD equivalent (eop exchange rate)	590.7	667.6	592.6	823.7	870.4	886.0
Average maturity (years)	9.3	8.5	7.6	7.6	7.6	7.6
Memo						
Nominal GDP (AWGm)	4,531.0	4,630.0	4,744.0	4,843.7	4,946.0	5,120.6

Source: Ministry of Finance and Fitch estimates and forecasts

External Debt and Assets

(USDm)	2010	2011	2012	2013	2014	2015
Gross external debt	**1,320.7**	**1,339.0**	**1,496.0**	**1,586.4**	**1,778.2**	**1,878.2**
% of GDP	55.2	52.5	59.1	61.3	67.1	69.4
% of CXR	68.1	19.2	45.8	68.9	73.0	72.8
By maturity						
Medium- and long-term	994.0	1,002.3	1,145.0	1,177.5	1,321.8	1,396.2
Short -term	326.7	336.6	351.0	408.9	456.3	482.0
% of total debt	24.7	25.1	23.5	25.8	25.7	25.7
By debtor						
Sovereign	**626.0**	**647.2**	**811.1**	**914.1**	**1,051.7**	**1,282.8**
Monetary authorities	0.7	0.5	2.1	0.0	0.6	0.6
General government	625.3	646.8	809.0	914.0	1,051.1	1,282.2
O/w central government	629.4	648.9	816.5	999.6	924.6	1,155.7
Banks	**298.2**	**279.9**	**293.9**	**357.9**	**338.9**	**345.7**
Other sectors	**396.6**	**411.8**	**390.9**	**314.4**	**387.6**	**249.7**
Gross external assets (non-equity)	**1,375.6**	**1,567.4**	**1,649.2**	**1,471.6**	**1,629.8**	**1,772.9**
International reserves, incl. gold	709.9	694.1	768.5	653.5	678.4	823.3
Other sovereign assets nes	0.0	0.0	0.0	0.0	0.0	0.0
Deposit money banks' foreign assets	393.2	397.4	343.8	372.5	366.0	373.3
Other sector foreign assets	257.9	458.1	518.0	432.7	570.6	576.3
Net external debt	**-54.9**	**-228.5**	**-153.2**	**114.7**	**148.4**	**105.3**
% of GDP	-2.3	-9.0	-6.1	4.4	5.6	3.9
Net sovereign external debt	-98.5	-64.7	23.7	247.6	358.5	459.5
Net bank external debt	-95.0	-117.5	-49.9	-14.6	-27.1	-27.6
Net other external debt	138.7	-46.3	-127.0	-118.3	-183.0	-326.6
Net international investment position	**-3,450.6**	**-3,777.7**	**-2,495.6**	**-2,930.1**	**-3,177.3**	**0.0**
% of GDP	-144.3	-148.1	-98.6	-113.3	-119.9	0.0
Sovereign net foreign assets	**98.5**	**64.7**	**-23.7**	**-247.6**	**-358.5**	**-459.5**
% of GDP	4.1	2.5	-0.9	-9.6	-13.5	-17.0
Debt service (principal & interest)	**205.8**	**183.8**	**241.9**	**305.3**	**281.9**	**203.6**
Debt service (% of CXR)	10.6	2.6	7.4	13.3	11.6	7.9
Interest (% of CXR)	5.3	1.4	3.0	5.1	4.9	4.5
Liquidity ratio (%)	223.5	216.1	188.7	169.5	148.5	158.3
Net sovereign FX debt (% of GDP)	-11.2	-10.7	-6.9	0.5	-3.2	0.0
Memo						
Nominal GDP	2,390.6	2,551.3	2,531.3	2,586.6	2,650.3	2,706.0
Inter-company loans	-	-	-	-	-	-

Source: Central Bank, IMF, World Bank and Fitch estimates and forecasts

External Debt Service Schedule on Medium- and Long-Term Debt at April 2016

(USDm)	2014	2015	2016	2017	2018	2019	2020
Sovereign: Total debt service		**85**	**86**	**136**	**174**	**170**	**138**
Amortisation		35	30	82	124	102	102
Official bilateral		3.8	3.9	4.0	4.0	1.5	1.6
Multilateral		0	0	0	0	0	0
O/w IMF		0	0	0	0	0	0
Other		3	3	2	2	1	1
Bonds placed in foreign markets		28	23	75	118	99	99
Interest		50	56	54	50	68	36
Non-sovereign public sector							

Source: Ministry of Finance, Central Bank and Fitch

Balance of Payments

(USDm)	2012	2013	2014	2015	2016f	2017f
Current account balance	**90.8**	**-330.6**	**-141.9**	**109.8**	**42.7**	**30.9**
% of GDP	3.6	-12.8	-5.4	4.1	1.5	1.1
% of CXR	2.8	-14.4	-5.8	4.3	1.6	1.1
Trade balance	**-656.0**	**-1,097.8**	**-1,092.1**	**-919.5**	**-1,018.8**	**-1,074.6**
Exports, fob	1,388.9	278.5	258.3	334.1	290.7	290.7
Imports, fob	2,044.9	1,376.3	1,350.3	1,253.6	1,309.5	1,365.4
Services, net	**937.7**	**996.2**	**1,128.0**	**1,220.4**	**1,266.0**	**1,320.4**
Services, credit	1,762.1	1,887.4	2,045.3	2,100.8	2,174.3	2,250.4
Services, debit	824.5	891.2	917.3	880.3	908.3	930.0
Income, net	**-115.1**	**-169.9**	**-106.0**	**-124.6**	**-119.6**	**-124.9**
Income, credit	36.2	34.2	41.8	48.7	60.0	61.2
Income, debit	151.3	204.2	147.8	173.4	179.6	186.1
O/w: Interest payments	97.5	116.8	118.4	117.2	125.3	121.1
Current transfers, net	**-75.7**	**-59.1**	**-71.8**	**-66.5**	**-85.0**	**-90.0**
Capital and financial accounts						
Non-debt-creating inflows (net)	-139.3	175.8	225.0	27.8	111.7	111.7
O/w equity FDI	-317.5	225.5	239.7	-33.1	111.7	111.7
O/w portfolio equity	178.2	-49.7	-14.7	60.9	0.0	0.0
O/w other flows	1.7	0.5	-2.1	1.1	0.0	0.0
Change in reserves	-66.3	43.1	-9.2	-146.6	-54.4	-42.6
Gross external financing requirement	53.6	519.0	305.3	-23.4	37.9	107.5
Stock of international reserves, incl. gold	768.5	653.5	678.4	823.3	877.7	920.3

Source: IMF and Fitch estimates and forecasts

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.