

Andorra

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F2

Country Ceiling	A+
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Outlook

Long-Term Foreign-Currency IDR	Stable
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Financial Data

Andorra

(USDm)	2019
GDP	3,221.3
GDP per head (USD 000)	39.9
Population (m)	0.1
International reserves	0.0
Net external debt (% GDP)	0.0
Central government total debt (% GDP)	32.0
CG foreign-currency debt	1,029.3
CG domestically issued debt (EURm)	905.8

Rating Derivation

Component	Outcome
Sovereign Rating Model (SRM)	A-
Qualitative Overlay (QO)	-1
Macroeconomic	0
Structural features	-1
Public finances	0
External finances	0
Long-term foreign-currency IDR (SRM + QO)	BBB+

Source: Fitch Ratings

Related Research

[Global Economic Outlook \(June 2019\)](#)

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Key Rating Drivers

Overarching Drivers: Andorra's ratings are supported by high GDP per capita (almost 4x the 'BBB' median), political stability and prudent fiscal policy. Net public indebtedness is low and improving, and the general government surplus (1.9% of GDP in 2018) compares favourably with the peer group median (of a deficit of 1.8%). This is set against Andorra's small and undiversified economy, gaps in economic data, and risks associated with a large financial sector (bank assets are close to 500% of GDP) without a credible lender of last resort.

Moderate GDP Growth: Fitch Ratings expects GDP growth to pick up slightly to 2.0% in 2019, from 1.6% last year, driven by stronger domestic demand. Positive labour market dynamics are supporting private consumption: employment grew 3.0% in 2018 and average wages by 2.7%, and unemployment fell further to 1.5%. We forecast GDP growth of 1.6% in 2020 and 1.5% in 2021, close to our assessment of trend, as labour market tightness dampens job creation, and GDP growth moderates in Spain (which accounts for 56% of exports and 45% of FDI).

Stable Central Government Balance: Fitch expects a narrowing of the general government surplus, from 2.7% of GDP in 2018 to 1.9% in 2019 and to 1.3% in 2021, mainly due to weakening social security and local government balances. We forecast the central government deficit will remain close to last year's 0.1% of GDP, comfortably within the fiscal rule ceiling of 1.0%. There are no sizeable new fiscal measures planned, and the high degree of cross-party consensus on policy supports a stable central government position beyond this year's budget.

Declining Public Debt: We forecast a fall in general government debt/GDP to 33.5% in 2021, from 36.1% in 2018, which compares favourably with the current 'BBB' median of 39.4%. The sovereign's balance sheet is enhanced by a large stock of liquid assets in the social security sector which is equivalent to 48% of GDP and is running an annual surplus of 1.9% of GDP (although we project it to move into deficit over the medium term). The average interest rate on government debt is low, at 1.0%, although the average maturity is short at 2.7 years.

Regulatory Alignment: Andorra has continued the process of aligning with international standards of financial regulation and tax transparency. There has also been further progress towards an EU association agreement initially focussing on the institutional framework and the freedom of goods pillar, and we expect the remaining chapters will take several years to conclude. An IMF membership application is planned this year, with a target of joining in 2020.

Resilient Banking Metrics: The banking sector's credit fundamentals have been resilient in recent years with an average bank Viability Rating of 'bbb'. We expect profitability to modestly improve, and for satisfactory capital buffers to be maintained following the introduction of Basel III on 1 January 2019. There is also a stable customer deposit base that comfortably funds banks' lending books, and liquidity positions are conservatively managed.

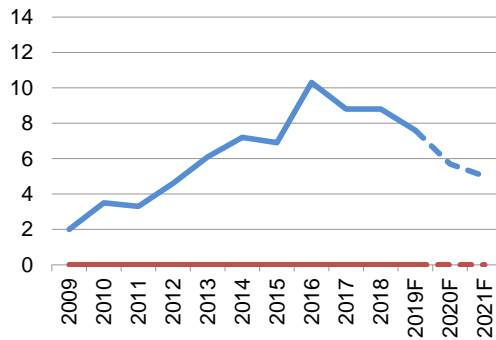
Rating Sensitivities

Lower Banking Risk, Falling Debt: Reduced banking sector risk, improvements in data quality (particularly for external accounts), or greater confidence that the government debt to GDP ratio will maintain a firm downward trajectory over the medium term would credit positive.

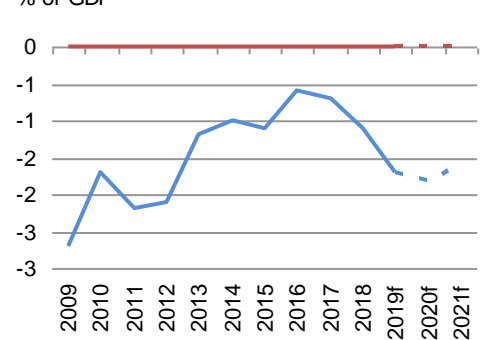
Higher Debt, Weaker Banks: Rising government indebtedness, for example due to fiscal slippage or worsening economic prospects, or a deterioration in the creditworthiness of the large Andorran banks, could result in a negative rating action.

Peer Comparison

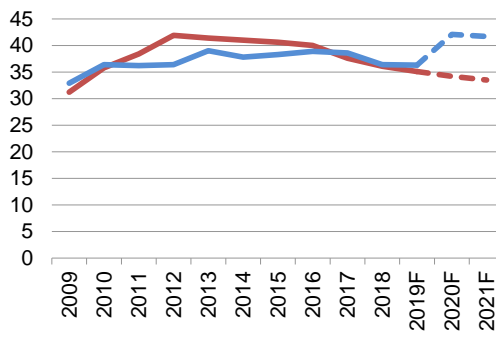
Net External Debt
% of GDP



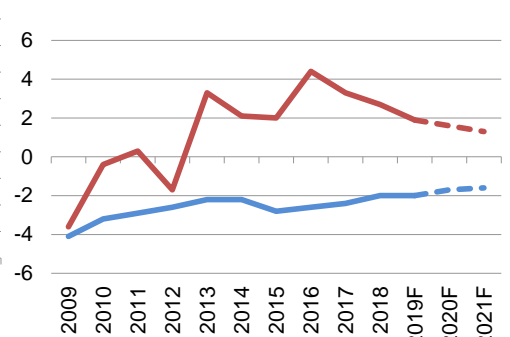
Current Account Balance
% of GDP



General Government Debt
% of GDP



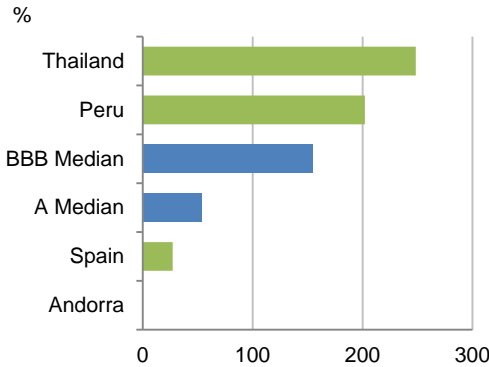
General Government Balance
% of GDP



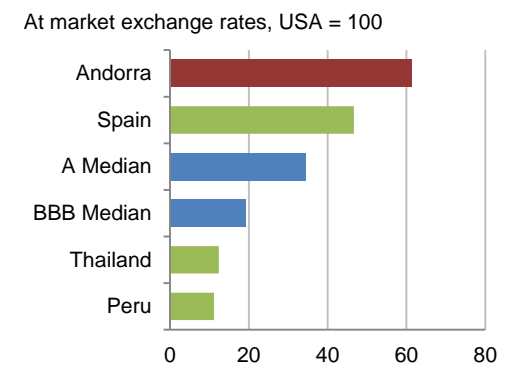
— Andorra

— Median(BBB)

International Liquidity Ratio, 2019



GDP per capita income, 2019



Note: Medians based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period

Related Criteria

- [Sovereign Rating Criteria \(May 2019\)](#)
- [Country Ceilings Criteria \(July 2018\)](#)

Rating Factors

Peer Group

Rating	Country
A-	Latvia
	Lithuania
	Malaysia
	Poland
	Spain
BBB+	Andorra
	Peru
	Thailand
BBB	Bulgaria
	Colombia
	Hungary
	Indonesia
	Italy
	Kazakhstan
	Mexico
	Panama
	Philippines
	Portugal

Summary: Strengths and Weaknesses

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

Note: Relative to 'BBB' category
Source: Fitch Ratings

Strengths

- Andorra has high income per capita of USD39,945 compared with the 'BBB' median of USD11,595. Governance and human development indicators are much higher than the 'BBB' medians and are more akin to those of 'A' and 'AA' rated sovereigns.
- Social security funds and the two main state-owned enterprises have large reserves of liquid assets. The general government sector had a net asset position of 18.5% of GDP at end-2018.
- The unemployment rate fell to 1.5% in 4Q18, much lower than the current 'BBB' median of 7.6%.
- Inflation is lower and less volatile than for rated peers. Full euroisation of the economy allows Andorra to import ECB monetary policy.

Weaknesses

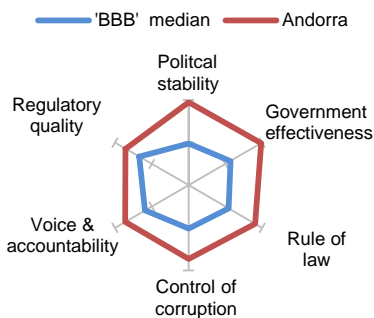
- The banking sector is large, with consolidated assets close to 500% of GDP. A severe shock affecting the larger banks would have a sizeable effect on Andorra's economy, and public finances would be further affected if the state had to intervene to avert a systemic crisis.
- The financial sector lacks a lender of last resort.
- The economy is reliant on a few industries – financial sector, commerce and tourism – with limits on the degree of diversification and development due to geographical constraints.
- Statistical data is available with long lags and often at low frequency (although there have been improvements for example in the frequency of GDP and labour market statistics). Balance of payments and external accounts data are largely absent, and Fitch uses conservative assumptions and estimates where necessary for its analysis and in the SRM.

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
10 Aug 18	BBB+	
11 Sep 15	BBB	

Governance Indicators

Percentile rank



Local-Currency Rating

Fitch has not assigned a Long-Term Local-Currency IDR to Andorra. The monetary agreement with the EU allows Andorra to use the euro as its official currency. Andorra's government debt is entirely denominated in euros.

Country Ceiling

The Country Ceiling for Andorra is 'A+', a three-notch uplift on the Long-Term IDR. This reflects the low likelihood of a formal or informal moratorium on private-sector external debt payments due to Andorra's use of the euro, good governance, trade relations with neighbours Spain and France and alignment of interests with the EU.

Strengths and Weaknesses: Comparative Analysis

2019	Andorra BBB+	BBB median ^a	A median ^a	Peru BBB+	Thailand BBB+	Bulgaria BBB
Macroeconomic performance and policies						
Real GDP (5yr average % change)	1.6	3.6	4.1	3.5	3.6	3.5
Volatility of GDP (10yr rolling SD)	2.9	3.0	2.5	2.0	2.2	1.4
Consumer prices (5yr average)	0.8	4.0	2.5	2.7	0.4	0.8
Volatility of CPI (10yr rolling SD)	1.1	2.4	1.8	0.9	1.5	1.9
Unemployment rate (%)	1.5	7.6	6.5	5.7	0.9	4.9
Type of exchange rate regime	Euroised	n.a.	n.a.			
Dollarisation ratio (% of bank deposits)	100.0	17.1	10.1	-	-	37.0
REER volatility (10yr rolling SD)	-	5.1	5.1	3.1	3.9	2.2
Structural features						
GDP per capita (USD, mkt exchange rates)	39,945	11,595	22,914	7,263	8,059	9,869
GNI per capita (PPP, USD, latest)	-	21,185	33,980	12,890	17,090	20,500
GDP (USDbn)	3	n.a.	n.a.	236.2	548.4	69.1
Human development index (percentile, latest)	81.3	66.4	81.0	53.1	55.8	73.4
Governance indicator (percentile, latest) ^b	90.8	58.2	75.9	46.6	44.0	59.8
Broad money (% GDP)	338.8	59.6	88.9	41.6	122.1	85.6
Default record (year cured) ^c	-	n.a.	n.a.	1997	-	1994
Ease of doing business (percentile, latest)	-	70.9	83.0	64.6	86.3	69.4
Trade openness (avg. of CXR + CXP % GDP)	91.7	46.1	62.0	28.0	62.5	69.1
Gross domestic savings (% GDP)	-	22.7	27.5	23.7	35.0	21.0
Gross domestic investment (% GDP)	-	23.6	23.7	21.9	26.3	19.7
Private credit (% GDP)	318.1	57.3	73.5	39.6	143.3	52.2
Bank systemic risk indicators ^d	bbb/1	n.a.	n.a.	bbb/1	bbb/1	bb/1
Bank system capital ratio (% assets)	21.7	15.1	14.7	-	-	21.0
Foreign bank ownership (% assets)	-	34.5	48.1	-	-	77.7
Public bank ownership (% assets)	-	13.4	15.8	-	-	2.8
External finances						
Current account balance + net FDI (% GDP)	-	0.5	2.2	1.2	4.6	5.7
Current account balance (% GDP)	-	-1.9	0.9	-1.4	5.6	4.0
Net external debt (% GDP)	-	7.0	-9.7	-3.1	-43.1	-22.1
Gross external debt (% CXR)	140.6	115.4	104.0	141.5	48.0	84.4
Gross sovereign external debt (% GXD)	1.6	31.3	16.4	48.8	21.4	18.6
Sovereign net foreign assets (% GDP)	-2.5	2.8	14.6	16.6	34.9	33.5
Ext. interest service ratio (% CXR)	-	4.3	2.3	4.3	0.7	2.2
Ext. debt service ratio (% CXR)	-	15.2	11.7	13.1	5.4	7.1
Foreign exchange reserves (months of CXP)	-	4.9	4.4	11.2	7.9	7.9
Liquidity ratio (latest) ^e	-	148.0	111.5	202.1	248.4	350.4
Share of currency in global reserves (%)	-	n.a.	n.a.	0	0	0
Commodity export dependence (% CXR, latest)	0.3	20.8	10.6	71.9	16.3	30.9
Sovereign net foreign currency debt (% GDP)	-	-6.5	-12.0	-18.7	-38.9	-28.8
Public Finances^f						
Budget balance (% GDP)	1.9	-2.3	-2.3	-1.8	-0.2	1.0
Primary balance (% GDP)	2.4	-0.3	-0.4	-0.6	0.8	1.6
Gross debt (% revenue)	94.7	134.5	134.1	122.7	172.9	54.1
Gross debt (% GDP)	35.1	35.8	42.6	24.2	37.0	20.0
Net debt (% GDP)	34.1	30.1	37.6	13.6	25.5	11.0
Foreign currency debt (% total debt)	99.8	35.2	11.5	31.3	1.4	78.1
Interest payments (% revenue)	1.4	6.9	4.8	6.6	4.6	1.6
Revenues and grants (% GDP)	37.0	32.0	36.1	19.7	21.4	37.0
Volatility of revenues/GDP ratio	9.2	6.5	5.5	7.6	2.3	6.1
Central Govt. debt maturities (% GDP)	21.0	5.4	4.9	0.8	1.4	2.0

^a Medians based on actual data since 2000 (excl. forecasts) for all sovereign-year observations where the sovereign was in the respective rating category at year-end. Three-year centred averages are used for the more dynamic variables (e.g. current account and fiscal balance)

^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 Modern rescheduling history

^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'

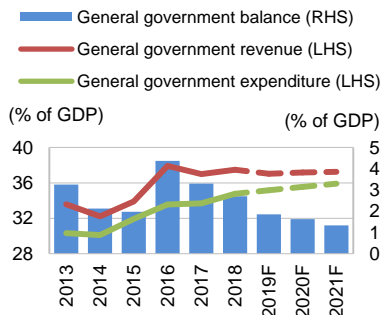
^e Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external 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)

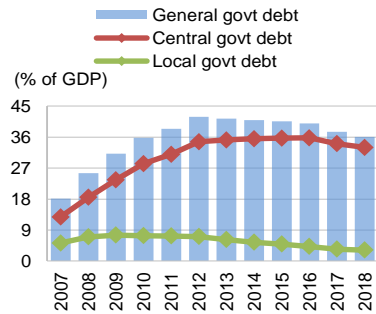
Source: Fitch Ratings

General Government Balance, Revenues and Expenditure



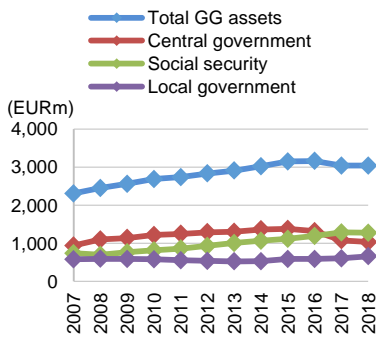
Source: Fitch Ratings forecasts, Ministry of Finance

General Government Debt



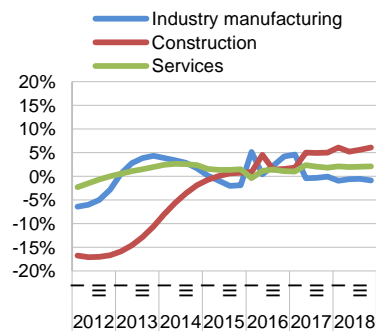
Source: Fitch Ratings, Department d'Estadística

General Government Assets



Source: Fitch Ratings, Department d'Estadística

Sectoral Real GVA Growth



Source: Fitch Ratings, Department d'Estadística

Key Credit Developments

Stable Fiscal Position

Fitch expects a narrowing of the general government surplus from 2.7% of GDP in 2018 to 1.9% in 2019 and 1.3% in 2021, mainly due to weakening social security and local government balances. We forecast the central government deficit will remain close to last year's 0.1% of GDP, comfortably within the fiscal rule ceiling of 1.0% (and the other rules set by the Fiscal Sustainability Law introduced in 2014)¹.

There are no sizeable new fiscal measures due this year and while the central government balance worsened by 0.4pp last year, this included some notable one-off expenditures such as a 0.3% of GDP transfer to local government and a bank loan repayment. Tax revenue grew 3.2% in 2018 and has maintained momentum, and the government is targeting a 1% cut in recurrent spending on goods to partly offset greater public sector wage growth, of 3.5%. There is a relatively high degree of cross-party consensus on fiscal policy, supporting a stable central government balance beyond this year's budget.

Falling Public Debt

Debt reduction is supported by moderate GDP growth and the near-balanced central and local government positions (we assume social security surpluses are retained rather than being used to pay down debt). We forecast gross general government debt falls further to 33.5% of GDP in 2021, from 36.1% in 2018, and which compares favourably with the current 'BBB' median of 39.4%.

The local government component of general government debt has fallen steadily to 3.2% of GDP at end-2018 from 3.5% in 2017 and 7.1% of GDP in 2012. The average interest rate on government debt is low, at 1.0% in June (and largely unchanged over the last year) although the average maturity is relatively short at 2.7 years.

The sovereign's balance sheet is enhanced by a large stock of liquid assets in the social security sector which is equivalent to 48% of GDP and is running an annual surplus of 1.9% of GDP (although we project it to move into deficit over the medium term). The combined reserves of the two main state-owned companies Andorra Telecom and the energy company FEDA are equivalent to a further 8.4% of GDP at end-2018, compared with 8.7% of GDP a year earlier.

Moderate GDP Growth

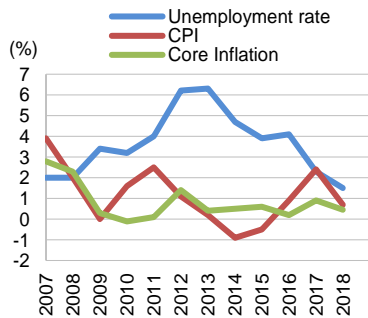
We forecast an increase in GDP growth to 2.0% in 2019, from 1.6% last year, due to stronger domestic demand. Annualised GDP rose 2.2% in 1Q19 supported by strong construction and robust service sector activity despite unfavourable snow conditions in the key tourism sector (which led to a 4.5% yoy drop in overnight visits and a 1.6% drop in tourist entries over the winter). FDI trends are broadly positive, increasing 1.4pp in 2018 to 5.5% of GDP, and 4.2% of GDP (annualised) in 1H19, with construction and real estate the main contributors.

The picture on house prices remains mixed, with multi-family properties up 16.1% in 1Q19 (following growth of 2.3% in 2017 and 3.1% in 2018) but a 3.6% fall in single-family properties (having increased 9.9% last year). Nevertheless, this is a very shallow recovery set against house price falls of more than 75% between 2007 and 2015. CPI and core inflation picked up somewhat in May to 1.3% and 1.2%, respectively (from 0.7% and 0.4% in 2018).

Positive labour market dynamics are supporting private consumption: employment grew by 3.0% in 2018 and the average wage by 2.7%, and unemployment has fallen to 1.5% (from 2.3% at end-2017). We forecast GDP growth of 1.6% in 2020 and 1.5% in 2021, close to our

¹ The 2019 budget also complies with the remaining fiscal rules set by 2014 legislation: with recurrent spending increases of 2.6% versus the ceiling of 3.2%, direct taxes accounting for 36.2% of total revenue versus the ceiling of 40% and total debt (including of municipalities and public bodies) estimated at 40.7% of GDP versus the 55% ceiling, and public debt below 40% of GDP.

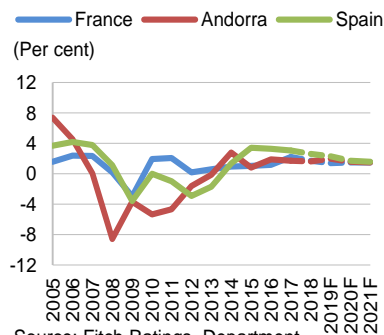
Unemployment Rate, and Inflation



Source: Fitch Ratings, Department d'Estadística

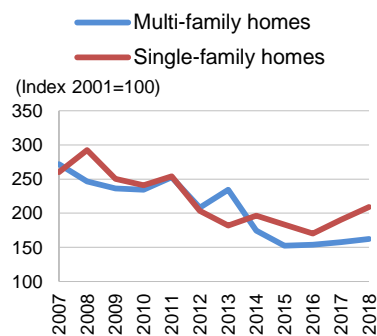
Real GDP Growth

Outturns and forecasts



Source: Fitch Ratings, Department d'Estadística

Real Estate Prices



Source: Fitch Ratings, Department d'Estadística

assessment of trend, as labour market tightness dampens job creation, and GDP growth moderates in neighbouring Spain, which accounts for 56% of exports and 45% of FDI.

Ongoing Progress in Regulatory Alignment

Andorra has continued the process of aligning with international standards of financial regulation and tax transparency, and was removed from the EU “grey list” of non-cooperative tax jurisdictions in December 2018. MFID market abuse legislation is proceeding and Andorra joined the Single Euro Payments Area in March. The introduction this year of Basel III capital rules, on top of the earlier adoption of IFRS accounting standards, should help support financial stability.

There has been further progress towards an EU association agreement initially focussing on the institutional framework and the freedom of goods pillar. We expect the remaining chapters will take several years to conclude and will then be subject to a confirmatory referendum. The authorities are also planning to apply for IMF membership this year, with a target of joining in 2020. More generally, there has been broad continuity in economic and financial sector policies under the new coalition government that took office after April's parliamentary elections.

Banks' Credit Fundamental Remain Robust

The Andorran banking sector's credit fundamentals have remained resilient in recent years with an average bank Viability Rating of 'bbb', while adapting to tighter regulation and a more competitive and lower-margin private banking business model. Sector profitability has so far held up, but remains under pressure due to limited growth opportunities in Andorra and costs from digital transformation and restructuring processes.

We nevertheless expect profitability to modestly improve due to greater revenues from international operations despite fiercer competition outside Andorra. Net lending has stabilised following the sharp falls in 2016 and 2017 (due to the collapse of the Banca Privada d'Andorra in 2015), and we forecast average real credit growth of 0.9% in 2019-2021.

The NPL ratio, at 8.6% (including foreclosed assets) at end-2018 remains higher than international peers' and sensitive to high single-name concentration due to banks' exposure to the small Andorran economy. However, improved impaired loan coverage (at 81.5%) supported by IFRS implementation helps mitigate risks. Fitch expects satisfactory capital buffers to be maintained following the introduction of Basel III on 1 January 2019 (the sector's phased-in common equity Tier 1 ratio at end-2018 was 16.3%).

Andorran banks have a stable customer deposit base that comfortably funds the loan book and liquidity positions are conservatively managed. However, the lack of a credible lender of last resort for the banking sector is a key rating constraint, with central bank access potentially available only through international subsidiaries. Given the size of the sector (bank assets are close to 500% of GDP), further banking sector instability would represent a large contingent liability risk for the sovereign.

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

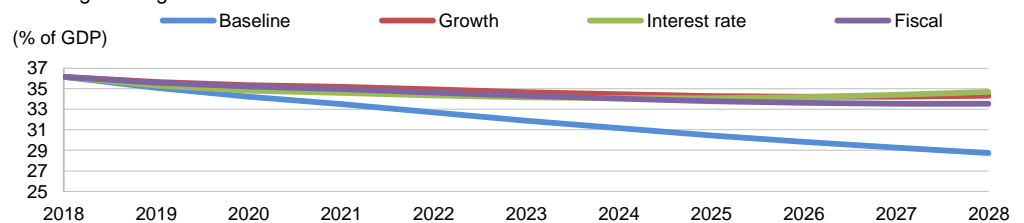
According to Fitch's baseline projections, public debt will decline steadily from 36.1% of GDP in 2018 to 28.7% in 2028. Three standard shocks – to growth, interest rates and the primary fiscal balance – are presented below. In the first two, the reduction in public debt is reversed in the latter half of the projection period.

Debt Dynamics: Fitch's Baseline Assumptions

	2018	2019	2020	2021	2022	2023	2028
Gross general government debt (% GDP)	36.1	35.1	34.2	33.5	32.7	31.9	28.7
Primary balance (% of GDP)	3.2	2.4	2.1	1.8	1.3	1.0	1.0
Real GDP growth (%)	1.6	2.0	1.6	1.5	1.5	1.5	1.5
Avg. nominal effective interest rate (%)	1.5	1.4	1.3	1.3	1.5	1.7	2.9
Local currency/USD (annual avg.)	0.85	0.88	0.88	0.88	0.88	0.88	0.88
GDP deflator (%)	0.9	1.2	1.4	1.6	1.8	1.8	1.8

Sensitivity Analysis

Gross general government debt



Source: Fitch Ratings debt dynamics model

Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth shock	GDP growth 1.5% lower than baseline (half standard deviation lower)
Interest rate shock	Marginal interest rate 250bp higher
Fiscal shock	Average primary balance 0.5% of GDP lower than in baseline

Forecast Summary

	2015	2016	2017	2018	2019 ^f	2020 ^f	2021 ^f
Macroeconomic Indicators and Policy							
Real GDP growth (%)	0.8	1.9	1.7	1.6	2.0	1.6	1.5
Unemployment (%)	4.1	3.5	2.4	2.4	1.5	1.4	1.4
Consumer prices (annual average % change)	-0.9	0.4	2.6	0.7	1.2	1.4	1.6
Short-term interest rate (bank policy annual avg) (%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
General government balance (% of GDP)	2.0	4.4	3.3	2.7	1.9	1.6	1.3
General government debt (% of GDP)	40.6	40.0	37.6	36.1	35.1	34.2	33.5
EUR per USD (annual average)	0.90	0.90	0.89	0.85	0.88	0.88	0.88
Real effective exchange rate (2000=100)	-	-	-	-	-	-	-
Real private sector credit growth (%)	0.6	-6.3	-7.7	-0.7	0.8	0.6	1.4
External Finance							
Current account balance (% of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current account balance plus net FDI (% of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net external debt (% of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net external debt (% of CXR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official international reserves including gold (USDmn)	-	-	-	-	-	-	-
Official international reserves (months of CXP cover)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External interest service (% of CXR)	4.9	5.1	4.6	4.3	4.2	3.9	3.8
Gross external financing requirement (% int. reserves)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real GDP growth (%)							
US	2.9	1.6	2.2	2.9	2.3	1.8	1.7
China	6.9	6.7	6.9	6.6	6.2	6.0	5.8
Eurozone	2.1	2.0	2.4	1.9	1.2	1.3	1.2
World	2.8	2.6	3.3	3.2	2.8	2.7	2.7
Oil (USD/barrel)	52.4	45.1	54.9	71.6	65.0	62.5	60.0

Source: Fitch Ratings

Fiscal Accounts Summary

(% of GDP)	2016	2017	2018	2019f	2020f	2021f
General government						
Revenue	37.9	37.0	37.5	37.0	37.2	37.2
Expenditure	33.6	33.7	34.8	35.2	35.5	35.9
O/w interest payments	0.7	0.6	0.5	0.5	0.5	0.5
Primary balance	5.0	3.9	3.2	2.4	2.1	1.8
Overall balance	4.4	3.3	2.7	1.9	1.6	1.3
General government debt	40.0	37.6	36.1	35.1	34.2	33.5
% of general government revenue	105.5	101.6	96.4	94.7	92.1	90.0
Central government deposits	0.4	0.8	0.9	0.9	0.9	0.9
Net general government debt	39.6	36.8	35.2	34.1	33.3	32.7
Central government						
Revenue	16.9	15.8	15.8	15.8	-	-
O/w grants	-	-	-	-	-	-
Expenditure and net lending	16.0	15.5	15.8	15.9	-	-
O/w current expenditure and transfers	14.1	13.8	14.2	14.0	-	-
- Interest	0.6	0.5	0.4	0.4	-	-
O/w capital expenditure	1.9	1.7	1.7	1.9	-	-
Current balance	2.8	2.1	1.6	1.7	-	-
Primary balance	1.5	0.8	0.4	0.3	-	-
Overall balance	0.9	0.3	-0.1	-0.1	-	-
Central government debt	35.8	34.1	33.0	32.0	-	-
% of central government revenues	212.2	215.4	209.2	203.0	-	-
Central government debt (EURm)	931.1	911.8	904.4	905.8	-	-
By residency of holder						
Domestic	865.9	848.0	841.1	842.4	-	-
Foreign	65.2	63.8	63.3	63.4	-	-
By currency denomination						
Local currency	0.0	0.0	0.0	0.0	-	-
Foreign currency	931.1	911.8	904.4	905.8	-	-
in USD equivalent (eop exchange rate)	982.1	1,094.9	1,033.9	1,029.3	-	-
Average maturity (years)	2.9	3.8	3.6	3.0	-	-
Memo						
Nominal GDP (EURm)	2,601.1	2,674.1	2,742.0	2,830.4	2,915.9	3,007.0

Source: Fitch Ratings estimates and forecasts and Ministry of Finance

External Debt and Assets

(USDm)	2014	2015	2016	2017	2018	2019f
Gross external debt	7,765.1	6,113.6	5,037.1	5,044.7	5,039.6	5,039.2
% of GDP	231.3	217.3	175.0	167.0	155.6	156.4
% of CXR	313.7	270.5	198.6	166.4	150.4	140.6
By maturity						
Medium- and long-term	-	-	-	-	-	-
Short-term	-	-	-	-	-	-
% of total debt	0.0	0.0	0.0	0.0	0.0	0.0
By debtor						
Sovereign	87.7	78.3	76.8	84.4	79.3	78.9
Monetary authorities	-	-	-	-	-	-
General government	87.7	78.3	76.8	84.4	79.3	78.9
O/w central government	76.0	68.8	68.7	76.6	72.4	72.1
Banks	7,677.5	6,035.3	4,960.3	4,960.3	4,960.3	4,960.3
Other sectors	0.0	0.0	0.0	0.0	0.0	0.0
Gross external assets (non-equity)	-	-	-	-	-	-
International reserves, incl. gold	-	-	-	-	-	-
Other sovereign assets nes	0.0	0.0	0.0	0.0	0.0	0.0
Deposit money banks' foreign assets	-	-	-	-	-	-
Other sector foreign assets	-	-	-	-	-	-
Net external debt	-	-	-	-	-	-
% of GDP	0.0	0.0	0.0	0.0	0.0	0.0
Net sovereign external debt	87.7	78.3	76.8	84.4	79.3	78.9
Net bank external debt	-	-	-	-	-	-
Net other external debt	-	-	-	-	-	-
Net international investment position	-	-	-	-	-	-
% of GDP	-	-	-	-	-	-
Sovereign net foreign assets	-87.7	-78.3	-76.8	-84.4	-79.3	-78.9
% of GDP	-2.6	-2.8	-2.7	-2.8	-2.4	-2.5
Debt service (principal & interest)	-	-	-	-	-	-
Debt service (% of CXR)	16.1	16.5	16.9	16.2	14.6	13.2
Interest (% of CXR)	4.7	4.9	5.1	4.6	4.3	4.2
Liquidity ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
Net sovereign FX debt (% of GDP)	-	-	-	-	-	-
Memo						
Nominal GDP	3,356.6	2,813.9	2,878.0	3,021.4	3,238.7	3,221.3
Inter-company loans	-	-	-	-	-	-

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

Balance of Payments

(USDm)	2016	2017	2018	2019f	2020f	2021f
Current account balance	0.0	0.0	0.0	0.0	0.0	0.0
% of GDP	0.0	0.0	0.0	0.0	0.0	0.0
% of CXR	0.0	0.0	0.0	0.0	0.0	0.0
Trade balance	-1,256.2	-1,357.3	-1,483.9	-1,555.4	-1,630.3	-1,708.8
Exports, fob	100.4	120.0	132.6	141.9	151.9	162.5
Imports, fob	1,356.6	1,477.3	1,616.5	1,697.3	1,782.2	1,871.3
Services, net	1,938.8	2,369.6	2,624.8	2,820.4	3,030.3	3,255.5
Services, credit	2,436.5	2,911.5	3,217.8	3,443.0	3,684.0	3,941.9
Services, debit	497.7	541.9	593.0	622.6	653.8	686.5
Income, net	-	-	-	-	-	-
Income, credit	-	-	-	-	-	-
Income, debit	-	-	-	-	-	-
O/w: Interest payments	-	-	-	-	-	-
Current transfers, net	0.0	0.0	0.0	0.0	0.0	0.0
Capital and financial accounts						
Non-debt-creating inflows (net)	-	-	-	-	-	-
O/w equity FDI	-	-	-	-	-	-
O/w portfolio equity	0.0	0.0	0.0	0.0	0.0	0.0
O/w other flows	-	-	-	-	-	-
Change in reserves	-	-	-	-	-	-
Gross external financing requirement	-682.6	-1,012.3	-1,140.9	-1,265.0	-1,399.9	-1,546.6
Stock of international reserves, incl. gold	-	-	-	-	-	-

Source: Fitch Ratings estimates and forecasts and IMF

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