# Standard & Poor's | Americas

### Overview

- In our opinion, Aruba has the most exposure to tourism among the sovereigns we rate. We expect the severe hit to the country's economy by the COVID-19 pandemic and its aftermath will be more prolonged than we had anticipated.
- We also expect the government will rely more heavily on borrowing to fund its expenditures, pushing debt levels higher.
- Therefore, we are lowering our long-term foreign and local currency sovereign credit ratings on Aruba by one notch to 'BBB' from 'BBB+'.
- The stable outlook considers the economic and fiscal challenges the country faces, alongside the support afforded by the country package agreement reached between Aruba and the Netherlands in late 2020. The agreement underscores the Netherlands' strong commitment to provide concessionary financial assistance to Aruba, while laying the groundwork for reforms and aiming to limit the severity of the effects of the pandemic.

### Rating Action

TORONTO (S&P Global Ratings) March 15, 2021--S&P Global Ratings said today it lowered its long-term foreign and local currency sovereign credit ratings on Aruba to 'BBB' from 'BBB+'. At the same time, we affirmed our 'A-2' short-term ratings. We also lowered our transfer and convertibility assessment to 'BBB' from 'BBB+'. The outlook, where applicable, is stable.

### Outlook

The stable outlook balances the pressures on Aruba's public finances due to the prolonged effect of the COVID-19 pandemic on tourism and the economy with our assumption of continued access to concessionary funding. This, coupled with successful implementation of Aruba's reform package, could lead to possible debt relief and more favorable fiscal outcomes over time. The agreement reached in 2020 between Aruba and the Netherlands is a positive development, but the implementation of measures under the agreement is key to ensuring favorable funding from the Netherlands.

## Downside scenario

We could lower the ratings over the next two years if there are difficulties in implementing the fiscal reforms agreed upon with the Netherlands to stabilize the government's fiscal outcomes, leading to persistently large government deficits and higher debt levels beyond our current base-case expectations. If such difficulties were to also prompt weakening in the bilateral relationship, signaling an erosion of institutional strength, we could also lower the ratings by one or more notches.

## Upside scenario

We could raise the rating over the next two years if the pace of the economic recovery exceeds our expectations and Aruba's level of GDP approaches pre-pandemic levels. This, together with the achievement of more sustainable public finances, potentially from a track record of successful implementation of the reforms envisioned in the agreement reached with the Netherlands, could lead to an upgrade.

## Rationale

The sudden stop of tourists in 2020 due to the COVID-19 pandemic, and persistent outbreaks and travel restrictions in 2021, will cause Aruba's economy, which is almost entirely dependent on the tourism industry, to be weaker for longer. We now estimate that the economy, which experienced a 67% drop in stay-over tourists in 2020, contracted by more than 30% in 2020, which will likely be one of the largest contractions of any country in the world in 2020. At the same time, we believe that the economic recovery will take longer than expected. Although we expect the economy will return to growth in 2021, we believe that a larger acceleration of growth will not occur until 2022, which will likely be the first full calendar year when neither Aruba, nor its major tourism source markets, have significant travel restrictions in place. The economy's severe contraction in 2020 reflects the extreme concentration in tourism, making Aruba more vulnerable than other tourism-dependent countries. At the same time, Aruba had a poor track record of GDP growth, even before the pandemic, which continues to weigh on its creditworthiness.

A more protracted economic recovery will result in a greater reliance on debt to fund the budget. However, some of the risks associated with higher debt levels will be mitigated by the Netherlands' conditional commitment to provide concessional funding to Aruba. We view this commitment as evidence of the benefit Aruba receives from its institutional status as a member of the Kingdom of the Netherlands, which has afforded it political and institutional stability, policy predictability, and judicial certainty. At the same time, Aruba still has sizable public sector pension assets, which somewhat offset the sharply higher debt burden. We continue to believe that monetary flexibility constrains the rating, due to Aruba's longstanding peg with the U.S. dollar. Nevertheless, due to the influx of external financing received in 2020, as well as the suppression of imports, net foreign assets held by the central bank increased substantially in 2020, to approximately 55% of GDP from about 30% in 2019, limiting immediate external liquidity risks.

**Institutional and economic profile: Tourism shock will continue to pose economic challenge although the agreement with the Netherlands will help mitigate the fallout**

- Following an estimated 31% contraction in 2020, we expect Aruba's real GDP will increase by about 5.7% in 2021 and almost 10% in 2022 as tourism slowly recovers.
- We expect Aruba's strong ties to the Netherlands will allow it to benefit from access to vaccines, support for budgetary, investment, and concessional financing over the forecast horizon.
- Implementation of the country package agreed upon with the Netherlands to strengthen financial management, public finances, the labor market, health care, and education will take time and will be key to ensuring ongoing support from the kingdom.

The Aruban economy's near-complete dependence on tourism, which has been severely affected by the COVID-19 pandemic, led to a pronounced contraction of GDP in 2020, and we expect it will take several years for the economy to fully recover. Aruba's borders were completely shut to tourists beginning in mid-March 2020, and began slowly re-opening in June 2020. In July 2020, the country received about 13% of the stopover visitors it received during the same period in July 2019. Visitor arrivals gradually increased throughout the year, and in December 2020, Aruba welcomed about 45% of the stopover visitors that it received in December 2019. However, given ongoing infection outbreaks and travel restrictions in source markets in early 2021, including no cruise arrivals, we expect that the recovery of the tourism industry, and of the economy, will take longer than we had previously anticipated. We now forecast that real GDP growth will reach about 5.7% in 2021 and almost 10% in 2022, as we expect travel restrictions will be largely lifted for the full 2022 calendar year.

Despite the severe impact on Aruba's economy of the pandemic, we expect the country will continue to materially benefit from its institutional ties to the Netherlands, which we believe will continue to provide a financial and humanitarian bridge to the country until its main industry recovers. In addition to providing more than EUR$41 million in food aid to Aruba, Curacao, and Sint Maarten in 2020, the Netherlands has also provided vaccines to Aruba, which allowed the country to begin vaccinating its population in February 2021. The government is targeting June 2021 to have most of its eligible population vaccinated, which may be a faster rollout than some of its Caribbean tourism-dependent sovereign peers, and even faster than in some of its tourism source markets.

We expect that, in addition to humanitarian and vaccine support, the Netherlands will continue to provide concessional financial support to Aruba while the economy is affected by the pandemic and its fallout. During 2020, the Netherlands provided $415 million Aruban florins (Afl) in liquidity support to Aruba in the form of two-year zero-interest bullet loans. The final terms of these loans will likely be reassessed in the near term. Future liquidity support will be provided in accordance with the terms agreed upon between Aruba and the Netherlands in the agreement signed in November 2020. This agreement includes fiscal and economic structural reforms that Aruba should implement in exchange for budgetary and investment support provided, in part, through the newly established Caribbean Entity for Reform and Development (COHO, for its Dutch initials). As part of these negotiations, the Netherlands also agreed to provide financing to cover Aruba's external debt maturities during the next two years.

COHO will operate in conjunction with the College Aruba Financieel Toezicht (CAFT), an independent council in charge of fiscal oversight that was created under Aruban law, but now operates under kingdom law. While the division of responsibilities between these two entities is still being finalized, we assume that they will work toward ensuring that Aruba implements policies over the next several years that return public finances to a more sustainable path, and seek to promote long-term economic growth. Although Aruba had outperformed previous fiscal targets agreed upon with CAFT before the pandemic by achieving a fiscal surplus in 2019, the pandemic and economic contraction in 2020 led to a significant deviation from the government's budgetary target. However, the fiscal deviation was approved by the Council of Ministers of the kingdom. A similar deviation from the target was granted for 2021. We expect the government of Aruba, which is led by Prime Minister Evelyn Wever-Croes of the People's Electoral Movement Party (MEP), will continue to work with these oversight bodies on setting new policy and reform targets. Although Aruba will hold parliamentary elections in September 2021, we do not expect a material deviation in commitment to these agreements after the election. Political power has alternated in Aruba between the Aruban People's Party (AVP) and the MEP since the country gained "status aparte" (autonomy) within the kingdom in 1986.

We also expect the government will make progress on economic reforms included in the country package agreement reached with the Netherlands. Although the details of specific reforms have yet to be finalized, they will likely involve steps to improve the country's labor market, business climate, and competitive environment. Aruba had suffered from below-average economic growth compared with that of economies with similar income levels before the pandemic.

We do not expect material diversification of the economy during our forecast horizon. Although there has been some recent interest in the country's oil refinery, which closed many years ago, we do not assume that the facility will reopen in our base-case forecasts. In addition, we don't include any progress on developing a liquefied natural gas receiving and regasification terminal in our forecasts. Progress on these projects could meaningfully affect Aruba's growth trajectory.

**Flexibility and performance profile: Risks from higher deficits and debt levels are partially offset by concessional, official funding, and pension assets**

- A major decline in government revenues and spending on government support programs will lead to significantly wider deficits, worsening Aruba's net debt and external asset position.
- Nevertheless, large government assets and favorable financing conditions provided by the Netherlands will somewhat offset these risks.
- The central bank's commitment to the longstanding currency peg with the U.S. dollar will continue to constrain monetary policy.

We expect that the pandemic will continue to have a significant effect on Aruba's government revenues and expenditures in 2021. Although fiscal targets are on hold in light of the significant deviation from previous targets due to the pandemic, we expect the government will continue to work with the Netherlands through its country reform package to control the cost of the public sector and implement reforms to its tax system to ensure fiscal sustainability over the long term. In response to the drop in government revenues as a result of the pandemic, and to comply with the conditions of financial support from the Netherlands, Aruba cut ministers' and public sector employees' salaries by 25% and 12.6%, respectively, in 2020 and we expect these salary levels will be constant in 2021 in nominal terms. At the same time, spending on support programs rose significantly, largely due to a wage subsidy, which covers 80% of employees' salaries (60% of which is covered by the government) and a program for the unemployed called FASE. Preliminary estimates suggest that the impact of the pandemic on Aruba's fiscal accounts led to a change in net general government debt of approximately 18% of GDP in 2020, following a decline in 2019. We estimate that the ongoing effect of the pandemic on Aruba's budget will lead to a change in net general government debt of about 12% in 2021, which will then gradually decline more substantially as the recovery takes hold, averaging 3.8% from 2022-2024.

Our definition of net general government debt includes the liquid assets held by APFA (the public sector pension fund). The substantial amount of liquid assets owned by APFA, the majority of which are external, underpins Aruba's fiscal and external profiles. We expect APFA's sizable assets will continue to support Aruba's balance sheet. Nevertheless, Aruba's significant deficits will lead to an increase in net general government debt, which we expect will rise to 76% of GDP in 2021, from 33% prior to the pandemic. Despite this material rise, the Netherlands' commitment to meet Aruba's funding needs with official, concessionary funding partially mitigates the risks associated with this higher debt level, in our view. Before 2020, the Aruban government financed itself through commercial funding, which has contributed to a high interest burden. Although we expect the official funding provided by the Netherlands will carry a more favorable interest rate than that of commercial markets, we still expect general government interest payments to average 11% of general government revenues from 2021-2024.

We expect Aruba's large external financing of its government deficit will lead to a decline in its former external asset position to a small external debt position net of liquid government and financial sector external assets, averaging 11% of current account receipts from 2021-2024. At the same time, the major drop in tourism exports, and the smaller decline in imports has led to a return to a sizable current account deficit, and will increase gross external financing needs, which we expect to average 124% of current account receipts and useable reserves over the forecast horizon.

We continue to believe that Aruba's monetary policy is constrained by the Aruban florin's peg to the U.S. dollar. We expect that the central bank will continue to primarily rely on reserve requirements as its main policy tool. The central bank lowered the reserve requirement multiple times in 2020 to inject sufficient liquidity into the banking system during the COVID-19 pandemic, and it now sits at 7% compared with 12% pre-pandemic. Liquidity in the financial system remains elevated, with the prudential liquidity of commercial banks reaching 33.5% as of January 2021, which is more than twice as high as the minimum required level of 15%. At the same time, banks went into the pandemic well capitalized. With prudent underwriting standards and relatively generous government economic support programs, capital has remained elevated, with the capital-to-risk-weighted-assets ratio reaching 33% as of January 2021. The central bank has also traditionally kept some currency controls in place. This includes the 40/60 rule, which requires that regulated financial institutions (such as pension funds and insurance companies) allocate a minimum share of their investments locally. At the onset of the pandemic, the central bank also limited access to foreign exchange licenses related to external capital transactions but has not put restrictions on current transactions. Due to the influx of external financing received in 2020, as well as the suppression of imports, net foreign assets held by the central bank increased substantially in 2020, to about 55% of GDP from about 30% in 2019, limiting immediate external liquidity risks, in our view.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

**Environmental, social, and governance (ESG) credit factors for this credit rating change:**

- Health and safety

### Key Statistics

### Table 1

| Aruba -- Selected Indicators | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2015** | **2016** | **2017** | **2018** | **2019** | **2020e** | **202** |
| Economic indicators (%) | | | | | | | |
| Nominal GDP (bil. LC) | 5.30 | 5.34 | 5.54 | 5.73 | 6.01 | 4.05 | 4.2 |
| Nominal GDP (bil. $) | 2.96 | 2.98 | 3.09 | 3.20 | 3.36 | 2.26 | 2.3 |
| GDP per capita | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| (000s $) | 27.1 | 27.0 | 27.8 | 28.6 | 29.9 | 20.1 | 21. |
| Real GDP growth | 5.7 | 2.0 | 2.0 | 0.9 | (0.7) | (31.4) | 5.6 |
| Real GDP per capita growth | 4.4 | 0.8 | 1.6 | 0.2 | (1.0) | (31.6) | 5.3 |
| Real investment growth | (3.5) | 2.2 | (1.4) | (0.8) | 2.9 | (30.5) | 5.7 |
| Investment/GDP | 21.2 | 21.3 | 20.6 | 20.3 | 22.1 | 20.6 | 20. |
| Savings/GDP | 23.8 | 24.0 | 20.8 | 19.5 | 24.2 | 3.1 | 5.6 |
| Exports/GDP | 72.4 | 70.9 | 72.5 | 75.2 | 74.5 | 54.1 | 54. |
| Real exports growth | 0.2 | (1.0) | 4.9 | 2.2 | 0.8 | (49.5) | 5.7 |
| Unemployment rate | 7.3 | 7.7 | 8.9 | 7.3 | 5.1 | 20.0 | 15. |
| External indicators (%) | | | | | | | |
| Current account balance/GDP | 2.5 | 2.7 | 0.2 | (0.7) | 2.1 | (17.4) | (15. |
| Current account balance/CARs | 2.9 | 3.3 | 0.2 | (0.9) | 2.6 | (24.6) | (18. |
| CARs/GDP | 87.3 | 83.5 | 79.4 | 85.5 | 81.9 | 70.8 | 79. |
| Trade balance/GDP | (31.1) | (28.6) | (32.0) | (32.4) | (32.0) | (35.1) | (33 |
| Net FDI/GDP | (1.3) | 0.9 | 2.6 | 3.3 | (4.0) | 8.1 | 5.2 |
| Net portfolio equity inflow/GDP | 2.0 | 1.2 | (3.0) | 1.0 | (1.5) | 10.3 | (5. |
| Gross external financing needs/CARs plus usable reserves | 113.2 | 111.5 | 111.3 | 110.2 | 105.4 | 136.6 | 130 |
| Narrow net external debt/CARs | 10.6 | 1.5 | (3.1) | (1.7) | (0.7) | (3.3) | 2.9 |
| Narrow net | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| external debt/CAPs | 10.9 | 1.5 | (3.1) | (1.7) | (0.7) | (2.6) | 2.5 |
| Net external liabilities/CARs | 124.9 | 119.9 | 118.3 | 111.0 | 103.9 | 202.6 | 175 |
| Net external liabilities/CAPs | 128.6 | 124.0 | 118.6 | 110.0 | 106.7 | 162.5 | 148 |
| Short-term external debt by remaining maturity/CARs | 15.5 | 15.7 | 15.9 | 13.7 | 12.2 | 25.1 | 26. |
| Usable reserves/CAPs (months) | (0.1) | 0.1 | 0.5 | 0.5 | 0.5 | 0.9 | 1.2 |
| Usable reserves (mil. $) | 20 | 96 | 107 | 108 | 154 | 220 | 30 |
| Fiscal indicators (general government; %) | | | | | | | |
| Balance/GDP | (2.7) | (1.6) | 0.4 | (0.3) | 4.7 | (17.6) | (13. |
| Change in net debt/GDP | 2.5 | 3.5 | 1.2 | 1.1 | (1.9) | 17.8 | 12.1 |
| Primary balance/GDP | 1.1 | 2.5 | 4.4 | 3.5 | 8.3 | (11.8) | (7.8 |
| Revenue/GDP | 36.8 | 38.3 | 40.0 | 38.3 | 43.4 | 49.5 | 47. |
| Expenditures/GDP | 39.5 | 39.9 | 39.6 | 38.7 | 38.7 | 67.1 | 61. |
| Interest/revenues | 10.4 | 10.7 | 10.0 | 10.0 | 8.3 | 11.8 | 12. |
| Debt/GDP | 58.9 | 62.0 | 62.4 | 62.5 | 59.9 | 109.2 | 117. |
| Debt/revenues | 160.2 | 161.7 | 156.1 | 163.1 | 137.9 | 220.4 | 24 |
| Net debt/GDP | 33.8 | 37.0 | 36.9 | 36.7 | 33.1 | 66.9 | 75. |
| Liquid assets/GDP | 25.1 | 25.0 | 25.6 | 25.8 | 26.8 | 42.2 | 41. |
| Monetary indicators (%) | | | | | | | |
| CPI growth | 0.5 | (0.9) | (1.0) | 3.6 | 3.9 | (1.3) | (0. |
| GDP deflator growth | 1.3 | (1.3) | 1.6 | 2.6 | 5.6 | (1.8) | (0. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Exchange rate, year-end (LC/$) | 1.79 | 1.79 | 1.79 | 1.79 | 1.79 | 1.79 | 1.7 |
| Banks' claims on resident non-gov't sector growth | (0.2) | 1.8 | 3.7 | 3.6 | 8.9 | 2.6 | (15. |
| Banks' claims on resident non-gov't sector/GDP | 56.6 | 57.2 | 57.3 | 57.3 | 59.4 | 90.5 | 73. |
| Foreign currency share of residents' bank deposits | 13.5 | 11.1 | 9.6 | 8.7 | 9.7 | 8.6 | 10. |
| Real effective exchange rate growth | 0.4 | (2.2) | (2.6) | 1.2 | (1.4) | 2.4 | N/A |

Sources: Centrale Bank van Aruba, International Monetary Fund (Economic Monetary Fund, Bank of International Settlements, United Nations Conferer Development, Centrale Bank van Aruba (External Indicators), Centrale Bank International Monetary Fund (Fiscal Indicators), International Monetary Fun (Monetary Indicators). Adjustments:Our general government metrics includ Definitions: Savings is defined as investment plus the current account surp defined as expenditure on capital goods, including plant, equipment, and h inventories. Banks are other depository corporations other than the central included in the national definition of broad money. Gross external financing account payments plus short-term external debt at the end of the prior yea at the end of the prior year plus long-term external debt maturing within th debt is defined as the stock of foreign and local currency public- and privat nonresidents minus official reserves minus public-sector liquid claims on n sector loans to, deposits with, or investments in nonresident entities. A neg external lending. N/A--Not applicable. LC--Local currency. CARs--Current Foreign direct investment. CAPs--Current account payments. The data and Global Ratings' own calculations, drawing on national as well as internation Global Ratings' independent view on the timeliness, coverage, accuracy, cr available information. e--estimate. f-forecast.

## Ratings Score Snapshot

**Table 2**

| Aruba -- Ratings Score Snapshot | | |
|---|---|---|
| **Key rating factors** | **Score** | **Explanation** |
| Institutional assessment | 2 | Track record of corrective economic policies, which should sustain a recovery of public finance and economic growth in the medium to long term. The links with the Netherlands and the presence of the CFT reinforces checks and balances. Highest court is in the Hague. Strong rule of law, control of corruption, and political stability. Generally timely and reliable information. Cohesive civil society. High social inclusion, among the highest living standards in the Caribbean. |
| Economic assessment | 5 | Based on GDP per capita ($) as per Selected Indicators in Table 1. Weighted average real GDP per capita trend growth over a 10-year period is below sovereigns in the same GDP category. Economy is highly concentrated in tourism. |
| External assessment | 4 | Based on narrow net external debt and gross external financing needs as per Selected Indicators in Table 1. The country is exposed to significant volatility in terms of trade in part because of its dependence on hydrocarbons imports. |
| Fiscal assessment: flexibility and performance | 2 | Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1. Based on liquid assets/GDP as per Selected Indicators in Table 1. Those assets are held by the public pension fund APFA. |
| Fiscal assessment: debt burden | 4 | Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1. Concessional official financing from the Netherlands is expected to cover the |

| | | |
|---|---|---|
| | | government's borrowing requirements over the next two years. |
| Monetary assessment | 4 | Aruba's currency is pegged to the U.S. dollar. The central bank has track record of independence and relies on reserve requirements; CPI as per selected indicators in Table 1. The central bank has ability to act as lender of last resort for the financial system. |
| Indicative rating | bbb- | As per Table 1 of "Sovereign Rating Methodology." |
| Notches of supplemental adjustments and flexibility | 1 | A change in only one rating factor could lead to a multi-notch change in the indicative rating matrix, and Aruba compares well to regional peers with regards to income levels, which could reverse their steep decline over the long-term, as well as historical fiscal performance and institutional strength. |
| Final rating | | |
| Foreign currency | BBB | |
| Notches of uplift | 0 | Default risks do not apply differently to foreign- and local-currency debt |
| Local currency | BBB | |
| S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 | | |

> of the rating methodology.

### Related Criteria

- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

### Related Research

- Sovereign Debt 2021: Latin American And Caribbean Commercial Borrowing Is Likely To Fall While U.S. Borrowing Rises, March 1, 2021
- Sovereign Ratings History, March 10, 2021
- Sovereign Ratings List, March 10, 2021
- Sovereign Risk Indicators, Dec. 14, 2021. Interactive version available at http://www.spratings.com/sri.
- Aruba Outlook Revised To Negative From Stable On Tourism Slowdown; 'BBB+/A-2' Sovereign Credit Ratings Affirmed, Apr 16, 2020

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

**Ratings List**

| **Downgraded** | | |
|---|---|---|
| | **To** | **From** |
| Aruba | | |
| Sovereign Credit Rating | BBB/Stable/A-2 | BBB+/Negative/A-2 |
| Transfer & Convertibility Assessment | | |
| Local Currency | BBB | BBB+ |
| Senior Unsecured | BBB | BBB+ |

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

**European Endorsement Status**

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