Rating Object	Rating Information	
KINGDOM OF THE NETHERLANDS	Assigned Ratings/Outlook: **AAA /stable**	Type: Follow-up Rating, unsolicited
Long-term sovereign rating Foreign currency senior unsecured long-term debt Local currency senior unsecured long-term debt	Initial Rating Publication Date: Rating Renewal: Rating Methodologies:	26-08-2016 29-06-2018 "Sovereign Ratings"

Contents

Rating Action 1
Key Rating Drivers 1
Reasons for the Rating Decision .. 1
Rating Outlook and Sensitivity...... 8
Economic Data 8
Appendix 9

Rating Action

Neuss, 29 June 2018

Creditreform Rating has affirmed the unsolicited long-term sovereign rating of "AAA" for the Kingdom of the Netherlands. Creditreform Rating has also affirmed the Netherlands' unsolicited ratings for foreign and local currency senior unsecured long-term debt of "AAA". The outlook is "stable".

Key Rating Drivers

1. Very productive and competitive economy with high per capita income and a healthy labor market; economic growth stepped up a gear and is likely to remain solid
2. Exceptionally high quality of institutional conditions, Dutch institutions among the most robust worldwide; political fragmentation increased, but sovereign continues to be characterized by sound, credible, and forward-looking policy-making
3. Sound fiscal framework complemented by favorable and improving public finances; despite the more expansionary fiscal stance, tax-rich growth and receding interest outlays should provide for further declining general government debt going forward
4. Very open economy exposed to shocks emanating from external trade and financial flows balanced by very strong net foreign asset position; although somewhat narrowing, current account surplus should remain extraordinarily high, providing a buffer to external shocks

Reasons for the Rating Decision

The Kingdom of the Netherlands' credit profile continues to be highly favorable, implying an extremely low risk of not meeting its financial obligations fully and on time. We therefore affirm the sovereign's exceptionally high creditworthiness, which is primarily reflected by very strong macro-institutional fundamentals.

The excellent macroeconomic performance of the Netherlands is buttressed by its very productive and prosperous economy, as well as the recent upturn in its growth momentum. The Netherlands remains among the wealthiest nations as measured by per capita income (in PPP terms) – not only in Europe, but also worldwide. Dutch GDP per capita rose to USD 53,635 in 2017, the 15th highest in the world and roughly 30% above the EU-28 total (IMF data, PPP terms). The Netherlands not only compares very well to key trading partners such as Belgium (USD 46,553), France (USD 43,761) and the UK (USD 44,118), its GDP p.c. also came in higher than that of AAA-rated peers Germany (USD 50,425) and Denmark (USD 49,883). We also continue to assess the Dutch economy to be among the most productive in Europe, as nominal labor productivity per hour worked stands 26% above the EU-28 average (2016 Eurostat data).

Meanwhile, the positive growth momentum has remained in place, as total output accelerated notably in 2017. Real GDP growth rose to a high 3.2%, up from 2.2% in 2016 and the fastest growth since 2007 (3.7%). Over the past three years, Dutch real GDP has grown by 2.6% on average, well above the growth levels seen in the euro area as a whole (2.1%) and those of key trading partners Germany (1.9%), Belgium (1.5%) and France (1.4%). 2017 saw broad-based growth, with all components contributing to GDP expansion. Underpinned by the favorable labor market development and positive wealth effects stemming from the ongoing recovery of the housing market (see below), private consumption growth remained robust, and was up from 1.6% in 2016 to 1.9% last year – thereby contributing 0.8 p.p. (2016: 0.3 p.p.). Gross fixed capital formation also added significantly to growth (1.2 p.p.), mainly driven by buoyant residential investment. In 2017, investment in dwellings leapt by 13.0%, albeit having come off from stratospheric growth rates of 20.9 and 19.0% in 2015/16, whereas business investment in other fixed assets grew by 4.8% (CPB data). Owing to the benign economic development in key trading partners and international trade in general, exports expanded by 6.1%, outpacing import growth of 5.4%. Exports to Germany, the Netherlands' single most important trading partner (export share 22.9%), increased by 9.1%, while growth in exports to Belgium and France posted at 9.9 and 9.2% respectively.

With respect to 2018-19, we believe that domestic spending is set to boost economic growth and net external trade's contribution is likely to level off. Export growth should remain robust, albeit softening against the background of tensions related to protectionist measures and international trade presumably losing steam. At the same time, imports should grow vividly on the back of rising domestic demand. We expect private household spending to step up a gear, buttressed by a rise in real disposable income which will be supported by continued employment and wage growth as well as income tax cuts, and somewhat tempered by rising inflation, which is likely to become more of a drag going forward (2018e: 1.3%). According to CPB estimates, real disposable income should go up by 2.3 and 2.8% in 2018 and 2019 respectively (2017: 1.2%). What is more, government consumption is likely to contribute significantly to growth, due to the fiscal package envisaged by the new coalition (see below). In addition, we expect gross fixed investment to remain supportive of economic expansion, although growing at a slower pace. Investment activity should be aided by favorable borrowing costs and the non-financial corporations' profitability. Thus, in 2017 the Dutch non-financial corporations' (NFCs) net return on equity equaled 32.5% and the gross return on capital employed came in at 32.0% as compared to a euro area average of 21.8 and 22.3% respectively (Eurostat data). Upbeat business sentiment and high levels of capacity utilization also point to brisk investment growth. Despite the fact that leading indicators such as the Economic Sentiment Indicator or the PMI have eased as compared to heights reached at the beginning of the year, these still stand at elevated levels. Concurrently, capacity utilization in the industry sector held up well, posting at 83.6% in Q2-18 (Q2-17: 82.5%), well above the long-term average of 81.3% (2000-17). That being said, resource constraints are already beginning to bite. As illustrated by survey data, the share of respondent NFCs from the industry and the construction sectors citing staffing issues to be a restricting factor to the production process skyrocketed to 19.4 (Q2-18, Q2-17: 11.4%) and 33.2% (May-18, May-17: 10.4%) respectively.

We assume that the Dutch economy will continue to expand at solid growth rates, with real GDP increasing by 2.7% this year and easing to 2.3% in 2019. Growth in the first quarter came in somewhat softer at 0.5%, as exports took a transitory hit and decreased by 0.1% q-o-q. Still, GDP rose at a yearly rate of 3.1%, above an EA-19 growth of 2.5%. Consistent with our view of domestic demand predominantly driving output expansion going forward, investment rose by 2.3% q-o-q, while private household spending increased sharply by 1.7% q-o-q on the back of a further improving labor market.

In this regard, we continue to assess the labor market as a credit strength, bolstering the Dutch economy's flexibility and resilience. Annual employment growth (15-64y) was among the strongest in Europe, posting at 3.2% (2016: 3.8%), and the harmonized unemployment rate dropped from 6.0 to 4.9% in 2016-17, reaching its lowest level since 2008 (3.7%) and standing significantly below the euro area's 9.1%. Moreover, the Netherlands features the second highest labor participation rate in Europe (79.7%, after Sweden) and one of the best-performing labor markets with a view to the EU's Social Scoreboard. We expect a further tightening as the vacancy rate (industry, construction and services) climbed to a multi-year high of 2.8% in Q1-18. In the first quarter, quarterly average unemployment remained on its firm downward trend, now amounting to 4.1% of total active population (Q1-17: 5.2%).

The tightening labor market has not resulted in significantly rising wages so far, partly explained by an increasing share of temporary workers and self-employed, which rose to 18.1 and 15.5% in 2017 as compared to an euro area average of 13.8 and 13.6% respectively. According to AMECO data, real compensation per employee has been more or less flat over recent years (2014-17: -0.1%). The muted wage development contributed to sustained cost competitiveness as mirrored by real unit labor costs which have fallen by 0.9% in 2016-17 and by 3.4% since 2014, comparing well to key trading partners.

Meanwhile, the newly formed coalition envisaged labor market reforms to mitigate segmentation and combat pseudo self-employment, most of which is supposed to enter into force by 01 January 2020 at the latest. To incentivize employers to hire staff on a permanent basis, regulatory hurdles shall be lowered, e.g. by widening the scope for trial periods, simplifying the dismissal process, and by aligning dismissal costs between temporary and permanent contracts. Other measures, targeted towards promoting the transition from temporary to permanent contracts, include the extension of the maximum duration of temporary contracts. In addition, the government plans to streamline legislation on the assessment of self-employed workers and reduce tax distortions which favor self-employment.

The Netherlands' high level of competitiveness is also documented by the World Economic Forum's (WEF) global competitiveness ranking, which confirmed the economy at rank 4 out of 137 economies. Hence, the country maintained the top spot among all EU-28 members and has consistently stood among the highest-ranking EU members over the last decade. We note that the Netherlands ranks exceptionally high on almost all dimensions the WEF considers, with infrastructure (rank 3), health and education (4), higher education (4), goods market efficiency (5), technological readiness (3), and business sophistication (4) standing out in particular.

On the other hand, we believe that economic flexibility and resilience are somewhat jeopardized by high debt impairing the private households' risk-bearing capacities. Debt in the household sector, mainly consisting of mortgage debt, remained very high at 117.3% of GDP in the fourth quarter of 2017 (Eurostat non-consolidated financial sector accounts), corresponding with the third highest level in the EU-28 (EA-19: 64.1%). Furthermore, households have only engaged in passive deleveraging as debt has continued to increase in nominal terms. While debt-to-GDP was scaled down from 128.3% in Q4-12 to 117.3%, private households piled up roughly EUR 860bn in Q4-17, up from EUR 823bn since the end of 2012 (+3.9%).

This development merits particular attention against the backdrop of rapidly rising house prices and should be vigorously monitored, as it renders the economy vulnerable to a sharp correction in housing prices, a change in market sentiment, or sudden unexpected increases in risk premia, and may have negative repercussions on economic development. Driven by economic growth, the benign labor market development, and the low interest rate environment, real house prices have continued to increase throughout 2017, with yearly growth rates edging up to 8.0 and 7.0% in Q3 and Q4 respectively. Affordability has continued to deteriorate, as the price-to-income ratio recently surpassed its long-term average (1998-2017). The major cities Amsterdam, Utrecht, and Rotterdam certainly experienced the biggest increases, with the average house purchase price rising by 50, 29 and 23% in 2014-17 – well above the national average of 18%. However, more granular data on the level of provinces and municipalities points to a more broad-based recovery in house prices; e.g. purchase prices reached or exceeded their pre-crisis peak in almost every province, with a 3y-growth rate of at least 14% (CBS data). The DNB analysis that there appear to be spillover effects from the major cities, with house prices in the regions surrounding the major cities gaining strong momentum, lends support to this view.

Against this background, it appears more or less reassuring that excessive credit growth seems to be no issue at the current juncture. To the contrary, while the outstanding volume of NFC loans has continued to contract, mortgage lending is recovering only slowly after having declined over the past few years. According to DNB data, the outstanding stock of residential mortgages extended to Dutch households was flat on the year in Apr-18 (+0.1%) and stood a mere 0.3% above the level of Apr-15. Concurrently, lending behavior seems to become somewhat less risky, as the share of new mortgage loans with an LTV ratio above 90% declined, having come down from 75.7 in Q4-16 to 67.8% in Q4-17. The share of underwater mortgages, i.e. households with negative home equity, has also continued to recede and was down to some 15% in 2017 as compared to 36% in 2012 (Ministry of Finance data).

Authorities are cognizant of the potential vulnerabilities harbored by vividly rising housing prices coupled with the high indebtedness of private households. Whereas the maximum loan-to-value ratio had been gradually increased to 100% up to 2018, the new government has imposed additional measures. Authorities envisage phasing out the so-called Hillen scheme (deductibility for low or no mortgage debt), and to speed up the gradual reduction of the mortgage interest deductibility (MID) from 2020 onwards by raising the rate, by which MID has to be reduced, to 3 p.p. per year so that the target MID should eventually be reached by 2023 instead of 2041. Additionally, the Ministry of the Interior decided on the National housing agenda 2018-21, geared towards a substantial increase in the housing supply. According to the agenda, 700,000 new houses shall be built by 2025.

The Netherlands' creditworthiness continues to be backed by the exceptionally high quality of its institutional set-up and its reform-oriented, prudent and efficient policy-making. The sovereign's institutional quality is highlighted by the World Bank's assessment of World Governance Indicators (WGI), according to which it is persistently ranked among the world's top performers along all WGI dimensions. As regards the quality of policy formulation and implementation, the sovereign was placed in the top ten for most of the last twenty years – the same holds for WGIs voice & accountability, rule of law, and control of corruption. Currently the Netherlands ranks at least in the 95th percentile on all of the WGIs we evaluate.

The sovereign's effectiveness in policy formulation and implementation is also reflected by the authorities who warrant a sound and prudent fiscal and supervisory framework. While the Advisory Division of the Council of the State monitors the conduct and compliance of fiscal policy, the Dutch central bank (DNB) and the Netherlands Authority for the Financial Markets (AFM) are responsible for financial supervision. Monetary policy is conducted by the highly credible and accountable ECB. Dutch consumer price inflation is closely aligned with the euro area average and shows low volatility. We also observe no sizeable interest rate or wage differentials with the EA-19. Due to strong trade and financial interlinkages, we believe that the Dutch economy continues to greatly benefit from euro area membership, which entails broader and deeper capital markets as well as advantages associated with the euro as a reserve currency.

Governing may become somewhat more challenging as compared to the former two-party-coalition. More than half a year after the general elections in March 2017, the so called Rutte III government took office in late October – with the newly formed coalition consisting of VVC, D66, CDA, and CU holding a narrow majority of one seat, and the political landscape being more fragmented, now comprising 13 parties in the lower house of parliament. Nevertheless, we expect policy continuity and a timely reaction to macro-financial shocks to be warranted. We view the above-mentioned reform proposals for the housing and labor market, as well as the proposed tax reform agenda (see below), as further evidence for the sovereign's track record of identifying and addressing the economy's prevalent challenges in a forward-looking manner.

In this vein, the newly installed government reaffirmed its commitment to the national rule-based budgetary framework, which employs an expenditure ceiling fixed at the beginning of a legislative term based on a multi-annual forecast, and an automatic stabilization on the revenue side which prohibits the use of windfall revenues on the expenditure side. Budgetary rules were amended by the removal of cyclical unemployment and social security benefits from the expenditure ceiling, and indexation of the expenditure ceiling to wages and price developments in government outlays.

The Netherlands' credit rating is supported by improved public finances, with fiscal metrics brightening up. Thus, 2017 marked the second year in a row with a headline budget surplus which advanced from 0.4% of GDP in 2016 to 1.1% of GDP in 2017 (2015: -2.1%) and represents a significant overachievement as compared to the targeted 0.4% of GDP (2017 Stability Program). The higher surplus came on the back of general government expenditure declining by 0.8 p.p. to 42.6% of GDP, as final consumption expenditure (+2.4%) and the public wage bill (+2.3%) grew less dynamic than total output, and interest outlays dropped by 7.0% to 7.0bn or 1.0% of GDP. Moreover, vivid economic growth translated into significantly higher taxes on income and wealth (+14.8%) as well as taxes on production and imports (+3.3%). It has to be mentioned that public finances benefited from the step-wise elimination of self-managed pension schemes which boosted revenues by 0.5% of GDP in 2017.

Hence, the Dutch debt trend evolved favorably and stayed on a firm downward trajectory as general government debt declined for the third consecutive year. Having fallen from 61.8 to 56.7% of GDP in 2016-17, the Netherlands recorded one of the steepest declines in Europe over the past three years (-11.3 p.p.). In this regard, debt reduction was aided by the re-privatization of financial institutions, as the divestment of ASR (completed) and ABN Amro shares resulted in proceeds of EUR 5.7bn or 0.8% of GDP in 2017.

Looking forward, general government debt is likely to fall further, largely driven by solid economic growth and sustained primary surpluses. We expect the headline balance to moderate to 0.6% of GDP in 2018 and remain in surplus in outer years. While economic growth should provide for vividly rising revenues and the sale of the remaining 56% stake in ABN Amro (market value approx. EUR 6bn) may generate sizable funds, these positive budgetary effects are likely to be balanced by additional spending and decreasing tax revenue resulting from the tax reform which has been proposed by the new government. According to the coalition agreement, authorities intend to increase EMU-relevant expenditure by EUR 7.9bn or 1.1% of 2017 GDP in 2018-21, of which more than half shall be spent on defense (1.5bn), education (1.4bn) and social security (1.6bn). The ambitious tax reform agenda foresees a set of measures which are geared towards making taxation more growth-friendly. The labor tax burden is envisaged to be lowered by approx. EUR 6.6bn or 0.9% of 2017 GDP by 2021. Authorities intend to reduce the number of tax brackets from four to two ('basic rate' and 'top rate), and increase the general and labor tax credit as well as child benefits and allowances, which is planned to be counter-financed by raising the low rate of VAT, changes in energy taxation and a reduction in deductible items (including MID).

The government has also decided on a package of measures to address tax avoidance and evasion, whereby it is difficult to precisely foresee the impact on the economy and the budget at this stage. Among other actions, the authorities envisaged implementing a withholding tax on dividends (2020) and on interest and royalty outflows (2021) to low-tax jurisdictions, adopt measures from the EU Anti-Tax Avoidance Directives, and introduce a register for ultimate beneficial owners.

What is more, natural gas revenues should remain muted in 2018, accounting for EUR 2.0bn or 0.3% of GDP (2014: 1.4%) and will presumably decline further. On 29 March, decision-makers announced that natural gas extraction from Groningenveld will be reduced to below 12bn Nm^3 no later than October 2022 (from 21.6bn) and eventually terminated in the years beyond 2022. The CPB reckons that every 4bn Nm^3 less natural gas detracts 0.1% of GDP from the headline balance.

Fiscal risks are increasingly mitigated by the sovereign's enhanced debt affordability. Interest payments are likely to decline further, having posted at 2.2% of general government revenue in 2017, down from 2.5% in 2016. The government should also benefit from the low interest rate environment which enables the state to issue debt at low yields. The 10-year government bond yield remained at historically low levels, standing at 0.55% (01-06-18), only slightly above the level a year before (0.49%) and recording a very low Bund spread which has fluctuated in a narrow band between 3 and 22bp over the last twelve months.

While the sovereign still displays considerable public guarantees, being projected to moderate from 25.1 to 23.4% of GDP (incl. ESM, EFSF), contingent liability risks stemming from the banking sector appear contained. The Netherlands displays a highly concentrated banking sector, one of the largest and in Europe as measured by GDP, creating a potential contingent liability risk. Although the sector has further decreased in size, bank assets accounted for 336% of GDP in Q4-17 (financial system as a whole 717%), after 360.9% a year before. On the positive side, financial soundness metrics bode well for the Dutch banking sector. To be sure, the loan-to-deposit ratio (private sector) was still somewhat elevated in Q4-17, albeit leveling off to 124.8% (EBA data, EU avg.: 116.7%). Nevertheless, Dutch banks are well-capitalized in risk-weighted terms, with the CET 1 ratio increasing from 15.2% in Q4-16 to 16.3% in Q4-17, and exhibit a high asset quality, as the NPL ratio eased to 2.3% (Q4-16: 2.5%).

Dutch pension funds remain vulnerable to asset price and interest rate movements, underscored by the EIOPA stress test conducted in 2017. At the latest count, the funding ratio based on market information rose from 105.0% in Q1-17 to 107.6% in Q1-18, falling slightly below the policy funding ratio of pension funds, standing at 107.8% (DNB data). The reform of the Dutch pension system has been progressing rather slowly, and it remains to be seen whether the finalization of the pension system reform is achievable by 2020 as mentioned in the National Reform Program 2018. By the end of 2017 the pension system accumulated assets in the amount of 198.2% of GDP, the highest reading among industrialized countries.

In the medium to long term, pressure on public finances could be exerted by high and rising healthcare and long-term care spending. According to the recently published EU ageing report, the Netherlands not only faces the second highest level of health- and long-term care costs as measured by GDP (9.8%), these are also projected to increase to 11.1% by 2030. However, total age-related costs are forecast to remain broadly stable until 2030.

Strong net exports further bolstered the Netherlands' already very favorable external position. The country retained its external competitiveness, mirrored by the highest export market share since 2010 (3.15%, goods and services) – resulting in an improvement of the very high surplus in trade of goods to 12.3% of GDP and a narrowed trade in services deficit (0.7% of GDP). What is more, higher corporate profitability led to a diminishing primary income deficit (0.3% of GDP), so that the Dutch current account surplus soared to 10.2% of GDP in 2017, after 8.5% in 2016 and significantly above the annual average of 7.9% seen over the last decade. The sustained current account surplus translated into a net international investment position (NIIP) totaling 69.6% of GDP in 2017 (2016: 67.7%), the highest NIIP among all EU-28 members. We expect the large and positive NIIP, with net foreign direct investments of 122.8% of GDP more than offsetting the net portfolio position of -73.0% of GDP, to increase further, driven by high current account surpluses – shielding the very open Dutch economy from shocks emanating from external trade and financial flows. To be sure, we believe that the current account will narrow somewhat due to the more expansionary fiscal stance and rising natural gas imports.

Rating Outlook and Sensitivity

Our Rating outlook on the long-term sovereign rating is stable, as we assume that the risk situation underlying the key factors affecting sovereign credit risk – including macroeconomic performance, institutional structure, fiscal sustainability, and foreign exposure – is likely to remain fundamentally unchanged in the next 12 months.

We could lower the rating if medium-term economic growth decelerated significantly, which could arise as a result of a collapsing housing market, protracted weak growth in main trading partners, or an escalation in the trade dispute posing a major threat to the Dutch economy. Moreover, we believe that the Netherlands is likely to suffer disproportionally from a disorderly Brexit, which is not our baseline scenario (see also UK long-term sovereign rating, 30 March 2018). The Dutch AAA rating could also come under pressure if the government debt trend reverted, e.g. in case contingent liabilities from the housing market or public guarantees materialized.

Creditreform Sovereign Rating

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Ratings*

Long-term sovereign rating	AAA /stable
Foreign currency senior unsecured long-term debt	AAA /stable
Local currency senior unsecured long-term debt	AAA /stable

*) Unsolicited

Economic Data

	2012	2013	2014	2015	2016	2017	2018e
Real GDP growth	-1.1	-0.2	1.4	2.3	2.2	3.2	2.7
GDP per capita (PPP, USD)	46,491	47,015	48,364	49,780	51,249	53,635	56,436
HICP inflation rate, y-o-y change	2.8	2.6	0.3	0.2	0.1	1.3	1.3
Default history (years since default)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Life expectancy at birth (years)	81.2	81.4	81.8	81.6	81.7	n.a.	n.a.
Fiscal balance/GDP	-3.9	-2.4	-2.3	-2.1	0.4	1.1	0.6
Current account balance/GDP	10.3	9.9	8.6	8.7	8.5	10.2	n.a.
External debt/GDP	519.5	514.5	548.4	555.9	549.9	522.3	n.a.

Source: International Monetary Fund, Eurostat, own estimates

Appendix

Rating History

Event	Publication Date	Rating /Outlook
Initial Rating	26.08.2016	AAA /stable
Follow-up Rating	28.07.2017	AAA /stable
Follow-up Rating	29.06.2018	AAA /stable

Regulatory Requirements

In 2011 Creditreform Rating AG (CRAG) was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

This sovereign rating is an unsolicited credit rating. Neither the rated sovereign nor a related third party participated in the credit rating process. Creditreform Rating AG had no access to the accounts, representatives or other relevant internal documents for the rated entity or a related third party. Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The rating was conducted on the basis of CRAG´s "Sovereign Ratings" methodology in conjunction with its basic document "Rating Criteria and Definitions". CRAG ensures that methodologies, models and key rating assumptions for determining sovereign credit ratings are properly maintained, up-to-date, and subject to a comprehensive review on a periodic basis. A complete description of CRAG´s rating methodologies and basic document "Rating Criteria and Definitions" is published on the following internet page: www.creditreform-rating.de/en/regulatory-requirements/.

To prepare this credit rating, CRAG has used following substantially material sources: International Monetary Fund, World Bank, Organization for Economic Co-operation and Development, Eurostat, European Commission, European Banking Authority, European Central Bank, De Nederlandsche Bank, CBS (Centraal Bureau voor de Statistiek), CPB Netherlands Bureau for Economy Policy Analysis, Dutch Ministry of the Interior and Kingdom Relations, Dutch Ministry of Economic Affairs and Climate Policy, Dutch Ministry of Finance.

A Rating Committee was called consisting of highly qualified analysts of CRAG. The quality and extent of information available on the rated entity was considered satisfactory. The analysts and committee members declared that the rules of the Code of Conduct were complied with. No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks. The analysts presented the results of the quantitative and qualitative analyses and provided the Committee with a recommendation for the rating decision. After the discussion of the relevant quantitative and qualitative risk factors, the Rating Committee arrived at a unanimous rating decision. The weighting of all risk factors is described in CRAG´s "Sovereign Ratings" methodology. The main arguments that were raised in the discussion are summarized in the "Reasons for the Rating Decision".

As regards the rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the credit rating report. There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRAG website. In case of providing ancillary services to the rated entity, CRAG will disclose all ancillary services in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report; the first release is indicated as "initial rating"; other updates are indicated as an "update", "upgrade or downgrade", "not rated", "affirmed", "selective default" or "default".

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available on the ESMA website: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

An explanatory statement of the meaning of each rating category and the definition of default are available in the credit rating methodologies disclosed on the website.

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