

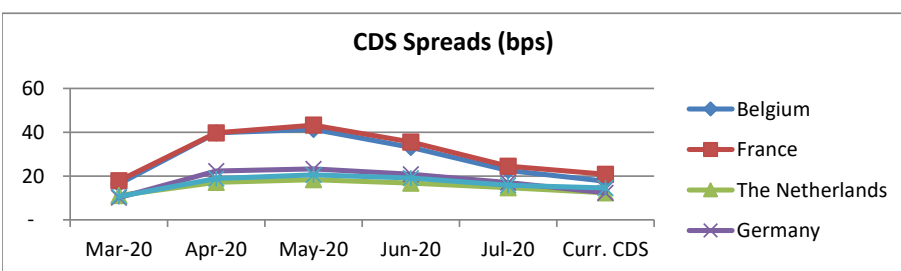
The economic consequences of COVID-19 in the Netherlands worsened after initial outlooks in March 2020. All banks as well as the Netherlands Bureau for Economic Policy predicted big declines in Dutch GDP in their base scenarios. EJR would like to emphasize the large uncertainty surrounding these predictions. OECD expects output to shrink by 8% in 2020 before picking up in 2021 if the current outbreak is overcome and restrictions are gradually lifted from mid-May. If there is a second wave of the virus later in 2020, GDP is expected to decrease by 10% and the rebound will be considerably slower.

The government has implemented timely policy measures, including cash support for up to 90% of the wage bill, tax deferrals and credit guarantees for companies and has eased access to social assistance for the self-employed. Focus on boosting demand while addressing structural challenges within housing and pension policies, and reviving industrial activity are key factors to watch for. We are affirming.

CREDIT POSITION	Annual Ratios (source for past results: IMF, CountryEconomy)					
	2017	2018	2019	P2020	P2021	P2022
Debt/ GDP (%)	56.9	52.4	48.7	44.5	39.3	33.3
Govt. Sur/Def to GDP (%)	1.2	1.3	1.8	2.8	3.8	4.7
Adjusted Debt/GDP (%)	56.9	52.4	48.7	44.5	39.3	33.3
Interest Expense/ Taxes (%)	4.1	3.7	3.0	2.8	2.6	2.5
GDP Growth (%)	4.3	4.9	4.5	2.3	2.3	2.5
Foreign Reserves/Debt (%)	1.0	1.0	1.0	1.0	1.2	1.3
Implied Sen. Rating	AA-	AA	AA	AA-	AA	AA

INDICATIVE CREDIT RATIOS	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

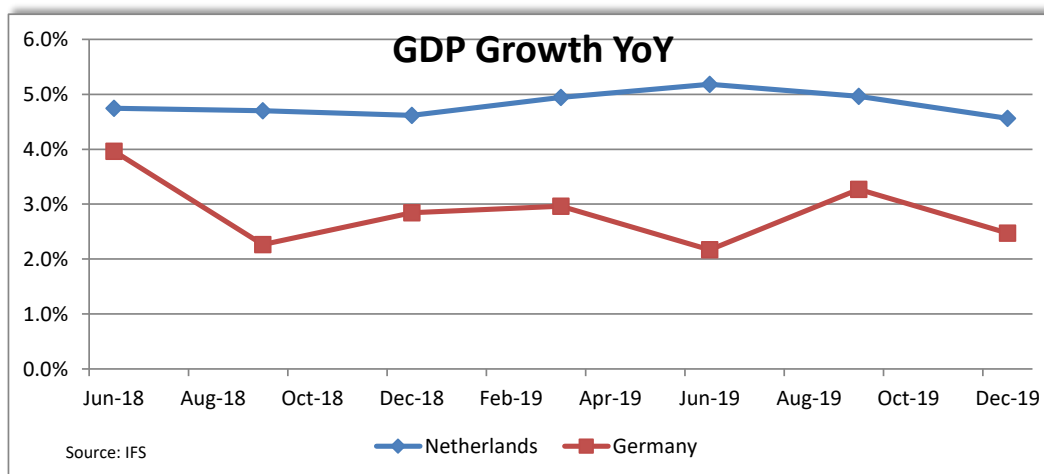
PEER RATIOS	Other NRSROs	Debt as a % of GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Federal Republic of Germany	AAA	59.8	1.6	59.8	3.3	2.5	AA-
French Republic	AA	98.1	-2.5	98.1	4.7	2.9	A+
Kingdom of Belgium	AA	98.7	-1.5	98.7	6.6	4.8	AA+
Republic of Finland	AA+	59.4	-0.5	59.4	2.8	3.3	AA+
Kingdom of Denmark	AAA	33.2	4.2	33.2	1.5	4.4	AA+



Country	EJR Rtg.	CDS
Belgium	BBB	18
France	A+	21
The Netherlands	AA-	12
Germany	AA	12
Finland	AA	15

Economic Growth

The Netherlands has been relatively hard hit by the virus, as its industry structure, with a strong reliance on trade and professional services, makes the economy vulnerable to distancing measures. Industrial Production in Netherlands decreased 8.50 percent in April of 2020 over the same month in the previous year. Dutch producer confidence index increased to -15.1 in June 2020 from a second lowest reading of -25.1 a month earlier. That was the third straight month of negative reading, amid the coronavirus pandemic. Manufacturers were less negative about expected activity (-14.7 vs -44.9 in May) while the opinion on order book also improved (-25.3 vs -26.4). Meantime, the opinion on the stocks of finished products deteriorated (-5.2 vs -4.0). Consumer confidence index stood at -26 in July 2020, little-changed from -27 in the previous month, suggesting the mood among consumers hardly changed despite the country's reopening efforts from the coronavirus-induced lockdown.



Fiscal Policy

The government implemented discretionary support measures amounting to 2.5% of GDP and let the automatic fiscal stabilizers operate fully. Support measures include paying up to 90% of the wage bill of affected companies at an estimated total cost of 1% of GDP. Additional off-balance-sheet support has been provided by means of deferring taxes and social security contributions and extending credit guarantees. The fiscal balance will move from surplus into deficit even as the economy picks up. Public debt (Maastricht definition) will increase to 65% of GDP (and to 72% in case of second wave). Households' inflated balance sheets, with large, illiquid pension and housing assets combined with high housing-related debt can lead to even weaker consumption than expected.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Netherlands	1.84	48.70	12.34
Germany	1.58	59.76	12.34
France	-2.53	98.12	20.78
Belgium	-1.52	98.75	17.67
Finland	-0.50	59.36	14.58
Denmark	4.22	33.19	10.23

Sources: Thomson Reuters, IFS and CountryEconomy

Unemployment

Unemployment in the Netherlands grew by 131,000 over the previous three months, to 404,000 in June. This is 4.3% of the labor force. Last month saw the highest growth: 74,000. After four months of decline, the number of employed rose again in June, by 45,000. The highest increase in unemployment was seen among 15 to 24-year-olds: from 9.5 to 10.7 percent. Among 25 to 44-year-olds, the unemployment rate rose from 2.9% to 3.7%, and from 2.2% to 2.6% among the over-45s. Unemployment is expected to exceed 2019 levels throughout 2021.

	Unemployment (%)	
	2018	2019
Netherlands	3.84	3.76
Germany	3.40	3.20
France	9.11	8.43
Belgium	5.98	5.44
Finland	7.36	6.60
Denmark	4.97	4.91

Source: Intl. Finance Statistics

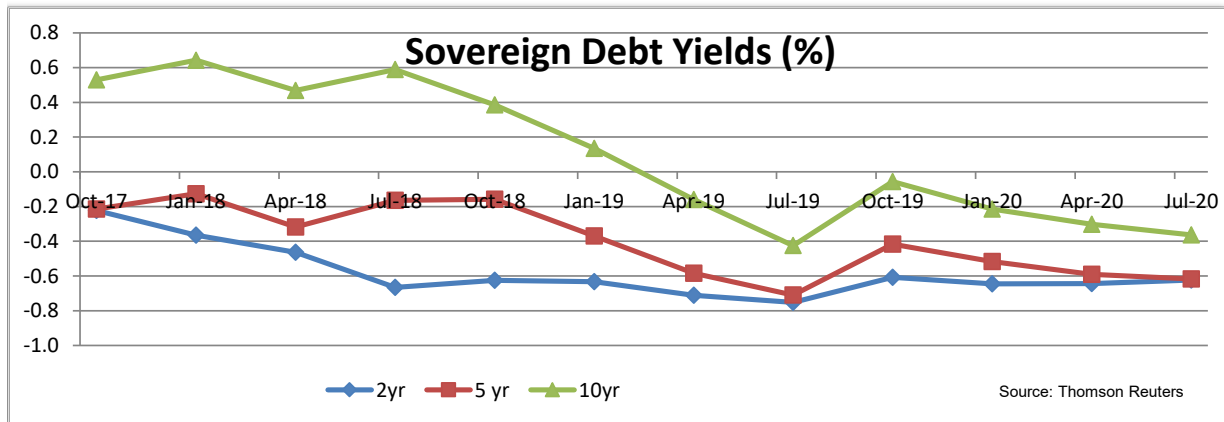
Banking Sector

The liquidity ratio of pension funds has fallen below regulatory requirements. If this situation persists, it could force funds to increase contributions or reduce pensions, dealing a further blow to private consumption thus reflecting in increased default rates on mortgages. Liquidity problems in the business sector exist and this could turn into solvency issues - risking the financial market. Furthermore, the economy is particularly sensitive to developments in global trade. On the near-term pos., bankruptcies in Netherlands decreased to 345 companies in June from 360 companies in May of 2020.

Bank Assets (billions of local currency)		
	Assets	Mkt Cap/ Assets %
ING GROEP NV-CVA	891.7	2.75
AEGON NV	441.1	1.21
HAL TRUST	19.8	50.10
VAN LANSCHOT-CVA	14.3	4.26
WERELDHAVE NV	<u>3.0</u>	<u>9.77</u>
Total	1,370.0	
EJR's est. of cap shortfall at 10% of assets less market cap		96.4
Netherlands's GDP		809.9

Funding Costs

Netherlands' 10-year Government Bond yields currently is -0.359% and its 5 Years CDS value is 12, which reveals a 0.20% implied probability of default, on a 40% recovery rate supposed. Currently, the Dutch govt wants to continue with its austerity measures, and wants to fully exploit the flexibility of the Stability and Growth Pact and the state aid rules, before exploring additional tools could be used from the European Investment Bank and the ECB.



Ease of Doing Business

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 42 (1 is best, 189 worst) is above average.

The World Bank's Doing Business Survey*			
	2019	2018	Change in
	Rank	Rank	Rank
Overall Country Rank:	42	32	-10
Scores:			
Starting a Business	24	20	-4
Construction Permits	88	76	-12
Getting Electricity	58	52	-6
Registering Property	30	30	0
Getting Credit	119	105	-14
Protecting Investors	79	62	-17
Paying Taxes	22	20	-2
Trading Across Borders	1	1	0
Enforcing Contracts	78	69	-9
Resolving Insolvency	7	8	1

* Based on a scale of 1 to 189 with 1 being the highest ranking.

Economic Freedom

As can be seen below, Netherlands is strong in its overall rank of 77.0 for Economic Freedom with 100 being best.

Heritage Foundation 2020 Index of Economic Freedom				
World Rank 77.0*				
	2020 Rank**	2019 Rank	Change in Rank	World Avg.
Property Rights	90.0	88.0	2.0	56.6
Government Integrity	90.1	74.7	15.4	43.8
Judicial Effectiveness	73.9	89.1	-15.2	45.1
Tax Burden	51.7	51.6	0.1	77.3
Gov't Spending	45.2	42.9	2.3	66.0
Fiscal Health	94.1	93.3	0.8	69.1
Business Freedom	80.4	81.4	-1.0	63.3
Labor Freedom	60.2	60.3	-0.1	59.4
Monetary Freedom	82.5	84.0	-1.5	74.6
Trade Freedom	86.4	86.0	0.4	73.8

*Based on a scale of 1-100 with 100 being the highest ranking.
 **The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).
 Source: The Heritage Foundation

Credit Quality Driver: Taxes Growth:

KINGDOM OF THE NETHERLANDS has grown its taxes of 9.0% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 9.0% per annum over the next couple of years and 8.1% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:

KINGDOM OF THE NETHERLANDS's total revenue growth has been more than its peers and we assumed no growth in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions	
			Yr. 1&2	Yr. 3,4,5
Taxes Growth%	3.1	9.0	9.0	8.1
Social Contributions Growth %	1.3	1.3	1.3	1.3
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	(4.2)	(4.2)	(4.2)
Total Revenue Growth%	2.0	5.0	5.0	4.5
Compensation of Employees Growth%	2.4	4.4	4.4	4.4
Use of Goods & Services Growth%	2.8	3.3	3.3	3.3
Social Benefits Growth%	2.7	4.3	4.3	4.3
Subsidies Growth%	7.3	3.0		
Other Expenses Growth%	0.0			
Interest Expense	1.8	1.6	1.6	1.6
Currency and Deposits (asset) Growth%	(6.1)	0.0		
Securities other than Shares LT (asset) Growth%	7.3	0.0		
Loans (asset) Growth%	0.8	2.4	2.4	2.4
Shares and Other Equity (asset) Growth%	12.2	4.6	4.6	4.6
Insurance Technical Reserves (asset) Growth%	2.5	0.0		
Financial Derivatives (asset) Growth%	7.6	15.0	9.0	9.0
Other Accounts Receivable LT Growth%	(1.1)	0.3	0.3	0.3
Monetary Gold and SDR's Growth %	0.0	0.0	5.0	5.0
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	(1.8)	(3.8)	3.0	3.0
Currency & Deposits (liability) Growth%	1.0	5.1	5.1	5.1
Securities Other than Shares (liability) Growth%	4.5	(1.2)	(0.9)	(0.9)
Loans (liability) Growth%	(1.2)	2.5	2.5	2.5
Insurance Technical Reserves (liability) Growth%	0.0	0.0		
Financial Derivatives (liability) Growth%	5.9	0.0		
Additional ST debt (1st year)(millions EUR)	0.0	0.0		

ANNUAL OPERATING STATEMENTS

Below are KINGDOM OF THE NETHERLANDS's annual income statements with the projected years based on the assumptions listed on page 5.

ANNUAL REVENUE AND EXPENSE STATEMENT
(MILLIONS EUR)

	2016	2017	2018	2019	P2020	P2021
Taxes	165,039	180,549	188,607	205,590	224,093	244,261
Social Contributions	107,486	105,535	111,744	113,150	114,574	116,015
Grant Revenue						
Other Revenue						
Other Operating Income	<u>36,318</u>	<u>36,551</u>	<u>37,091</u>	<u>35,539</u>	<u>35,539</u>	<u>35,539</u>
Total Revenue	308,843	322,635	337,442	354,279	374,206	395,816
Compensation of Employees	60,176	61,827	63,961	66,769	69,700	72,760
Use of Goods & Services	42,765	43,339	45,942	47,453	49,014	50,626
Social Benefits	152,477	155,368	160,212	167,143	174,374	181,918
Subsidies	7,894	8,561	9,040	9,309	9,310	9,311
Other Expenses				18,108	18,108	18,108
Grant Expense						
Depreciation	22,337	22,916	23,644	24,361	24,361	24,361
Total Expenses excluding interest	<u>300,267</u>	<u>306,084</u>	<u>320,398</u>	<u>333,143</u>	<u>344,867</u>	<u>357,083</u>
Operating Surplus/Shortfall	8,576	16,551	17,044	21,136	29,339	38,732
Interest Expense	<u>8,151</u>	<u>7,396</u>	<u>6,904</u>	<u>6,238</u>	<u>6,337</u>	<u>6,437</u>
Net Operating Balance	425	9,155	10,140	14,898	23,002	32,296

ANNUAL BALANCE SHEETS

Below are KINGDOM OF THE NETHERLANDS's balance sheets with the projected years based on the assumptions listed on page 5.

ANNUAL BALANCE SHEETS
(MILLIONS EUR)

Base Case**ASSETS**

	2016	2017	2018	2019	P2020	P2021
Currency and Deposits (asset)	12,359	14,653	13,099	14,736	29,008	29,008
Securities other than Shares LT (asset)	8,450	7,603	8,529	7,328	7,328	7,328
Loans (asset)	55,975	56,970	58,485	59,884	61,316	62,783
Shares and Other Equity (asset)	98,710	98,759	96,993	101,414	106,037	110,870
Insurance Technical Reserves (asset)					0	0
Financial Derivatives (asset)	15,551	11,755	7,770	8,932	9,736	10,612
Other Accounts Receivable LT	56,842	55,738	56,517	56,670	56,823	56,977
Monetary Gold and SDR's						

Other Assets**Additional Assets**

Total Financial Assets	247,887	245,478	241,393	248,964	270,248	277,578
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LIABILITIES

Other Accounts Payable	48,708	49,940	50,419	48,504	49,959	51,458
Currency & Deposits (liability)	3,844	1,930	1,579	1,660	1,660	1,660
Securities Other than Shares (liability)	404,852	386,049	376,727	372,138	368,965	365,819
Loans (liability)	91,875	84,490	79,922	81,937	58,935	26,639
Insurance Technical Reserves (liability)						
Financial Derivatives (liability)						
Other Liabilities	2	2	2	2	2	2
Liabilities	549,281	522,411	508,649	504,241	502,523	477,557

Net Financial Worth	<u>-301,394</u>	<u>-276,933</u>	<u>-267,256</u>	<u>-255,277</u>	<u>-232,275</u>	<u>-199,979</u>
Total Liabilities & Equity	247,887	245,478	241,393	248,964	270,248	277,578

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Egan-Jones is not an NRSRO (as defined by the SEC) for sovereign/municipal issuers and structured finance/ABS issuers.

Comments on the Difference between the Model and Assigned Rating

In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "AA-" whereas the ratio-implied rating for the most recent period is "AA"; we expect results to decline slightly.

Changes in Indicative Ratios

We have not made any adjustment in the indicative ratios at this time.

SEC Rule 17g-7(a) Disclosure (Non-NRSRO)

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:

For the issuer KINGDOM OF THE NETHERLANDS with the ticker of 1533Z NA we have assigned the senior unsecured rating of AA-. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no notches.

2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:

We are using the Methodologies for Determining Credit Ratings (Main Methodology) version #15 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:

The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to projections on pages 1, 6, and 7 of this Rating Analysis Report.

4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:

Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:

Our rating is dependent on numerous factors including the reliability, accuracy, and quality of the data relied upon in determining the credit rating. The data is sourced from publicly available information from the IMF and other similar sources. In some cases, the information is limited because of issues such as the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such issues are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:

EJR does not utilize third-party due diligence services.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:

Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:

EJR uses publicly available information from the IMF, governmental filings and other similar sources for ratings on sovereign issuers.

9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7:

The information is generally adequate and acceptable.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:

This rating is unsolicited.

11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:

Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:

Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:

Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			Resulting Ratio-Implied Rating		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	9.0	13.0	5.0	AA-	AA	AA-
Social Contributions Growth %	1.3	4.3	(1.7)	AA	AA	AA
Other Revenue Growth %	0.0	3.0	(3.0)	AA	AA	AA
Total Revenue Growth%	5.0	7.0	3.0	AA	AA	AA
Monetary Gold and SDR's Growth %	5.0	7.0	3.0	AA	AA	AA

14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:

This credit rating is not assigned to an asset-backed security.

ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

- 1) No part of the credit rating was influenced by any other business activities,
- 2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
- 3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

Analyst Signature:

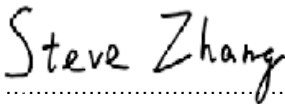


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Subramanian NG
Senior Rating Analyst

Today's Date

July 27, 2020
.....

Reviewer Signature:



.....
Steve Zhang
Senior Rating Analyst

Today's Date

July 27, 2020
.....

Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings.

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.