KINGDOM OF THE NETHERLANDS

Rating Analysis - 12/19/19

*EJR Sen Rating(Curr/Prj) AA-/ AA-
*EJR CP Rating: A1+
EJR's 3 yr. Default Probability: 1.2%

Netherlands' economy still shows momentum with quarterly growth of 0.4% in Q3'19 - but investment and business sentiment fell, which does not bode well for the quarters ahead. While consumers stepped up their spending by 0.2% QoQ and government consumption rose by 0.5% QoQ, total investment (excluding stock building) fell -0.2% QoQ. Consumers are benefiting from the late-cycle increase in wage growth and ongoing employment growth, while it seems that businesses have started to worry more about growth prospects.

There are obviously still substantial external political risks to the Dutch economy. The trade conflict is ongoing and the Brexit drama has not yet come to an end. This might begin to take a toll on the willingness of enterprises to expand production capacity. Over the last year, investment held up well in the Netherlands despite the general economic slowdown and worsened global prospects. Given that domestic spending is still ongoing and the fact that some political risks have increasingly become probable, an accommodative central bank view is likely to continue. We are affirming.

		Annual Ratios (source for past results: IMF)				
CREDIT POSITION		2016	2017	2018	P2019	P2020	P2021
Debt/ GDP (%)		77.5	70.8	65.6	61.1	55.9	50.0
Govt. Sur/Def to GDP (%)		0.1	1.2	1.4	2.2	3.0	3.8
Adjusted Debt/GDP (%)		77.5	70.8	65.6	61.1	55.9	50.0
Interest Expense/ Taxes (%)		4.9	4.1	3.7	3.6	3.4	3.3
GDP Growth (%)		2.7	4.2	4.9	2.3	2.3	2.5
Foreign Reserves/Debt (%)		1.0	0.8	0.8	0.6	0.6	0.3
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 NRSRO Sen.	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio-Implied Rating*
Federal Republic Of Germany	AAA	69.2	1.8	69.2	3.9	3.1	AA-
French Republic	AA	122.1	-2.4	122.1	5.6	2.5	BBB+
Kingdom Of Belgium	AA	119.9	-0.4	119.9	7.2	2.6	A
Republic Of Finland	AA+	69.5	0.0	69.5	2.9	3.7	AA+
Kingdom Of Denmark	AAA	48.0	1.2	48.0	2.4	2.1	AA+

CDS Spreads (bps)

Legend: Belgium, France, The Netherlands, Germany
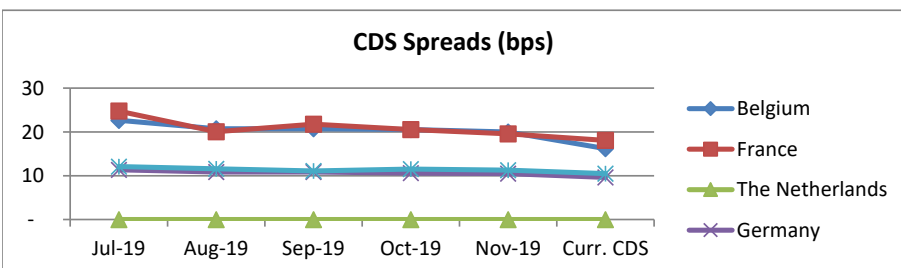
Country	EJR Rtg.	CDS
Belgium	BBB	16
France	A+	18
The Netherlands	AA-	N/A
Germany	AA	10
Finland	AA	10

Economic Growth

GDP growth is projected to increase slightly, to 1.8%, in 2020 and then slow to 1.6% in 2021. Demand in 2020 will be mainly supported by private consumption and the strong fiscal stimulus. A sharper-than-expected deceleration in key export markets, including Germany, is a downside risk.

High levels of house prices and household debt pose a risk for financial stability. Despite recent measures to reduce household debt, particularly the reduction of the mortgage interest payment tax deductibility, efforts should be continued and financial risks monitored.
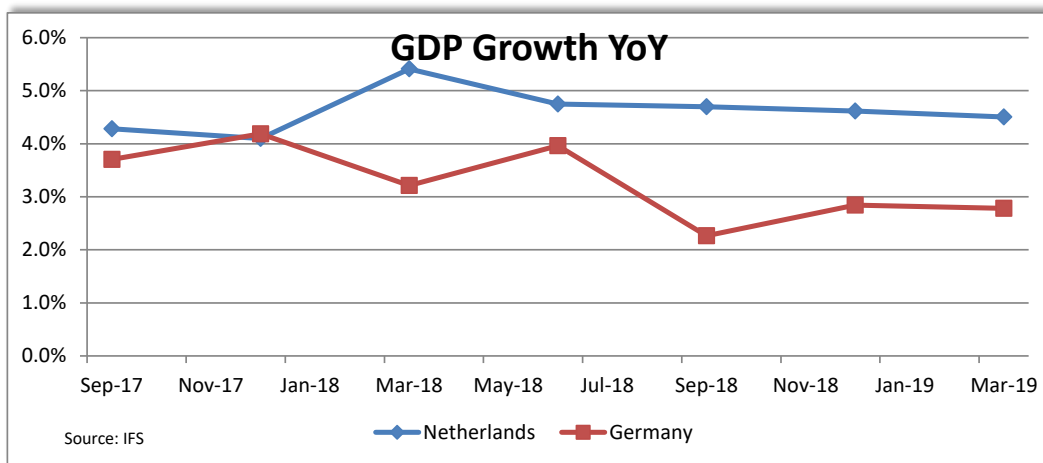
Fiscal Policy

The planned fiscal stimulus will slow the decline in public debt as per cent of GDP. Weak external demand, especially from Germany, is weighing on export growth and has reduced the current account surplus slightly. The structural balance shows a deterioration from 0.9% of GDP in 2018 to 0.5% of GDP in 2019 and -0.2% in 2020. The structural budget balance forecast is also slightly higher, at 0.7% of GDP in 2019 and 0.2% of GDP in 2020 - explained by the difference in headline surpluses, in combination with a somewhat lower estimate for the output gap, leading to a smaller cyclical correction.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Netherlands	1.44	65.57	11.35
Germany	1.77	69.18	9.61
France	-2.35	122.14	18.06
Belgium	-0.40	119.91	16.18
Finland	-0.01	69.54	10.48
Denmark	1.24	48.01	8.13
Sources: Thomson Reuters and IFS			

Unemployment

Dutch unemployment rate rose for the first time in 5.5 years in the third quarter of this year. In total, 319,000 people were officially classified as unemployed in the three months to end September, a rise of 14,000 on the second quarter and taking the official jobless rate to 3.4%. The increased unemployment is the result of different flows on the labor market.

| Unemployment (%)		
	2017	2018
Netherlands	4.86	3.84
Germany	3.76	3.40
France	9.43	9.11
Belgium	7.10	5.90
Finland	8.63	7.36
Denmark	5.72	4.97
Source: Intl. Finance Statistics		

Banking Sector

Three Dutch bank conglomerates, ABN AMRO, Rabobank, and ING Bank dominate the Dutch financial sector, accounting for about 75% of total lending. The high growth of the Dutch economy and the high level of taxes and social contributions have added to a favourable development of the government debt level. The total government debt will be far below the Maastricht criterion of 60%, with a projected debt level of 49% of GDP in 2019. A tight housing market has pushed up house prices, and housing construction has slowed.

Bank Assets (billions of local currency)

	Assets	Mkt Cap/ Assets %
ING GROEP NV-CVA	846.2	5.02
AEGON NV	396.3	2.58
HAL TRUST	16.1	70.90
VAN LANSCHOT-CVA	14.7	6.34
WERELDHAVE NV	3.9	30.38
Total	1,277.2	
EJR's est. of cap shortfall at		
10% of assets less market cap		61.5
Netherlands's GDP		774.0

Funding Costs

With government financing costs near historical lows, an investment fund, as proposed by the government, could help to strengthen the economy's potential to cope with the forthcoming challenges of digitalisation, climate change and population ageing. Netherlands 10 Years Government Bond has a -0.146%. Bank Lending Rate in Netherlands increased to 0.75% in September from 0.74% in August of 2019.

Sovereign Debt Yields (%) — 2yr, 5 yr, 10yr. Source: Thomson Reuters
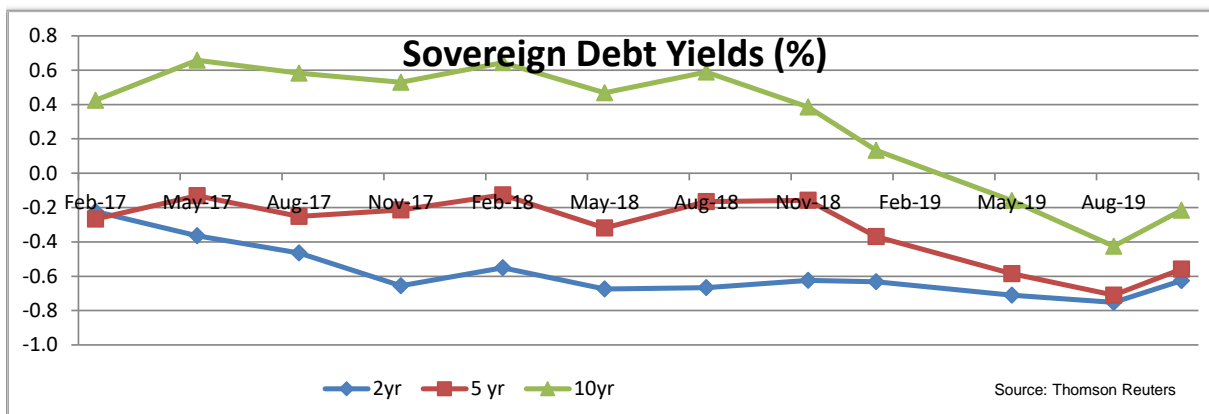
Ease of Doing Business

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 Rank	2018 Rank	Change in 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.

KINGDOM OF THE NETHERLANDS

Rating Analysis - 12/19/19

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*EJR Sen Rating(Curr/Prj) AA-/ AA-

*EJR CP Rating: A1+

EJR's 3 yr. Default Probability: 1.2%

Economic Freedom

As can be seen below, Netherlands is strong in its overall
rank of 76.8 for Economic Freedom with 100 being best.

Heritage Foundation 2019 Index of Economic Freedom World Rank 76.8*				
	2019 Rank**	2018 Rank	Change in Rank	World Avg.
Property Rights	88.0	87.9	0.1	52.3
Government Integrity	74.7	86.0	-11.3	44.9
Judical Effectiveness	89.1	74.1	15.0	41.5
Tax Burden	51.6	52.5	-0.9	77.2
Gov't Spending	42.9	39.1	3.8	64.2
Fiscal Health	93.3	88.2	5.1	66.0
Business Freedom	81.4	80.5	0.9	63.5
Labor Freedom	60.3	61.5	-1.2	59.4
Monetary Freedom	84.0	87.5	-3.5	75.1
Trade Freedom	86.0	86.9	-0.9	74.3
*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 4.5% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 4.5% per annum over the next couple of years and 4.5% 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%	4.0	4.5	4.5	4.5
Social Contributions Growth %	2.2	5.9	6.0	6.0
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	0.4	0.4	0.4
Total Revenue Growth%	2.5	4.5	4.5	4.0
Compensation of Employees Growth%	2.4	3.5	3.5	3.5
Use of Goods & Services Growth%	3.3	5.3	5.3	5.3
Social Benefits Growth%	1.8	2.5	2.5	2.5
Subsidies Growth%	1.7	3.7		
Other Expenses Growth%	0.0			
Interest Expense	1.8	1.4	1.4	1.4
Currency and Deposits (asset) Growth%	(4.6)	0.0		
Securities other than Shares LT (asset) Growth%	(2.1)	0.0		
Loans (asset) Growth%	(1.3)	2.7	2.7	2.7
Shares and Other Equity (asset) Growth%	0.0	(1.8)	2.0	2.0
Insurance Technical Reserves (asset) Growth%	0.8	0.0		
Financial Derivatives (asset) Growth%	0.0	(33.9)	(10.0)	(10.0)
Other Accounts Receivable LT Growth%	0.8	1.2	1.2	1.2
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%	(0.4)	(1.3)	3.0	3.0
Currency & Deposits (liability) Growth%	1.2	(18.2)	0.5	0.5
Securities Other than Shares (liability) Growth%	(0.1)	(2.4)	(1.7)	(1.7)
Loans (liability) Growth%	0.2	(5.4)	0.5	0.5
Insurance Technical Reserves (liability) Growth%	0.0	0.0		
Financial Derivatives (liability) Growth%	0.0	0.0		
Additional ST debt (1st year)(millions EUR)	0.0	0.0		

KINGDOM OF THE NETHERLANDS

Rating Analysis - 12/19/19

*EJR Sen Rating(Curr/Prj) AA-/ AA-

*EJR CP Rating: A1+

EJR's 3 yr. Default Probability: 1.2%

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ANNUAL INCOME 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)

	2015	2016	2017	2018	P2019	P2020
Taxes	155,687	165,039	180,549	188,607	197,094	205,964
Social Contributions	99,833	107,486	105,535	111,744	118,449	125,556
Grant Revenue						
Other Revenue						
Other Operating Income	38,336	36,318	36,551	36,706	36,706	36,706
Total Revenue	293,856	308,843	322,635	337,057	352,249	368,225
Compensation of Employees	58,650	60,176	61,827	63,961	66,169	68,453
Use of Goods & Services	43,482	42,765	43,339	45,640	48,063	50,615
Social Benefits	149,171	152,477	155,368	159,317	163,366	167,519
Subsidies	7,042	7,894	8,561	8,881	8,882	8,883
Other Expenses				17,599	17,599	17,599
Grant Expense						
Depreciation	22,156	22,337	22,916	23,644	23,644	23,644
Total Expenses excluding interest	298,272	300,267	306,084	319,042	327,723	336,712
Operating Surplus/Shortfall	-4,416	8,576	16,551	18,015	24,526	31,513
Interest Expense	8,980	8,151	7,396	6,904	6,998	7,093
Net Operating Balance	-13,396	425	9,155	11,111	17,528	24,420

KINGDOM OF THE NETHERLANDS

Rating Analysis - 12/19/19

*EJR Sen Rating(Curr/Prj) AA-/ AA-

*EJR CP Rating: A1+

EJR's 3 yr. Default Probability: 1.2%

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ANNUAL BALANCE SHEETS

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

Base Case

ANNUAL BALANCE SHEETS
(MILLIONS EUR)

ASSETS	2015	2016	2017	2018	P2019	P2020
Currency and Deposits (asset)	11,447	12,359	14,653	13,099	22,359	22,359
Securities other than Shares LT (asset)	9,076	8,450	7,603	8,529	8,529	8,529
Loans (asset)	61,161	55,975	56,970	58,485	60,040	61,637
Shares and Other Equity (asset)	95,400	98,710	98,759	96,993	98,933	100,912
Insurance Technical Reserves (asset)					0	0
Financial Derivatives (asset)	17,843	15,551	11,755	7,770	6,993	6,294
Other Accounts Receivable LT	50,918	56,842	55,738	56,391	57,052	57,720
Monetary Gold and SDR's						
Other Assets						
Additional Assets						
Total Financial Assets	245,845	247,887	245,478	241,267	253,906	257,450

LIABILITIES						
Other Accounts Payable	48,436	48,708	49,940	49,299	50,778	52,301
Currency & Deposits (liability)	1,820	3,844	1,930	1,579	1,579	1,579
Securities Other than Shares (liability)	404,181	404,852	386,049	376,727	370,359	364,099
Loans (liability)	94,449	91,875	84,490	79,922	62,394	37,974
Insurance Technical Reserves (liability)						
Financial Derivatives (liability)						
Other Liabilities	31	2	2	2	2	2
Liabilities	548,917	549,281	522,411	507,529	502,640	481,764

Net Financial Worth	-303,072	-301,394	-276,933	-266,262	-248,734	-224,314
Total Liabilities & Equity	245,845	247,887	245,478	241,267	253,906	257,450

KINGDOM OF THE NETHERLANDS

Rating Analysis - 12/19/19

*EJR Sen Rating(Curr/Prj) AA-/ AA-
*EJR CP Rating: A1+
EJR's 3 yr. Default Probability: 1.2%

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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-"; the median rating for the peers is significantly higher than the issuer's rating.

Changes in Indicative Ratios

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

*EJR Sen Rating(Curr/Prj) AA-/ AA-

*EJR CP Rating: A1+

EJR's 3 yr. Default Probability: 1.2%

SEC Rule 17g-7(a) Disclosure

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 methodology version #13 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 page 3 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 dependant on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly-available 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, and other similar sources. In some cases, the information is limited because of issues such as short operating histories, the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such shortcomings 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 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, governmental filings and other similar sources for ratings on publicly-traded issuers. In the case of private issuers, EJR relies on information provided mainly by 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 high quality and readily avail.*

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

KINGDOM OF THE NETHERLANDS

Rating Analysis - 12/19/19

*EJR Sen Rating(Curr/Prj) AA-/ AA-
*EJR CP Rating: A1+
EJR's 3 yr. Default Probability: 1.2%

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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%	4.5	8.5	0.5	AA-	AA-	AA-
Social Contributions Growth %	6.0	9.0	3.0	AA-	AA-	AA-
Other Revenue Growth %		3.0	(3.0)	AA-	AA-	AA-
Total Revenue Growth%	4.5	6.5	2.5	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:
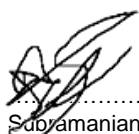This credit rating is not assigned to an asset-backed security.

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.

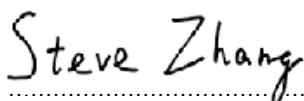**Analyst Signature:**   **Today's Date**

December 19, 2019
………………………………………….   …………………………………………
Subramanian NG
Senior Rating Analyst

Reviewer Signature: **Today's Date**

December 19, 2019
………………………………………….   …………………………………………
Steve Zhang
Senior Rating Analyst

*EJR Sen Rating(Curr/Prj) AA-/ AA-

*EJR CP Rating: A1+

EJR's 3 yr. Default Probability: 1.2%

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 the 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.