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## Research Update:

# Dutch Guarantee Fund WSW Upgraded To 'AAA' After Similar Action On The Netherlands; Outlook Stable

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## Research Update:

# Dutch Guarantee Fund WSW Upgraded To 'AAA' After Similar Action On The Netherlands; Outlook Stable

## Overview

- On Nov. 20, 2015, Standard & Poor's raised its unsolicited long-term sovereign credit rating on the State of The Netherlands to 'AAA' from 'AA+'.
- The long-term credit ratings on Dutch guarantee fund Waarborgfonds Sociale Woningbouw (WSW) are equalized with those on The Netherlands. This reflects our opinion that there is an almost certain likelihood that WSW would receive timely and sufficient extraordinary support from the Dutch government.
- Consequently, we are raising our long-term issuer credit ratings on WSW to 'AAA' from 'AA+'.
- The outlook is stable, reflecting that on The Netherlands.

## Rating Action

On Dec. 2, 2015, Standard & Poor's Ratings Services raised to 'AAA' from 'AA+' its long-term issuer credit ratings on Waarborgfonds Sociale Woningbouw (WSW), a Dutch not-for-profit fund that guarantee loans to social housing associations. The outlook is stable.

## Rationale

The upgrade reflects our similar action on the State of The Netherlands on Nov. 20, 2015 (see "Long-Term Ratings On The Netherlands Raised To 'AAA' On Stronger-Than-Expected Economic Growth Prospects; Outlook Stable," published on RatingsDirect). In accordance with our criteria for government-related entities (GRES), we believe that there is an almost certain likelihood that WSW would receive timely and sufficient extraordinary support from the Dutch government in the event of financial distress. As a result, we equalize the long-term rating on WSW with that on the State of The Netherlands.

Our opinion of the almost certain likelihood of support for WSW reflects our view that it has:

- A critical public policy role--WSW provides a key public service by keeping the funding costs of housing associations to a minimum; and
- Integral links with the Dutch government. We view WSW as having special public status, given the government's ultimate responsibility for ensuring WSW can meet its obligations.

## Outlook

The stable outlook reflects that on The Netherlands. We expect that The Netherlands' economy will continue to grow, while maintaining a strong external position and

improving its budgetary metrics over the two-year horizon. We expect The Netherlands would withstand potential financial and economic shocks, for example, emanating from the slowdown in emerging market growth. Despite the fragmented political landscape economic, we expect policies will remain prudent, ensuring the predictability of responses to future crises.

If we lowered the rating on The Netherlands, we would likely also lower the ratings on WSW. Furthermore, we could lower the rating if we changed our assessment of the likelihood of timely and sufficient extraordinary government support for WSW in times of stress. This could happen if we observed a change in the current legal agreements around the provision of minimum funding requirements or if we considered it less likely that the government would offer interest-free loans to WSW on a timely basis. However, at this time, we do not consider this likely.

## **Related Criteria And Research**

### **Related Criteria**

- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015

### **Related Research**

- Long-Term Ratings On The Netherlands Raised To 'AAA' On Stronger-Than-Expected Economic Growth Prospects; Outlook Stable, Nov. 20, 2015

## **Ratings List**

	Rating	
	To	From
Waarborgfonds Sociale Woningbouw		
Issuer credit rating		
Foreign and Local Currency	AAA/Stable/--	AA+/Positive/--

Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com) and at [spcapitaliq.com](http://spcapitaliq.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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