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## Research Update:

# Outlook On Waarborgfonds Sociale Woningbouw To Positive After Similar Action On The Netherlands; 'AA+' Rating Affirmed

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## Research Update:

# Outlook On Waarborgfonds Sociale Woningbouw To Positive After Similar Action On The Netherlands; 'AA+' Rating Affirmed

## Overview

- On May 22, 2015, Standard & Poor's revised the outlook on the State of The Netherlands to positive from stable. At the same time, we affirmed the 'AA+/A-1+' sovereign ratings.
- The long-term credit ratings on Dutch social housing guarantee fund Waarborgfonds Sociale Woningbouw (WSW) are equalized with those on The Netherlands, reflecting 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 revising our outlook on WSW to positive from stable, and affirming the 'AA+' long-term issuer credit rating.

## Rating Action

On June 5, 2015, Standard & Poor's Ratings Services revised the outlook on Dutch social housing guarantee fund Waarborgfonds Sociale Woningbouw (WSW) to positive from stable. At the same time, we affirmed the 'AA+' long-term issuer credit rating on WSW.

## Rationale

The outlook revision reflects a similar action on the State of The Netherlands on May 22, 2015. 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 and outlook on WSW with that on the State of The Netherlands.

WSW is a not-for-profit private foundation that guarantees loans provided by lenders to Dutch social housing associations. This helps keep the cost of funding low for housing associations, enabling them to invest more in social housing provision.

Our opinion of the "almost certain" likelihood of support reflects our assessment of WSW's:

- Critical role for the government, based on our view that its main purpose is to indirectly provide a key public service by keeping funding costs of housing associations at a minimum; and
- Integral link with the Dutch government. We view WSW as having a special public status, given the government's ultimate responsibility for ensuring WSW can meet its obligations.

## Liquidity

WSW has access to risk capital (free cash available to service obligations) estimated at about €500 million, to meet guarantee obligations that may arise. WSW also has access to callable capital of up to €3.3 billion and unlimited access to interest free loans from the central government and municipalities in equal parts. Under the terms of the agreement, there can be at most a 75-day delay between a request being made and the central government and municipalities making these funds available. However, we understand from the government that these funds will be made available in a timely manner to ensure that WSW receives the funds it needs.

## Outlook

The positive outlook reflects that on The Netherlands. We could raise the ratings on the State of The Netherlands within the next 24 months if economic medium-term growth prospects improve beyond our current expectation, resulting in further budgetary consolidation and declining net government debt to below 60% of GDP, even without including the proceeds from the planned sale of the government's stake in ABN AMRO.

We could revise the outlook to stable if, all other things being equal, we observe that economic growth prospects are weakening, or if the government's budgetary position fails to improve significantly.

If we raised the rating on The Netherlands, we would likely also raise the rating on WSW, as long as we continued to believe that the entity plays a "critical" role and has an "integral" link with the Dutch government.

## Related Criteria And Research

### Related Criteria

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

### Related Research

- Outlook On The Netherlands Revised To Positive On Economic Growth, Budgetary Consolidation; 'AA+/A-1+' Ratings Affirmed, May 22, 2015

## Ratings List

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

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

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