

## Resolution Counterparty Ratings Jurisdiction Assessment For The Netherlands Completed

**Primary Credit Analyst:**

Nicolas Hardy, Paris (33) 1-4420-7318; nicolas.hardy@spglobal.com

**Secondary Contact:**

Yulia Kozlova, CFA, London (44) 20-7176-3493; yulia.kozlova@spglobal.com

PARIS (S&P Global Ratings) June 11, 2018--S&P Global Ratings has completed its jurisdiction assessment of the Netherlands for resolution counterparty ratings (RCRs). As a result, we have identified the categories of bank liabilities that, in our view, are protected from default risk under the Netherlands' bank resolution framework.

**RCR JURISDICTION ASSESSMENT SUMMARY--The Netherlands**

Standard RCR alignment for The Netherlands: RCR may be above the issuer credit rating

Legislation: The relevant legislation is based on the provisions of the Dutch Financial Markets Supervision Act (Wet financieel toezicht, the "Wft") amended on Nov. 26, 2015, transposing into Dutch law the harmonized resolution rules from the EU's Bank Recovery and Resolution Directive (BRRD).

RCR liabilities: All bank liabilities specified in relevant legislation as being explicitly excluded from bail-in, including:

- Insured deposits;
- Secured liabilities;
- Segregated client assets;
- Liabilities to third-party credit institutions and investment firms with an original maturity of less than seven days;
- Liabilities to designated settlement systems with a residual maturity of

less than seven days; and

- Eligible liabilities to employees (excluding certain variable remuneration), to pension schemes, to trade creditors, to tax authorities, and to deposit-guarantee schemes.

Today's jurisdiction assessment follows the publication of our criteria for RCRs, "Methodology For Assigning Financial Institution Resolution Counterparty Ratings," on April 19, 2018. RCRs add an important component to our framework for evaluating the creditworthiness of certain financial institutions for which we expect the likely response to non-viability will be a bail-in resolution. RCRs recognize the default risk of certain bank liabilities that rank senior to other liabilities in a resolution. RCRs indicate whether we expect the default risk of such liabilities to be either equal to or lower than the default risk of the institution's senior unsecured debt.

In determining an RCR, we do not include liabilities such as uninsured deposits from retail customers or small and midsize enterprises. In our view, such liabilities are unlikely to be bailed in except in an extreme scenario where losses are exceptionally high. Indeed, their bail-in other than in an extreme scenario may potentially be inconsistent with a successful effective resolution, because of financial stability concerns. Similarly, the bail-in of other liabilities that are not specifically excluded from bail-in, such as corporate deposits and uncollateralized derivatives, may also give rise to financial stability concerns.

Nevertheless, for these types of instruments there is no legal exclusion from bail-in. In addition, for the time being, there are no explicit regulatory statements to indicate their systematic exclusion from bail-in, or a track record to indicate they have been excluded from bail-in in the past and likely will be in the future. We also note that excluding some, but not all, of these liabilities from a bail-in may pose legal challenges under the "no creditor worse off" principle in the BRRD. For these reasons, we classify as RCR liabilities only obligations that are explicitly identified by legislation or by regulators as being excluded from bail-in.

As previously indicated, we intend to assign RCRs to individual bank operating companies globally by the end of July 2018.

Our RCR jurisdiction assessments are subject to ongoing surveillance as part of our Banking Industry Country Risk Assessment process. We will update our RCR jurisdiction assessments whenever warranted due to changing circumstances or to changes in our evaluation of relevant factors. Generally, we do not expect the RCR jurisdiction assessments to change frequently.

The RCR is applicable only at the bank operating company level, and not to non-operating bank holding companies.

RELATED CRITERIA

- Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018

RELATED RESEARCH

- Banking Industry Country Risk Assessment: The Netherlands, June 11, 2018
- Criteria For Assigning Resolution Counterparty Ratings To Financial Institutions Published, April 19, 2018
- Guidance: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- RFC Process Summary: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- S&P Global Ratings Definitions, April 19, 2018

Only a rating committee may determine a rating action and this report does not constitute a rating action.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.