

Research

Dutch Development Finance Institution FMO Outlook Now Positive On Similar Sovereign Action; Affirmed At 'AA+/A-1+'

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- On May 22, 2015, we revised our outlook on The Netherlands to positive on economic growth and budgetary consolidation, while affirming the 'AA+/A-1+' ratings.
- We equalize our issuer credit ratings on Dutch development finance institution Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) with those on The Netherlands, reflecting our opinion that there is an almost certain likelihood it would receive timely and sufficient extraordinary support from the Dutch government.
- We are therefore revising our outlook on FMO to positive from stable and affirming our 'AA+/A-1+' ratings.
- The positive outlook on FMO reflects that on The Netherlands.

MADRID (Standard & Poor's) May 26, 2015--Standard & Poor's Ratings Services said today that it had revised its outlook on Dutch development finance institution Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) to positive from stable and affirmed its 'AA+/A-1+' long- and short-term issuer credit ratings on FMO.

We revised our outlook on FMO to positive from stable to reflect our similar action on The State of The Netherlands (unsolicited; AA+/Positive/A-1+) on May 22, 2015 (see "Research Update: Outlook On The Netherlands Revised To Positive On Economic Growth, Budgetary Consolidation; 'AA+/A-1+' Ratings Affirmed"). We consider FMO to be a government-related entity (GRE), and in accordance with our criteria for rating GREs, we believe that there is an almost certain likelihood that FMO 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 issuer credit rating on FMO with the long-term sovereign credit rating on The Netherlands.

In accordance with our criteria for GREs, our rating approach factors in our view of FMO's:

- Critical role as the key government vehicle for promoting private-sector growth in developing countries, an important public policy goal in The Netherlands; and
- Integral link with the Dutch government. The ratings reflect the government's 51% ownership of FMO, as well as its strong sovereign support for FMO, as demonstrated by the government's maintenance obligation on FMO's operations, its liquidity injections, and its commitment to preserve FMO's solvency, as well as a general track record of such support.

The positive outlook reflects that on The Netherlands. If we took a positive rating action on The Netherlands, we would take a similar action on FMO, assuming that FMO continues to enjoy an unchanged role and link with the government.

If we receive new information that would lead us to reassess FMO's integral link with and critical role for the Dutch government, we could lower the long-term rating to below that on The Netherlands.

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
- Transaction Update: Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., March 30, 2015
- Dutch Development Finance Institution FMO 'AA+/A-1+' Ratings Affirmed; Outlook Stable, Nov. 5, 2014

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