



Dutch State Treasury Agency
Ministry of Finance

Investor Presentation Dutch State Loan DSL 2054

Dutch Direct Auction (DDA) on 16 April 2024

Last updated on 29 March 2024



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Auction details





Details re-opening 30-year Dutch State Loan

Details DSL 15 January 2054	
Auction date	Tuesday 16 April 2024, start 10:00 CEST
Maturity date	15 January 2054
Reference bond	DBR 2.50% 15 August 2054
Target volume	€ 4 – € 5 billion
Pricing	Aim to price on the auction date, but no later than 12:00 CEST on 17 April 2024
Settlement date	Two days after the issuance price is set
Coupon	2 %
Initial spread guidance	To be announced on Monday 15 April 2024
Country ratings (Moody's/ Fitch / S&P)	Aaa/AAA/AAA



Time schedule DDA of 30-year DSL

- › Book opens 10:00 CEST on Tuesday 16 April 2024
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- › Book closes at the latest 17:00 CEST on the auction day
- › Allocation communicated as soon as possible after closing the book; preferably on the auction day but no later than 09:00 CEST the following business day
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Economic Outlook





Economic outlook

Growth picks up after slowdown in 2023

% change y-o-y	2022	2023	2024*	2025*
GDP	4.3	0.1	1.1	1.6
Household consumption	6.6	0.4	2.7	2.4
Government consumption	1.6	3.6	3.2	0.9
Investments (including inventories)	1.0	2.0	-3.1	2.3
Imports	3.8	-0.8	1.1	3.0
Exports	4.5	-1.5	0.6	2.5

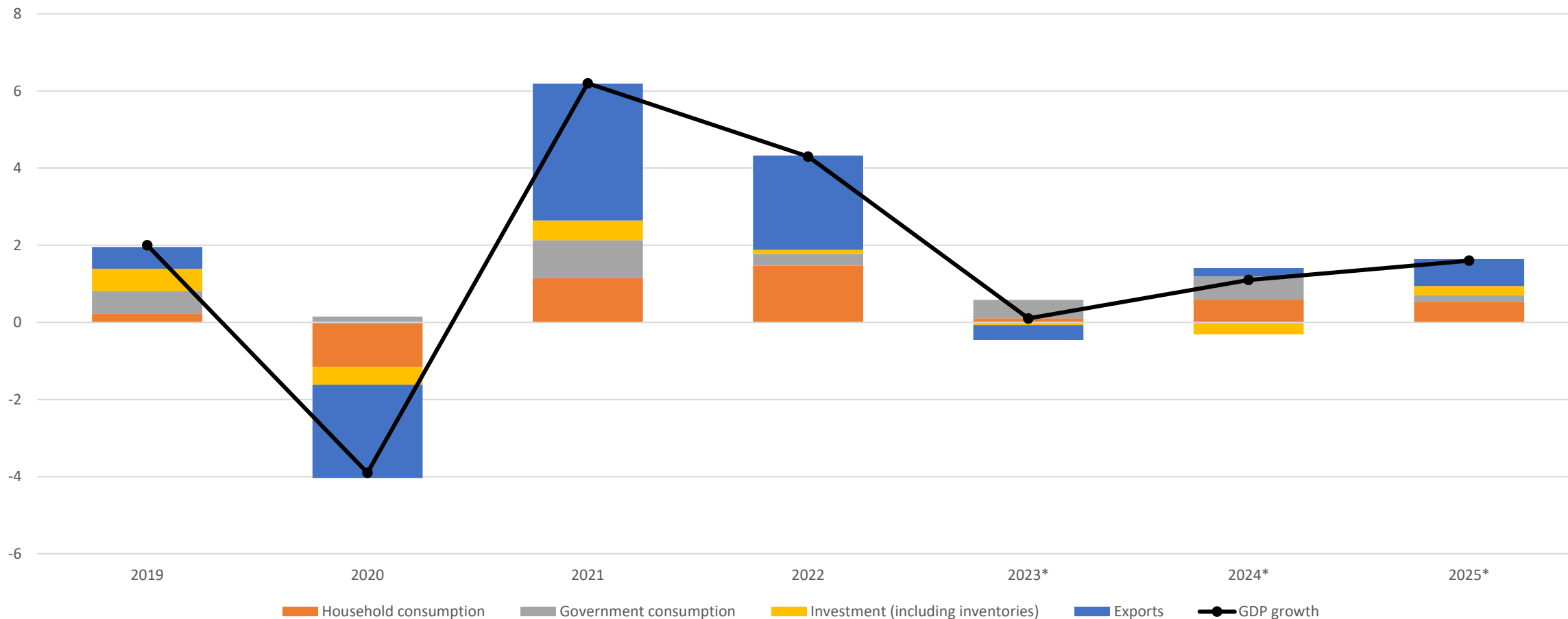
*Projected

Sources: Statistics Netherlands, March 2024 and Netherlands Bureau for Economic Policy Analysis (CPB), February 2024



Growth recovery in 2024 driven by domestic demand

Decomposition of GDP growth (y-o-y)

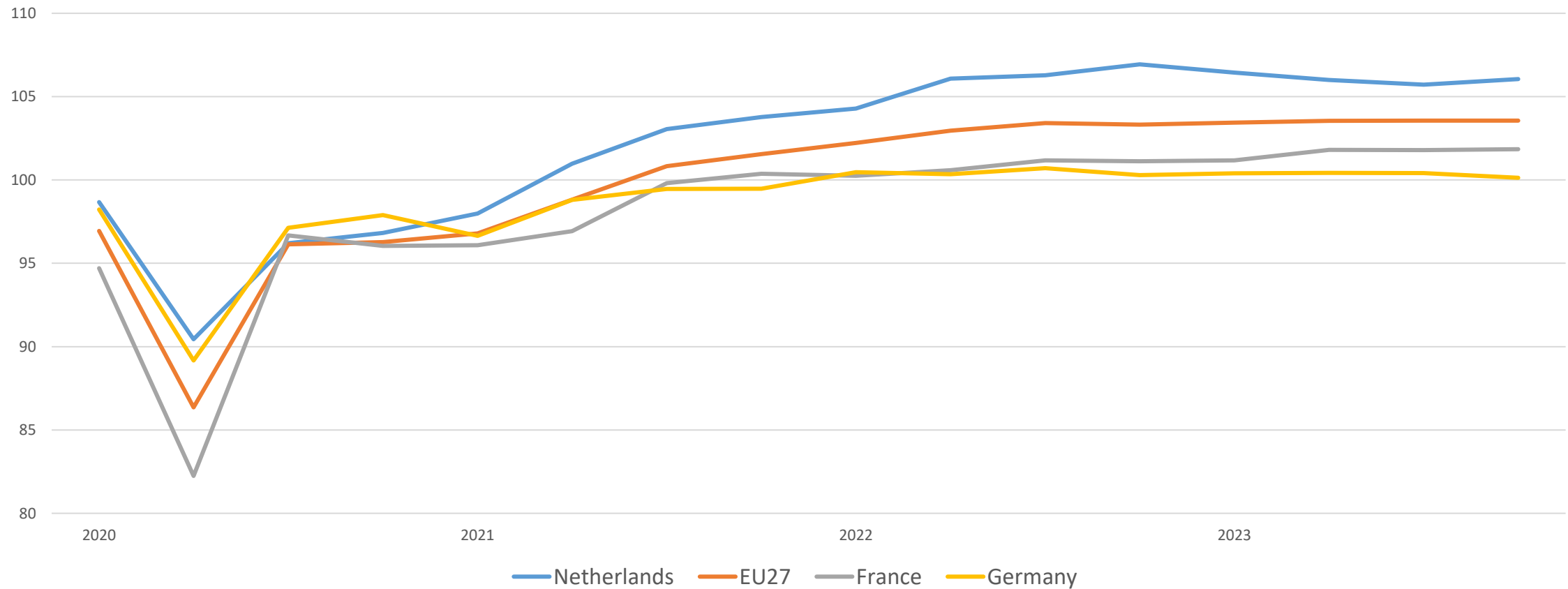


Source: CPB, February 2024



Economic performance above peers

GDP volume developments based on seasonally adjusted data

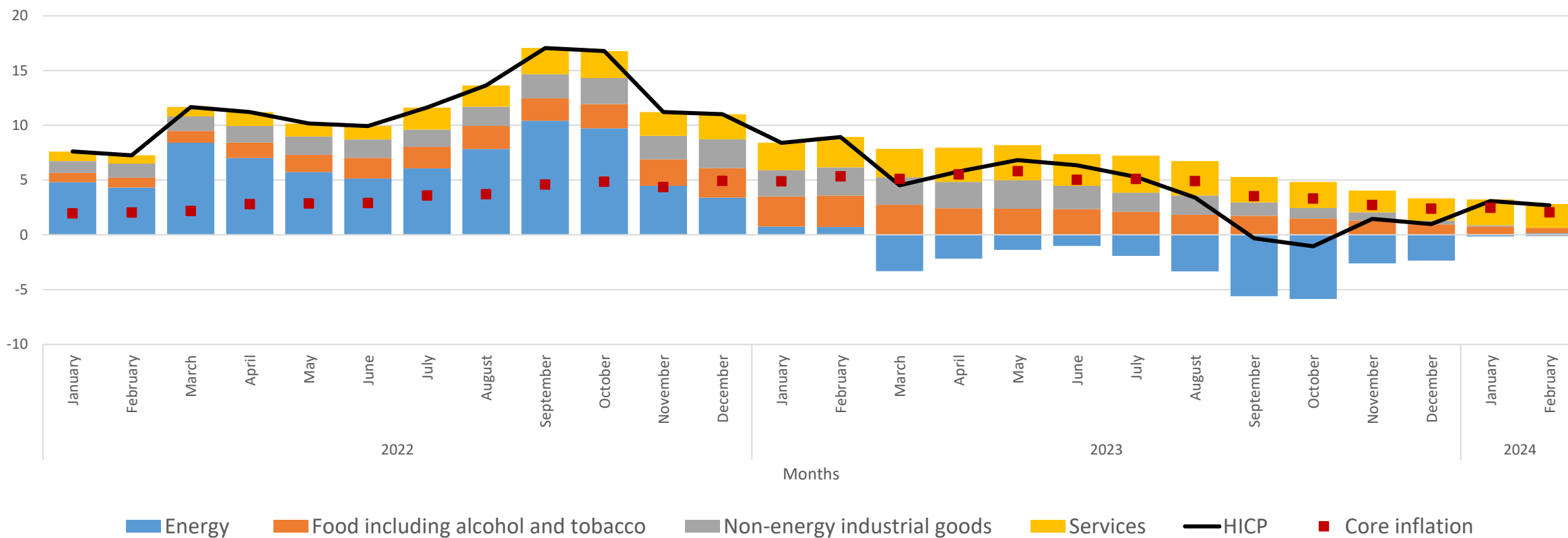


Source: Eurostat, March 2024



Inflation declining gradually

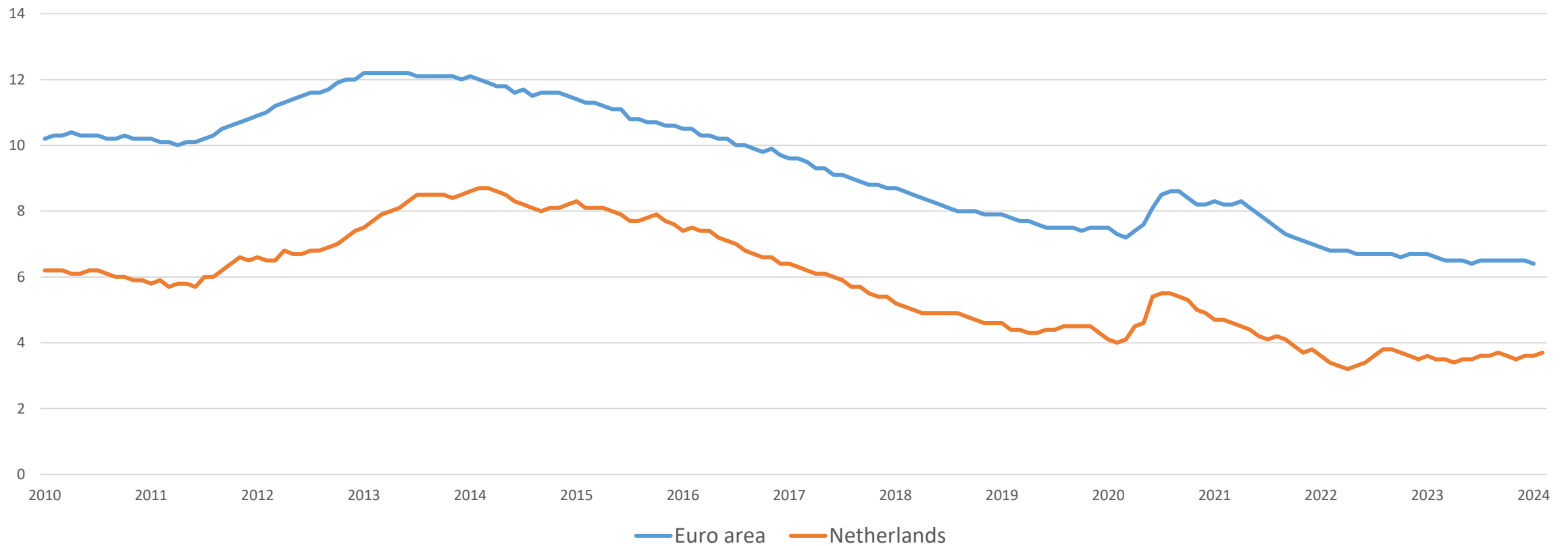
Core inflation (in %) and the contribution of components to total inflation (in percentage points)





Labor market remains tight

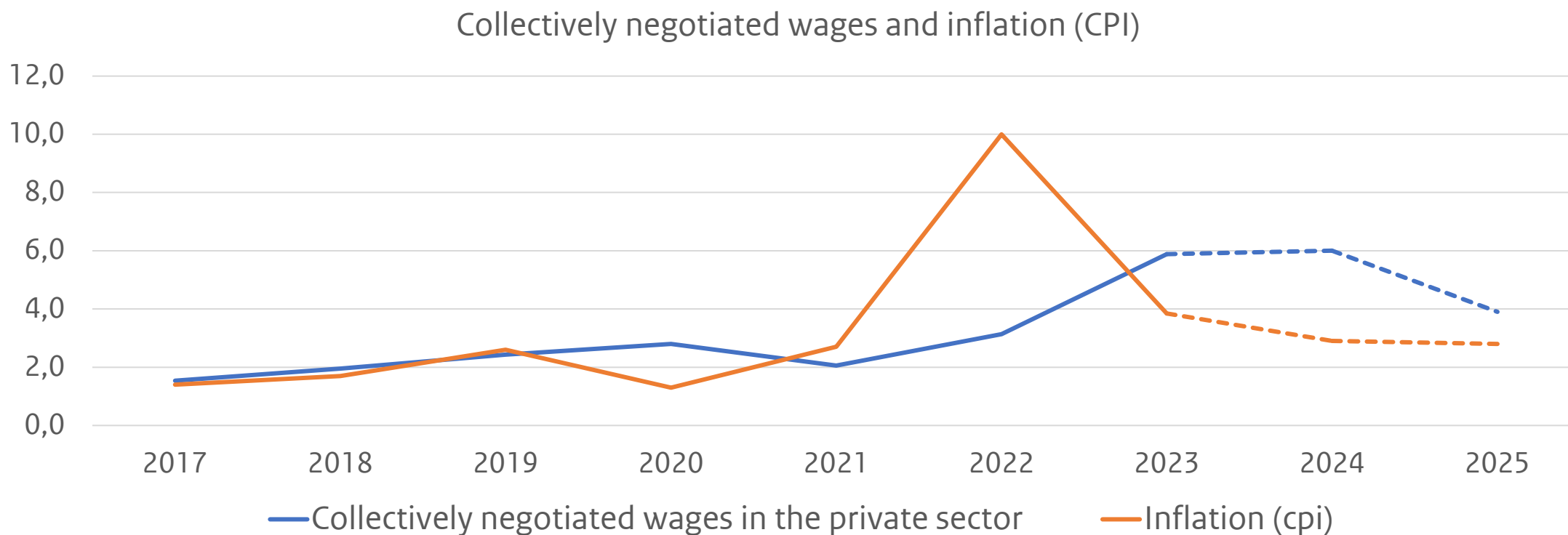
Monthly unemployment rate, seasonally adjusted data (% of labour force)



Source: Eurostat, March 2024



Higher wage growth expected to compensate for past inflation





Risks to the outlook remain, but mitigating factors exist

Risks

Slowdown in world trade

- > Geo-political uncertainty can lead to supply chain disruptions and increased fragmentation of world trade

Slowing growth in China

- > Property sector stress and wider growth slowdown can have negative implications for trade partners

Political uncertainty

- > Uncertain time period until formation of new government

Inflation persistence & higher interest rates

- > Slower than expected decline in (core) inflation could lead to a rise in interest rates

Mitigating factors

Strong resilience and fundamentals

- > The Dutch public, private and financial sector have high buffers and are able to absorb macroeconomic shocks

Diverse trade relations

- > Netherlands has diverse trade relations and are not too dependent on a single trade partner

Mandate of caretaker government

- > Can take necessary decisions to fight immediate crisis

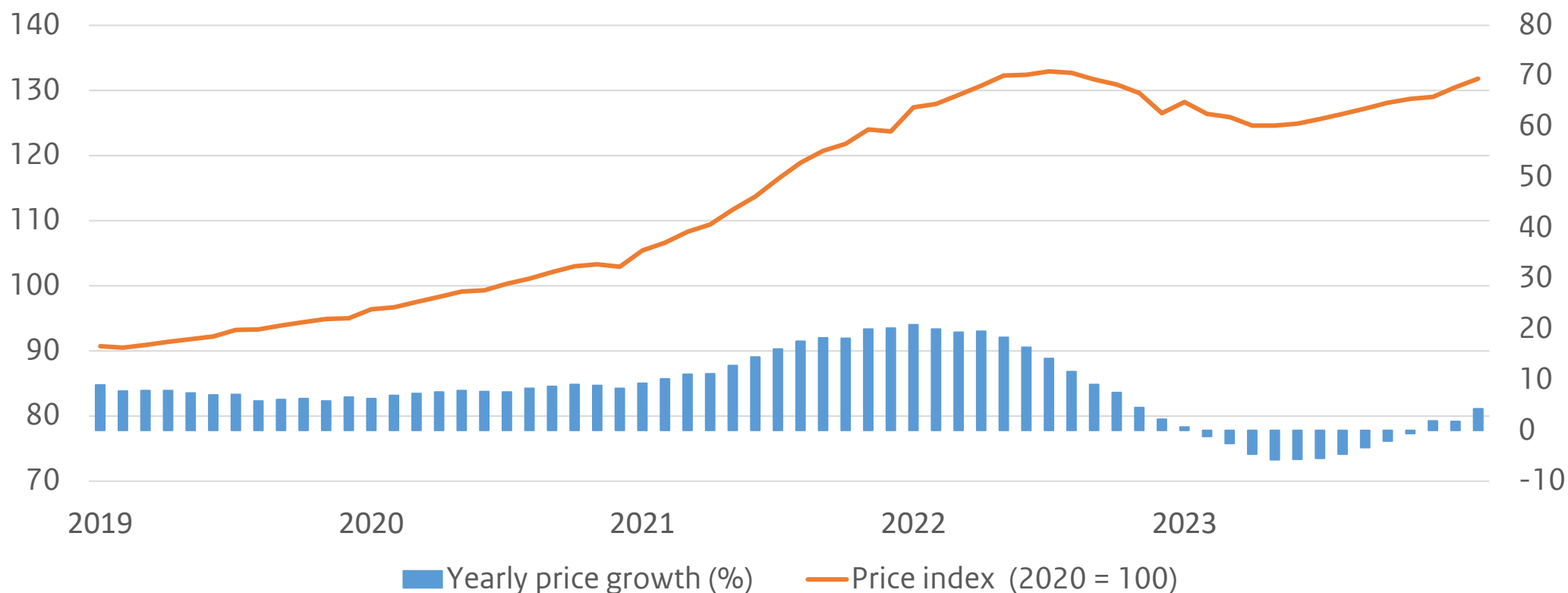
Relatively low interest rate sensitivity

- > Dutch households have increased debt duration and reduced short term interest rate sensitivity



House prices increasing again

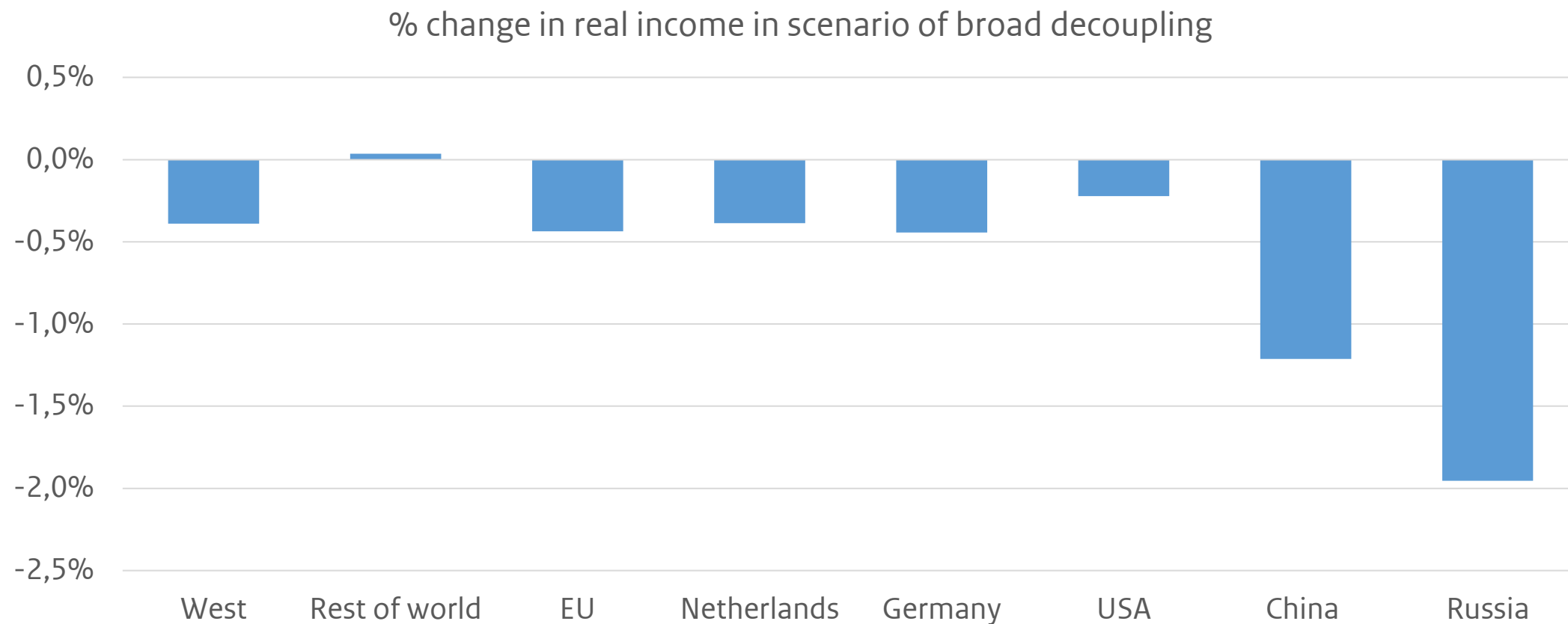
Price development existing owner-occupied dwellings



Source: Statistics Netherlands, March 2024



Effects of further fragmentation in line with average of Western countries





Caretaker government stays in place during political negotiations

- › After the November elections, potential coalition partners negotiate on political agreement
- › The duration and outcome of this negotiation phase are uncertain
- › During this phase, the current government stays in place as caretaker government
- › The regular budget cycle (including spring and fall budget memorandums) continues under the caretaker government
- › The caretaker government usually does not present new policies

A photograph of a solar farm with rows of solar panels stretching into the distance under a clear blue sky. A wind turbine is visible in the background on the left. The sun is shining brightly in the upper right corner, creating a lens flare effect.

Budgetary Outlook



Budgetary outlook

Deficit increases, but public finances remain sound

% of GDP	2022	2023	2024*	2025*
EMU balance	-0.1	-0.3	-2.1	-2.0
EMU debt	50.1	46.5	46.8	48.1

*Estimated

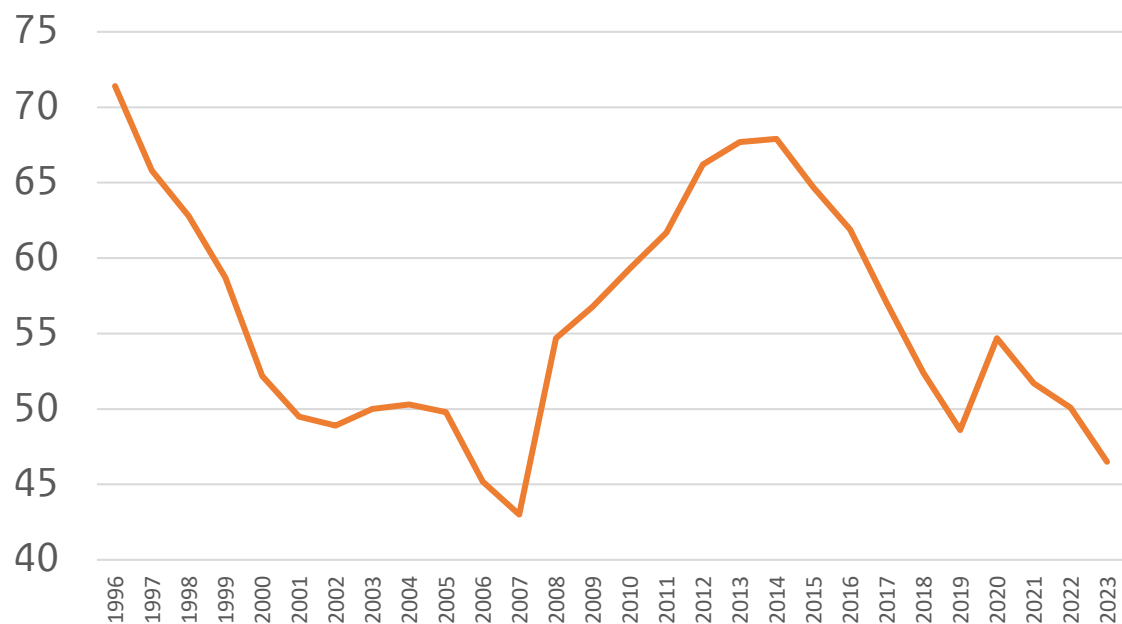
Source: Statistics Netherlands, March 2024, CPB, February 2024

- Deficit 2023 lower than initially expected due to delay in public investments and higher tax revenue
- Deficits increasing in 2024 and 2025 partly due to public investments in climate, growth capacity and defense

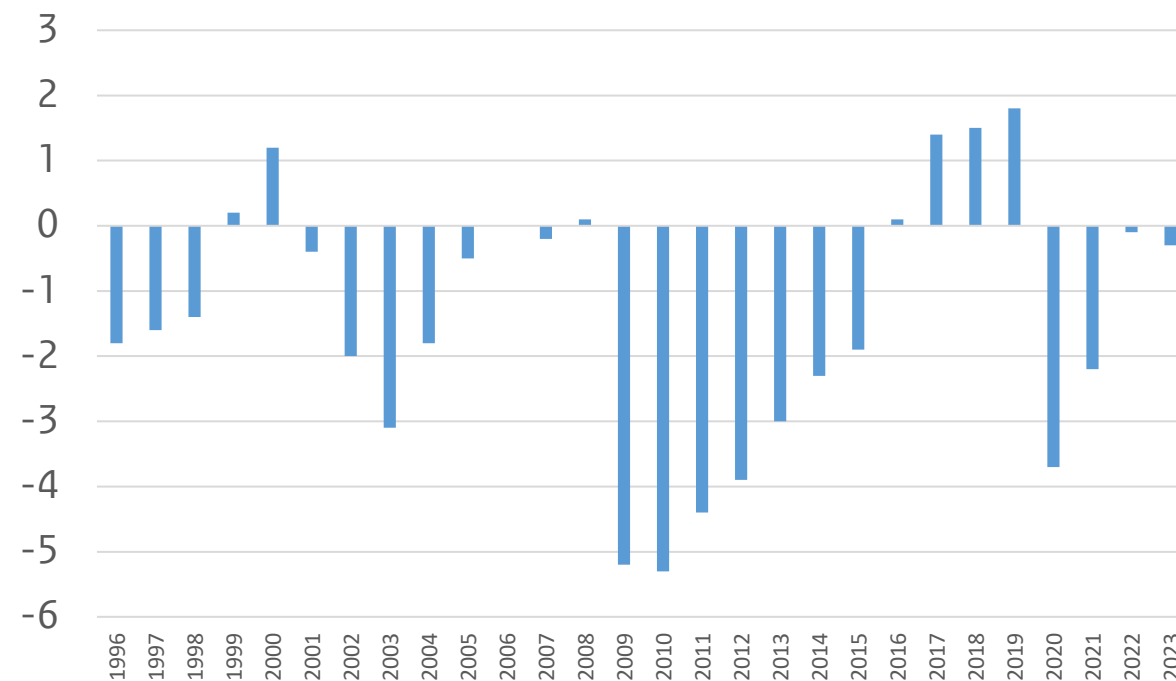


Recovery of public finances after covid

Gross debt (% of GDP)



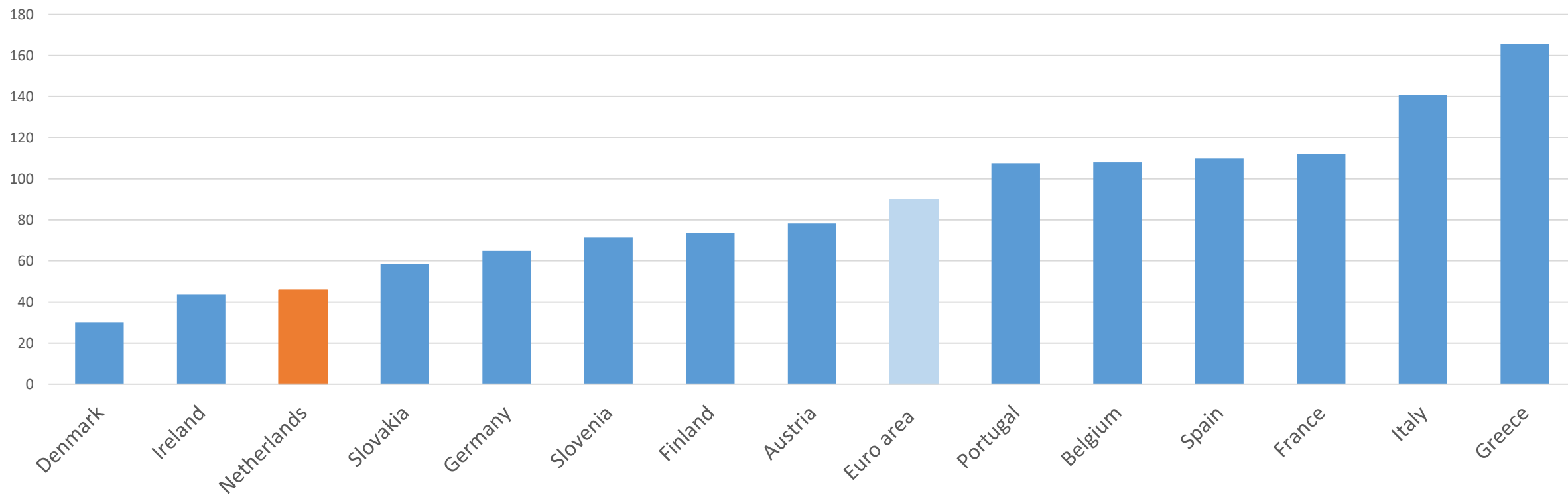
Budget balance (% of GDP)





Public debt low compared to peers

Government Gross Debt (% of GDP)



Source: Eurostat, October 2023 – quarterly data for Q3 2023

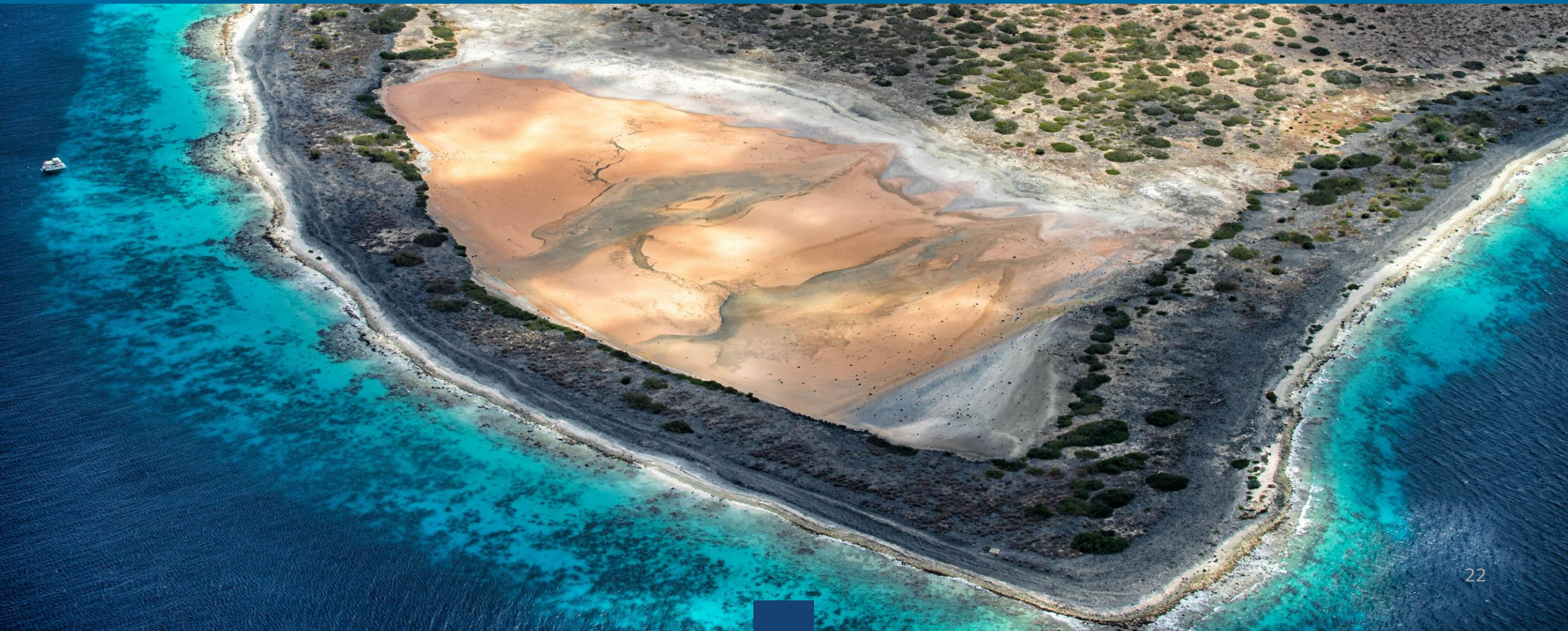


TenneT can borrow from Dutch State to finance investment needs in electricity grid

- > TenneT is a 100% state-owned transmission system-operator
- > € 25 bn loan facility for TenneT to finance investment needs in additional grid capacity in 2024 and 2025, of which approx. €13.1 bn in 2024
- > Loans must be repaid:
 - between 2030 and 2040; or
 - upon completion of sale of TenneT Germany [*NB: repayment may also be substantial part*]
- > Negotiations with potential buyer of TenneT Germany still ongoing

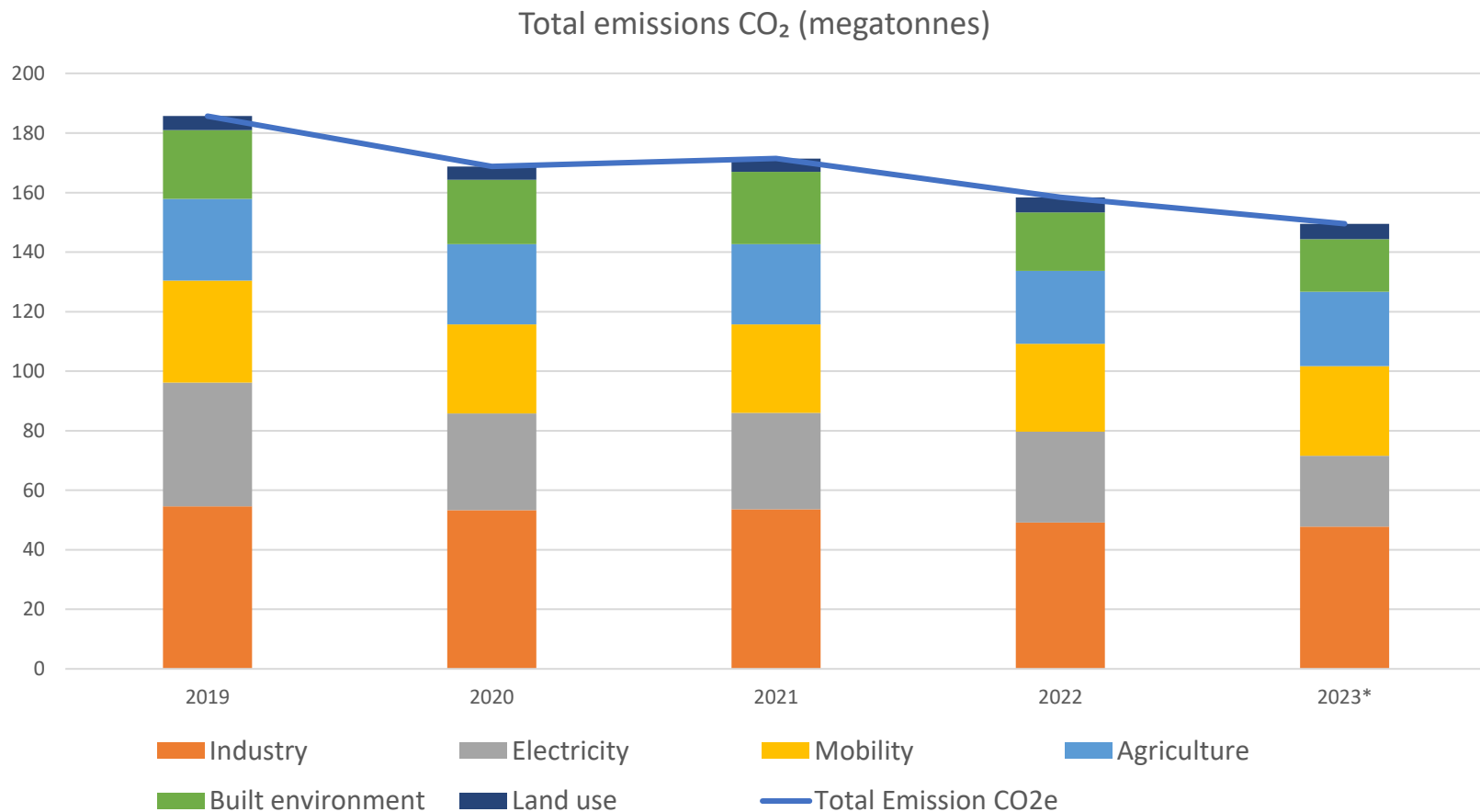


Climate Outlook





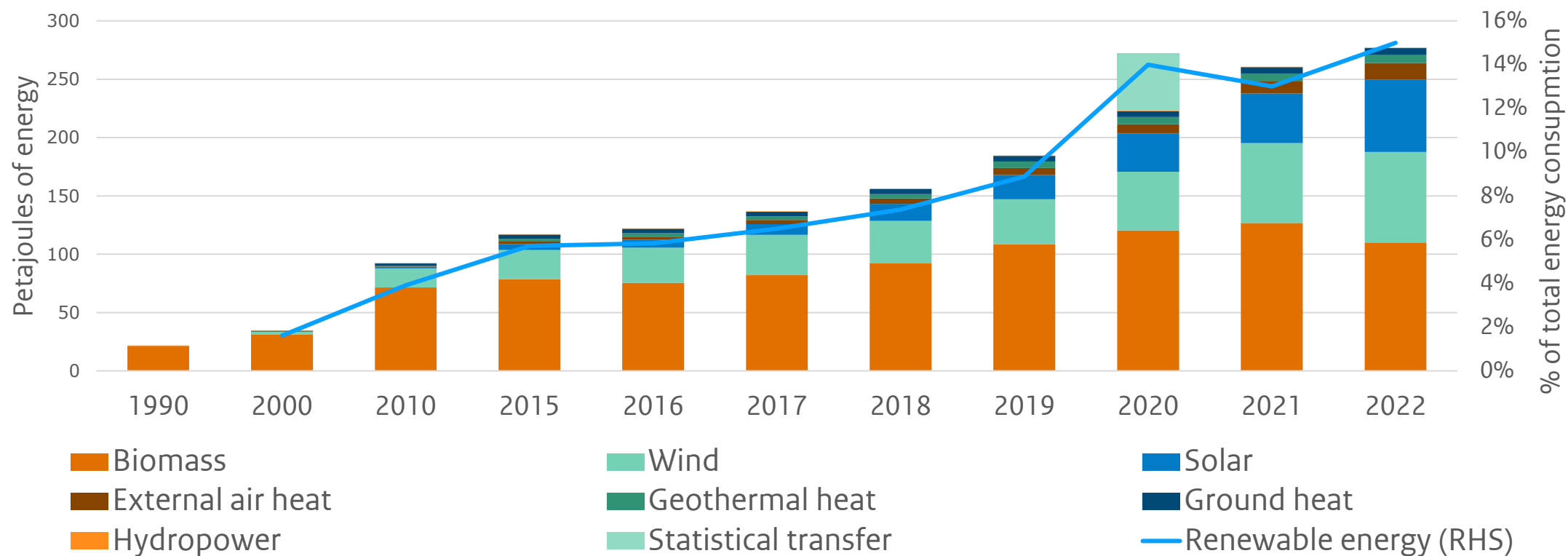
Green house gas emissions declining



- > The target for 2030 is to achieve at least a 55% GHG-reduction by aiming for 60% reduction (from 1990 levels)
- > The PBL projects a GHG reduction of 46-57% in 2030, bringing the 2030 target within reach
- > The target has been set in the Climate Act. The Senate passed the EUR 30 billion climate fund in December 2023



Share of renewable energy increasing



Source: Statistics Netherlands, December 2023



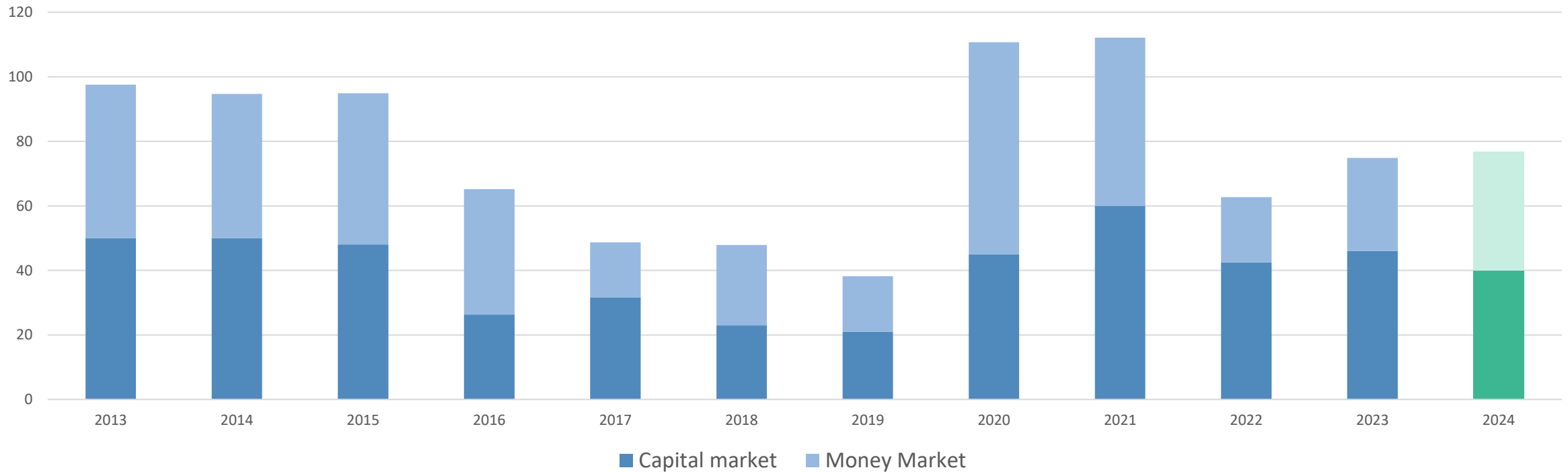
Funding and issuance





Funding need over the years

Funding need over the years (in € bln)



Figures are based on Q4 quarterly outlook publications in concerning year



A closer look at the funding need

- › The DSTA updated its funding need for 2024 upward to € 88 billion.
- › Cash deficit is expected to be € 11.2 billion higher than previously expected
- › Increase is mainly driven by the loan facility to TenneT (expected to be € 13.1 billion in 2024)

Funding need	Amounts (in € bn)
Capital market redemptions 2024	32.8
Money market ultimo 2023	25.5
Cash deficit 2024*	29.7
Total funding need 2024	88.0

* A cash deficit is shown as a positive number because it increases the total borrowing requirement



DSL Issuance in 2024

- > Call on the capital market of € 40 billion (in nominal amount) in 2024
- > Consisting of:
 - Launch of a new 10-year benchmark bond -> DSL 2034 launched in February
 - Reopening of the DSL 15 January 2054 through a DDA;
 - Reopening of the Green DSL 15 January 2044 -> first re-opening in February
 - Reopening of the DSL 15 January 2030 -> completed in Q1
 - Tap auctions in on-the-run and off-the-run DSLs.
- > So far, around 41% of the call on the capital market has been completed



DSL issuance calendar Q2 2024

Auction date	Details	Target volume (€ billion)
16 April	Reopening of the DSL 15 January 2054	4 - 5
30 April	Reopening of the DSL 15 January 2034	2 - 2.5
14 May	Tap of an existing DSL	TBA*
28 May	Tap of an existing DSL	TBA*
11 June	Tap of an existing DSL	TBA*
25 June	Tap of an existing DSL	TBA*

* Target volume and other details will be announced at a later stage

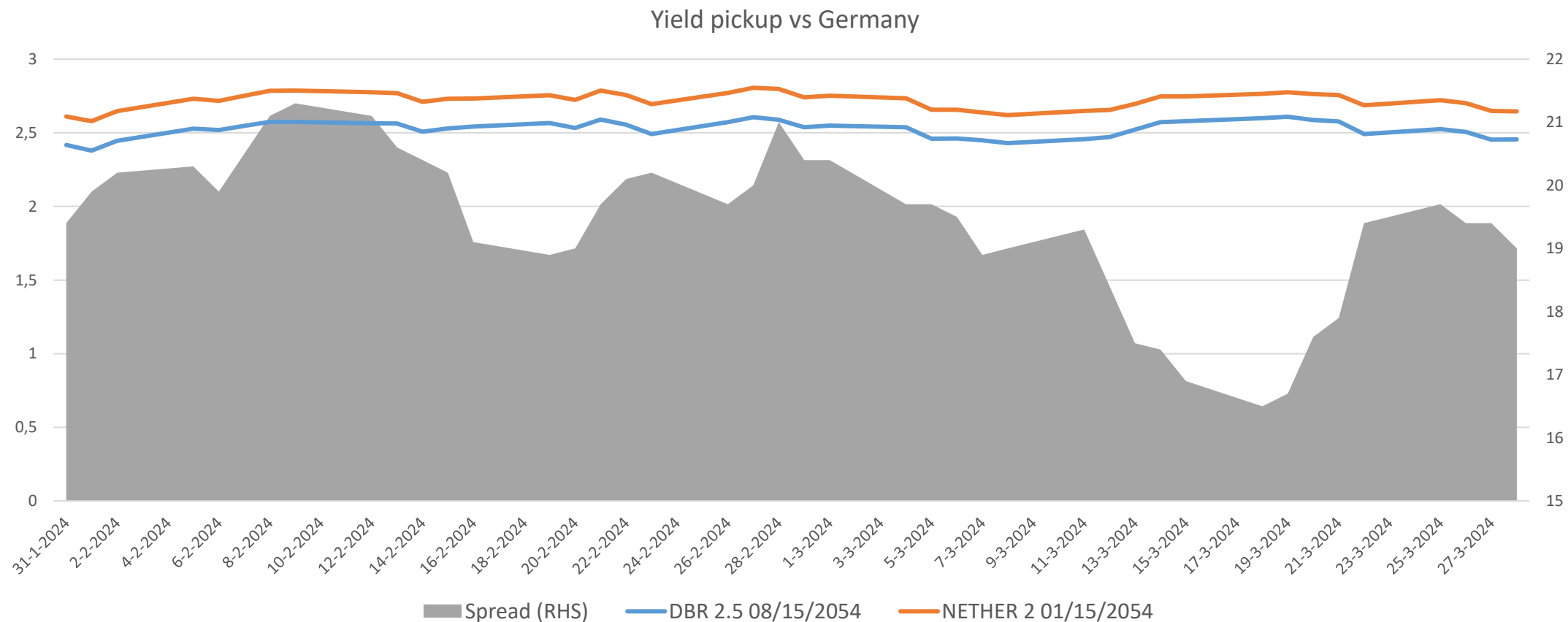


Ensuring liquidity in secondary markets

- › Clarity at start of the year on new benchmark issuances (published in December Outlook)
- › Annual issuance of a new 10-year bond
 - Outstanding amount of new 10-year bond raised to at least €12 billion within calendar year
 - Outstanding amount of new maturity less than 10-years DSLs raised to at least €12 billion within 12 months
 - Longer dated DSLs raised to at least €10 billion within several years
- › Re-opening existing DSL lines after market consultation
- › Quotation obligation for Primary Dealers to ensure tradable prices at all times
- › Repo facility available to Primary Dealers ('lender of last resort')



30-year benchmark vs DBR





Auction details



Recap: Details 30-year Dutch State Loan

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Supplement: The DDA explained



A short overview of the DDA

- › Rule-based auction → all investors receive equal treatment
- › Primary auction with direct participation of end-investors
- › A single uniform price → winner's curse avoided
- › Bids can be placed via Primary Dealer(s) of choice and orders can be split via several dealers
- › Primary Dealers receive a total of € 17,000,000 including advisory fees for their performance during the launch of the 10 year DSL and the reopening of the 30-year DSL 2054
- › The DSTA is the sole book runner
 - Level playing field among all Primary Dealers
 - Confidential participation of investors
- › PDs must sign a DDA Allocation and Price Compliance Statement as indicated in the [General Conditions](#) for PDs
- › The DDA rules can be found on our [website](#)

The proces of the DDA is also set out in this short [video clip](#)