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PRESS RELEASE

Creditreform Rating publishes unsolicited sovereign rating for the Grand Duchy of Luxembourg

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Creditreform Rating has published the unsolicited long-term sovereign rating of “AAA” for the Grand Duchy of Luxembourg. Creditreform Rating has also published Luxembourg’s unsolicited ratings for foreign and local currency senior unsecured long-term debt of “AAA”.

Luxembourg’s institutional framework, which is among the strongest in the world, was one of the key rating drivers. The country benefits from across the board exceptionally favorable institutional conditions. Currently, Luxembourg is the second wealthiest country in the world as measured by GDP per capita and has a highly competitive financial sector generating GDP growth that is persistently higher than growth of most European economies and creating a high demand for skilled labor force. Furthermore, Luxembourg exhibits a very high degree of fiscal stability with a fiscal position that is among the strongest in the European Union.

Our Rating outlook on the long-term sovereign rating of AAA is stable as we believe that the risks surrounding the perspectives for the economy of Luxembourg are broadly balanced over the medium term.

Downside risks stem from Luxembourg's economic model which represents its main strength and ironically, main weakness since it lacks a sufficient degree of diversification. In face of the country's heavy reliance on the financial sector, bouts of volatility and financial market stress may pose serious threats to economic activity as well as fiscal sustainability. Moreover, risks to the medium-term outlook pertain to pending probes related to tax rules and international tax transparency initiatives by the European Commission.

ABOUT CREDITREFORM RATING

Creditreform Rating AG is a European Rating Agency registered with the European Securities and Markets Authority (ESMA). We are an External Credit Assessment Institution (ECAI) and a shareholder of European DataWarehouse GmbH. Creditreform Rating issues corporate, bank and sovereign ratings as well as structured finance and issue ratings. The European Banking Authority (EBA) has provided mappings for our corporate and structured finance ratings. We are a dynamically growing enterprise and currently employ more than 70 staff from ten countries. We are specialist providers of credit risk assessments and offer a wide range of rating and credit services as well as risk management solutions.