

THE NETHERLANDS:

THE HUMBLE GIANT

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HUMBLE

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The Netherlands: The Humble Giant

Built on the delta of some of Europe's main rivers, the Netherlands is a small country that punches above its weight in world business and politics. It has a growing and healthy economy with a strong services sector and excellent industries like life sciences, creative industries, energy, logistics, electronics, food, flowers, the chemical industry, water technology, high tech and... a strong (supporting) financial services sector.

The Netherlands has been playing a special role in the European economy for many centuries. Since the 16th century, shipping, fishing, trade, and banking have been leading sectors of the Dutch economy.

With only 16.7 million people on just 13,000 square miles of land, the Dutch generate amazingly disproportionate economic activity. The Netherlands is, for example,

the eighth largest exporter of goods and services in the world, has the world's 7th largest banking sector, is ahead of all countries in retirement management and has more broadband connections than anywhere else in the world. Well known companies in the food & beverage industry are Unilever, Ahold and Heineken, in the financial services ING, Aegon, Rabobank and APG. In the chemical and petrol industry the Dutch have international companies like Akzo, DSM and Shell, and in the electrical machinery there is Philips, ASML and TomTom.

Per capita the gross domestic product in 2010 was 40,800. Higher than that of Germany, France, Spain or the UK. The Netherlands has the 16th largest economy in the world, and ranks 8th in GDP (nominal) per capita worldwide.

th

largest
economy
worldwide
(IMF 2010)

1st in retirement savings and income system globally
(Mercer / Global Pension Index 2010)

1st in Broadband connections globally
(OECD 2010)

1st in Derivatives Market Making
(APT 2009)

2nd in International Payments Traffic
(HFC 2009)

2nd in Credit Insurance
(Reuters 2009)

3rd in Sustainable Investments
(University of Amsterdam 2009)

3rd in Securities Clearing
(Banking Review 2009)

5th best ICT infrastructure worldwide
(The Economist 2010)

7th largest banking sector globally
(Bank for International Settlements 2011 / BIS)

7th most developed financial sector globally
(World Economic Forum / The Financial Development report 2010)

7th most stable financial centre globally
(IMF 2010)

7th most competitive country globally
(World Economic Forum / Global Competitiveness Index 2010–2011)

7th highest standards of living worldwide
(UNDP 2010)

8th in GDP (nominal) per capita globally
(IMF 2010)

8th position worldwide amount of company global headquarters
(Fortune 500 2010)

8th position in world best universities
(Webometrics Ranking 2010)

Global Rankings of the Netherlands

The Netherlands offers local and foreign businesses an environment that is conducive to international trade, efficient export, innovation and collaboration with some of the world's best companies and research institutes.

The Netherlands has an enviable reputation as a location to do business from: more than 6,000 foreign companies have decided to set up their business in the Netherlands. The Netherlands is currently home to thirteen 'Fortune 500' company global headquarters (8th position worldwide and 2nd when related to GDP).

2010 Fortune Global 500 Dutch Multinationals in the list of the world's largest corporations

Revenues in millions

Rank	Company	Revenue (\$ millions)	Industry	Location
2	Royal Dutch Shell (Oil & Gas Operations) The Hague	\$ 285,129		
12	ING Group (Banking & Insurance) Amsterdam	\$ 163,204		
103	AEGON (Insurance) The Hague	\$ 64,506		
111	EADS (Aerospace & Defence) Leiden	\$ 59,520		
184	Royal Ahold (Food Markets) Amsterdam	\$ 38,814		
225	Rabobank (Banking) Utrecht	\$ 33,396		
231	Royal Philips Electronics (Conglomerates) Amsterdam	\$ 32,232		
249	LyondellBasell Industries (Chemicals) Rotterdam	\$ 30,829		
326	GasTerra (Gas Operation) Groningen	\$ 25,449		
430	Heineken Holding (Drinks) Amsterdam	\$ 20,491		
450	Akzo Nobel (Chemicals) Amsterdam	\$ 19,311		
459	Royal KPN (Telecom) The Hague	\$ 18,777		
494	Randstad Holding (Business services & supplies) Diemen	\$ 17,235		

The position of European headquarters of non-European companies is even higher (4th in 2008). The Netherlands also attracts way more than a fair share of pan-European distribution centers, a manifestation of its central position in intercontinental trade.

For example Chinese multinationals like Huawei, Midea and Liugong have their European distribution center of financial headquarters located in the Netherlands. Indian companies like Tata Steel (Corus), Reliance, Suzlon, Mittal Steel and Tata Consultancy Services with 1,000 employees, American companies as Bombardier, Cisco and Mead Johnson, and international financials like Royal Bank of Scotland, Deutsche Bank, Industrial and Commercial Bank of China, Blackrock and Northern Trust are located in Amsterdam.

This also explains the vast and highly developed financial sector in the Netherlands. The Netherlands has an open economy and an international outlook, both of which are vital aspects of a dynamic, internationally oriented financial industry. It is for these reasons that various international banks are established in the Netherlands for joint ventures in the Dutch capital market.

The sector employs a large number of people. In the Netherlands, approximately 270,000 people are employed in the financial industry as a whole, in comparison with 310,000 in London, 300,000 in New York and 185,000 in Switzerland.

The Dutch financial sector knows many strong and thoroughly developed subsectors including:

- Retirement Management (pension and insurance services, including asset management)
- Sustainable Finance (carbon trading, sustainable investment and financing)
- Financial Logistics (international payment systems, cash management and transaction services)
- Trading Venue (market making, derivatives trading, trade & export financing)

The Netherlands gives access to

130

banks

300

life and non-life
insurance companies

500

pension
funds



Assets under Management

Dutch Banks:	€ 2.2 trillion
Dutch Pension fund industry:	€ 800 billion
Dutch Insurance companies:	€ 400 billion
Dutch investment funds:	€ 480 billion
Dutch Private equity industry:	€ 23.5 billion

Source: DNB and PwC

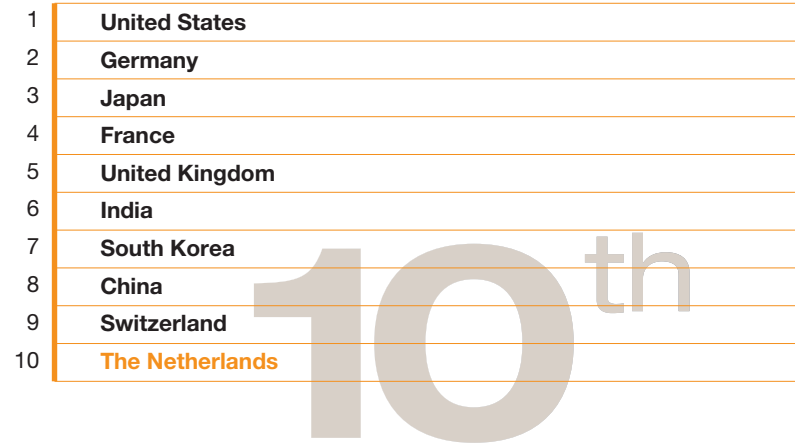
Reasons to invest in the Netherlands

The Netherlands provides a strategic location from which to serve markets within the current and future European Union, the Middle East, Asia and Africa. The centrally-located geographical position of the Netherlands, combined with accessibility and an excellent infrastructure, the quality of the workforce, the linguistic skills and the attractive tax environment are some of the key reasons why numerous European, American and Asian companies have established facilities in the Netherlands. Over the past few years a great number of foreign companies, including ICBC, Brit Insurance, Saxo Bank, Bank of Beijing and Chaabi Bank and smaller companies like Cavanagh Capital, Dynamic Credit and Boston Alexander have chosen to set up an office here.

The Netherlands is one of the most attractive European country for foreign investments. Holland Financial Centre closely collaborates with the Netherlands Foreign Investment Agency (NFIA) and her offices around the world to attract new financial companies to the Netherlands.

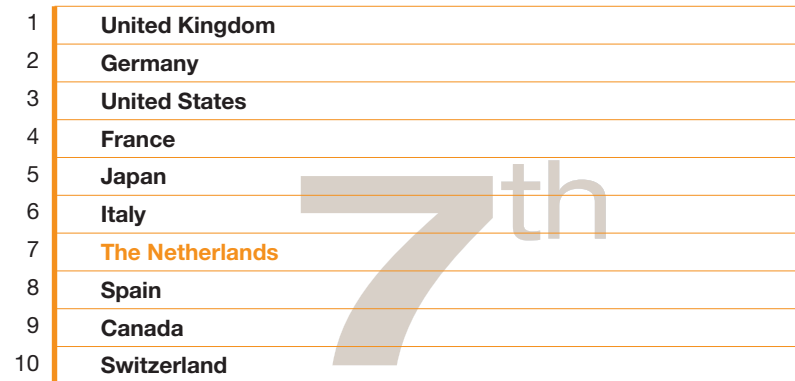
Global Location Trends

IBM 2009



Financial Stability

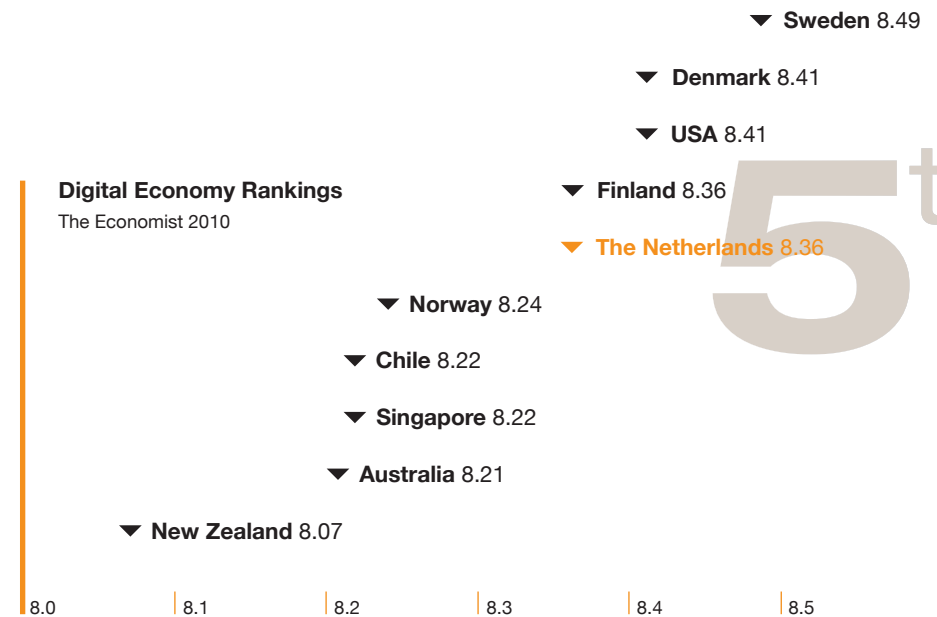
IMF 2010



International business environment

The Netherlands, long Europe's trading crossroads, is an obvious choice to locate a pan-European operation. Many international companies have their global headquarters in the Netherlands, for example Shell, Unilever, Philips, IKEA, Brit Insurance, EADS and ING. And Nike, Tata, Sabic, Sara Lee, Starbucks and Cisco have European headquarters in the Netherlands.

The Dutch pro-business environment creates a gateway to Europe that helps international companies succeed throughout the world. An international outlook and openness to foreign investment is firmly engrained in the Dutch culture, and this has yielded a wealth of world-class business partners who know how to deal with global business challenges in today's financial services industry. The Netherlands is known as one of the most financial stable countries in the world.



The digital economy rankings assess the quality of a country's ICT infrastructure and the ability of its consumers, businesses and governments to use ICT to their benefit.

The Netherlands is classified as one of the most ‘wired’ countries in the world.

Superior logistics and technology infrastructure

Examples of the excellent connectivity are the seaport of Rotterdam (the world’s 3rd largest, and Europe’s largest, seaport, especially for Chinese products), Schiphol Airport (with 301 destinations worldwide, and since decades rated as the best business airport in the world at only a seven minute ride from the Dutch financial district) and the outstanding IT infrastructure. The Netherlands is classified as one of the most ‘wired’ countries in the world. Long term investment in high-speed internet, cable and digital communication systems, as well as the rapid adoption of state-of-the-art computer and cell phone technology, have created an ideal base for companies seeking to take advantage of modern technology.

The Dutch infrastructure is a solid and ideal base for businesses with high demands on connectivity (Amsterdam is directly connected to all major centers’ in Europe within a maximum of just two hours by plane and/or train) and on an excellent IT infrastructure.

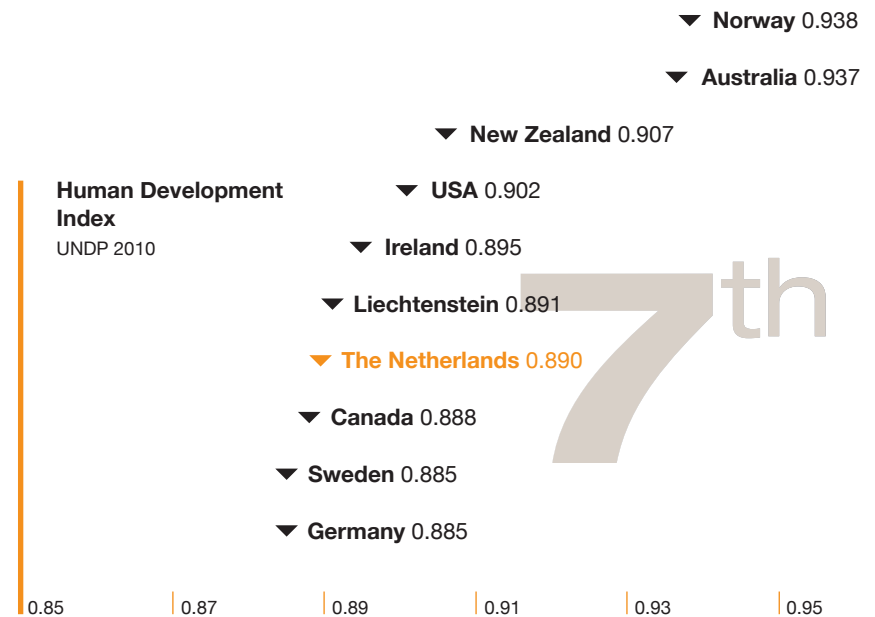
Highly educated, multilingual and flexible workforce

The Netherlands features one of the most highly educated, multilingual, enterprising and motivated workforces in Europe: 40% of the workforce possess either a college or university degree, 80% speak English, the high number of entrepreneurs (ranked third in terms of number of entrepreneurs) and high motivation (the IMD World Competitiveness survey ranks the Dutch workforce second in the world in terms of motivation). These characteristics enable Dutch employees to successfully operate in companies in any industry throughout the world.

Quality of life

The Netherlands is proud to have a high standard of living. The costs of living, housing, education and cultural activities are lower than in most Western-European countries. The population of the Netherlands is very diverse: Amsterdam is home to the highest number of different nationalities worldwide. To serve these nationalities the Netherlands has 33 primary and 23 secondary international schools. The Netherlands has various facilities for expat communities.

The high quality of life is also reflected in the number of museums; the Netherlands has the world's highest density of museums and is home to world renowned museums as the Van Gogh museum and the Rijksmuseum in Amsterdam and the Mauritshuis in The Hague.



The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education and standards of living in countries worldwide.

Fiscal climate

The Dutch tax environment for international companies is very attractive. The corporate tax rate has been lowered to 25%; well below the EU average. Additionally, dividend withholding tax has been reduced from 25% to 15%.

Furthermore, a patent box with a 5% tax rate on income from innovations was introduced. Combined with other traditional features of the Dutch tax system (extremely wide tax treaty network to avoid double taxation, participation exemption, 30% tax break for highly qualified foreign employees) the fiscal climate is ranked third in the world by KPMG and quite simply one more reason for companies to establish or expand their European operations in the Netherlands.

Attractive features of the Dutch tax regime include:

- *Relatively low statutory corporate income tax rate of 25% (20% for first € 200,000)*
 - *Possibility of obtaining advance tax rulings from the Dutch tax authorities giving certainty on future tax position*
 - *Innovation box resulting in an effective corporate tax rate of 5%*
 - *Tax incentive for R&D activities (WBSO)*
 - *Favorable participation exemption regime*
 - *Fiscal unity regime to freely set off profits and losses among group members*
 - *Transfer pricing practice in accordance with OECD Transfer Pricing Guidelines*
 - *The possibility to carry forward losses for nine years and to carry them backward for one year*
 - *Wide tax treaty network reducing withholding taxes on dividends, interests and royalties (for interest and royalties often to 0%)*
 - *No statutory withholding tax on outgoing interest and royalty payments*
 - *Favorable tax treatment for foreign employees (30% tax ruling)*
 - *VAT deferment upon importation: no upfront payment of VAT*
 - *Dutch Customs Authorities: practical and pro-active approach*
 - *Dutch Tax Authorities: relationship enhancement by horizontal monitoring*
-

Source: NFIA – Why invest in Holland 2011

Holland Financial Centre

The Holland Financial Centre foundation is a joint public/private partnership. Participants in the foundation, which was set up in 2007, include banks, brokers, pension funds and asset managers, as well as consultants, accountancy and legal firms, the Dutch central government, the two supervisory authorities for the financial industry: DNB and AFM, and the city of Amsterdam. Members of HFC want to develop initiatives aimed at preserving a strong, open, internationally competitive financial industry in the Netherlands. The main objective is to retain existing and create new jobs in the industry. HFC has some 70 participants. HFC's board consists of managers representing market parties, the government and the regulators.

The Dutch financial industry has a particularly strong reputation in the areas of pension expertise and management (Retirement Management), cheap and efficient payment systems (Financial Logistics) and as a centre for securities trading (Trading Venue). The Netherlands has also developed extensive knowledge and expertise in the field of sustainability and financial services (Finance & Sustainability).

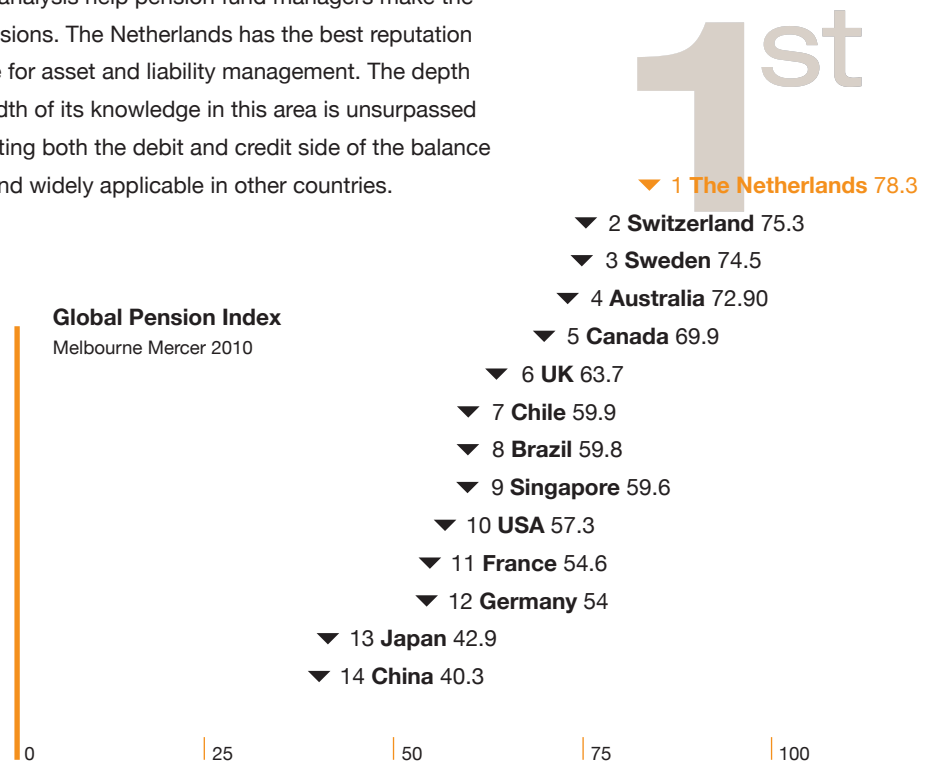
Retirement Management

The Netherlands has the most highly developed pension industry in the European Union, and leads the ranking in terms of quantity (130% of GDP in pension assets) and quality (Mercer October 2010). The result is an unprecedented level of knowledge about and capabilities in pension administration, asset management, trustee services, asset and liability management, risk management, asset pooling and other issues surrounding the problems of an ageing population. The European Commission has liberalized the pension market, making it possible to outsource pension fund management to institutions in any other EU member state. The Dutch pension funds are among the world's largest and firms providing pension funds services from the Netherlands have a wealth of experience similar to none.

The Netherlands has had a stable, robust pension industry for many centuries with profit and non-profit suppliers. The Netherlands has developed a long-term strategy that attracts pension fund capital from around the world to benefit from experience and expertise, as well as economies of scale.

Mathematical models developed for asset and liability management supplemented with experts performing scenario analysis help pension fund managers make the right decisions. The Netherlands has the best reputation in Europe for asset and liability management. The depth and breadth of its knowledge in this area is unsurpassed – connecting both the debit and credit side of the balance sheet – and widely applicable in other countries.

Global Pension Index
Melbourne Mercer 2010

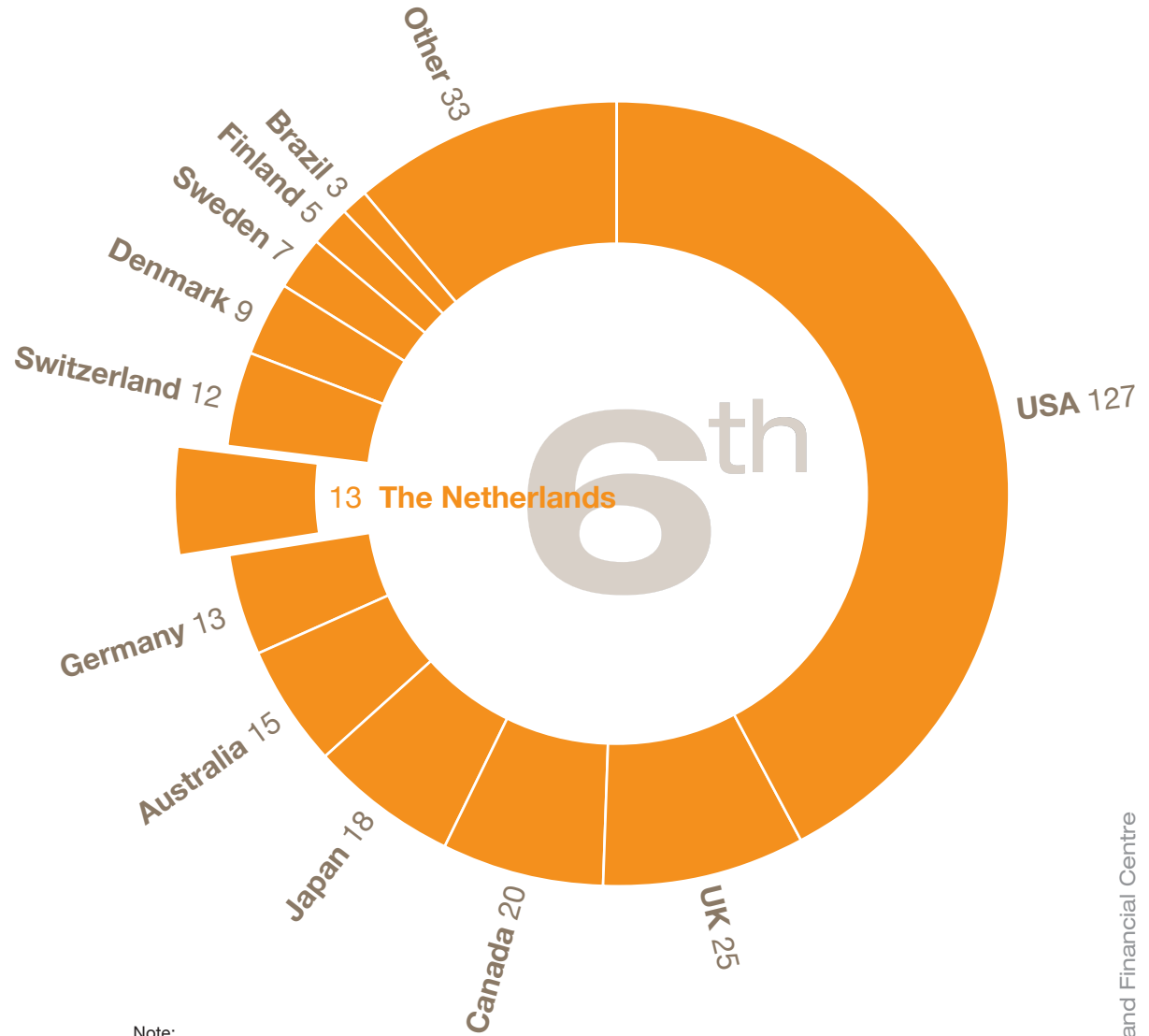


Total value of fund assets (split by fund domicile)

Tower Watson 2010

Trustee management has its origins in the Dutch pension market, and is in effect an integral part of the Dutch pension system. In this form of asset management, an institutional investor enters into close cooperation with an asset manager for the tactical and operational activities while remaining responsible for the entire management process. They streamline complex relations with various experts involved in asset management (e.g. custodians, actuaries, accountants, lawyers, etc.) and streamline their reporting lines to have oversight, remain in control as well as reporting to supervisory bodies.

The Centre for Retirement Management is a knowledge centre for pension-related financial services, an initiative of the Holland Financial Centre. The Centre for Retirement Management will focus primarily on the international promotion and marketing of the Dutch pension knowledge and experience, assist in the pragmatic side of innovation and product development and provide a one-stop-shop information point for international parties interested in Dutch solutions and services.



Note:

Others includes the following countries:

Belgium, Chile, China, Colombia, France, India, Ireland, Korea, Kuwait, Luxembourg, Malaysia, Mexico, New Zealand, Norway, Philippines, Portugal, Singapore, South Africa, Spain, Taiwan and Thailand

Tap the Dutch

Benefit from the experience and expertise of the Dutch pension industry to tackle your pension reforms and avoid pitfalls. We are open minded, pragmatic, creative and above all professional, while respecting your historic heritage, cultural and economic environment. Governments call upon our expertise and capabilities to reform retirement systems from a social and legal perspective, providing social safety nets for the poor and deprived as well as the toolkit for adequate, sustainable and safe pension provisions. Either collectively, individually, privately and/or employees in cooperation with employers. Corporations call upon our expertise and capabilities to assist them in managing their international pension schemes to be in line with local benchmarks, comply with local social and labor laws, and tackle their main concerns when it comes to professional governance, controlling volatility of pension liabilities and pressing costs by gaining from economies of scale. Feel free to contact us to scout how you can benefit from tapping the Dutch.

Global top 300 Pension funds

Tower Watson 2010

	<i>Pension fund</i>	<i>Country</i>	<i>Total assets</i>
1	Government Pension Investment	Japan	\$ 1,315,071
2	Government Pension Fund-Global	Norway	\$ 475,859
3	ABP	The Netherlands	\$ 299,873
4	National Pension	Korea	\$ 234,946
5	Federal Retirement Thrift	US	\$ 234,404
6	California Public Employees	US	\$ 198,765
7	Local Government Officials	Japan	\$ 164,510
8	California State Teachers	US	\$ 130,461
9	New York State Common	US	\$ 125,692
10	PFZW	The Netherlands	\$ 123,692

Financial Logistics

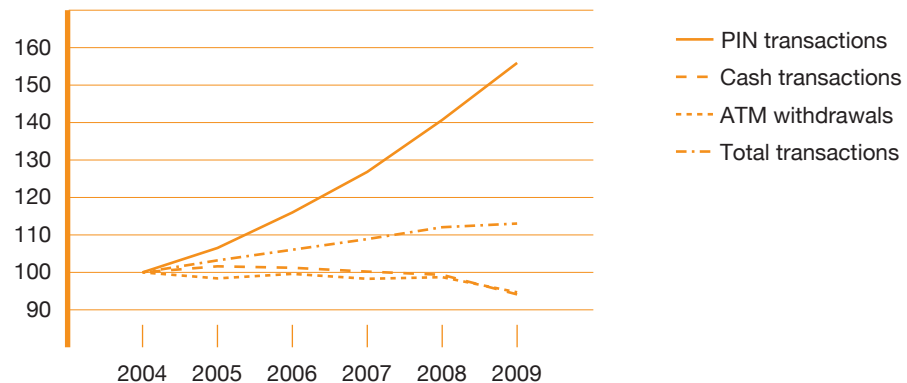
The Dutch banking industry has a long tradition in the efficient processing of transactions. Fees for payment transactions in the Netherlands are the lowest in Europe, and the use of PIN payments, online transactions and payment accounts is among the highest in Europe. Consequently a very substantial portion of all global e-commerce transactions are processed by companies based in the Netherlands. Because the Netherlands has become a leader in the field of internet banking, the banking industry has extensive experience with electronic payments and has developed specific expertise in the area of payment transactions. A good example is iDEAL, a Dutch system for electronic payments, which makes it safe and easy for users to make online purchases via the services of their own, trusted internet bank environment.

The introduction of the Single European Payments Area (SEPA) will give payment transactions an even stronger international orientation, and the Netherlands is well-positioned to benefit from the expected growth of this subsector. Equens, the Dutch based payments processor, is one of the most innovative and efficient transaction service providers in Europe.

At the request of HFC, the Dutch government has invested € 12.5 million in companies and institutions for research & development of service innovation and IT. The program stimulates SME's, corporate and universities to work together in the development of innovative service concepts like mobile payment applications and e-invoicing. All developments and initiatives jointly contribute to the goal of establishing a true 'cashless society' in the Netherlands.

Use of digital and cash payments in the Netherlands

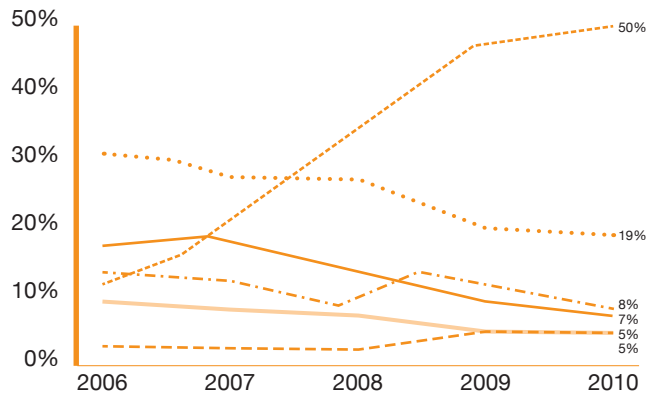
Number of payments: index (2004=100)



Source: DNB and Currence

Payment method used for last online purchase

As percentage of number online purchases



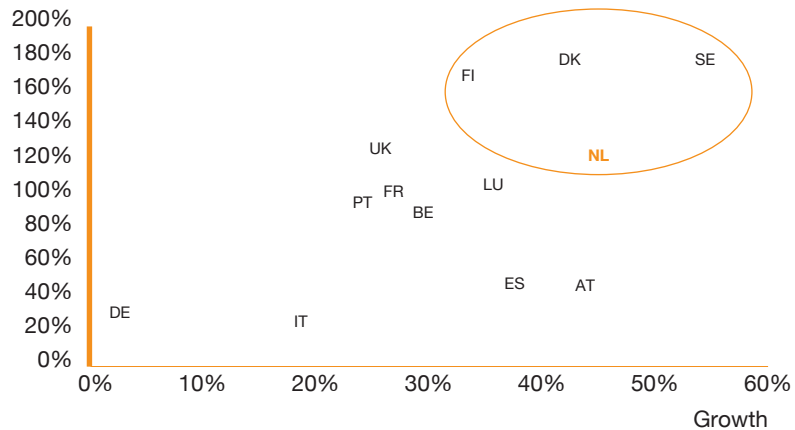
- iDEAL
- Acceptgiro
- .-.-.- Credit card
- Credit transfer
- Single mandate
- .-.-.- PayPal

Source: Blauw Research

Card transactions per capita

Numbers and growth in 2009 compared to 2005

Numbers



Source: ECB Statistical Datawarehouse and Currence

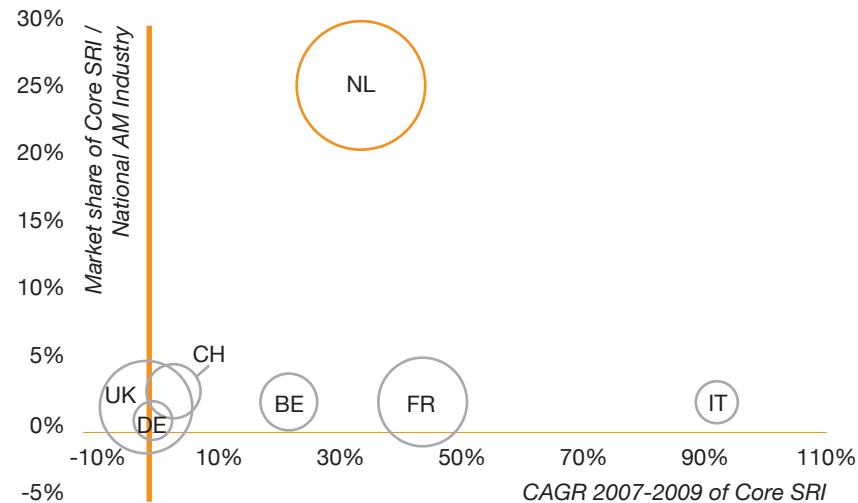
Finance & Sustainability

Sustainability is all around in the Netherlands. Multinationals like AKZO Nobel, DSM, Philips, Royal Dutch Shell and Unilever, are at the forefront in their respective sectors of the Dow Jones Sustainability Index. In the food & agri sector Dutch companies excel in efficient use of land, water and resources. They not only made the Netherlands one of the biggest food & agri exporters in the world, but also are crucial in exporting techniques and education (Wageningen University) in order to make it possible to feed a rapidly growing world population.

And also the financial industry in the Netherlands is at the forefront of the ongoing developments around finance and sustainability. Specialized banks like Triodos and ASN are leading examples of sustainable business models, Triodos being awarded the Sustainable Bank of the year in 2010 by Financial Times. Clean Tech funds know their way to Robeco and Alpinvest as renowned anchor investors. Dutch financials like APG en PGGM play an important role in developing global guidelines for example with PRI and UNEP FI. SNS Impact Investing play a strong role in enabling Microfinance projects.

The leading position of the Netherlands in Responsible Investments may be best illustrated by the following figure from the Eurosif publication European SRI 2010.

Responsible Investment as part of national asset management



Source: Eurosif European SRI Survey, 2010

Note: Bubble size represents the size of Core SRI. The chart only includes countries which showed comparable data

The figure shows that the market share of core SRI as part of national asset management is by far the largest in the Netherlands compared with six other European countries. Also the absolute size of Core SRI is the largest in the Netherlands. On top of that the headoffice of the Global Reporting Initiative (GRI) is located in Amsterdam. Also renowned companies like Sustainalytics and TBLI have their base in Amsterdam.

The Holland Financial Centre for Finance & Sustainability has been specifically raised to built on this track record and spread the knowledge gained by the Dutch financials on sustainable financing across the board, including:

- sustainable investment;
- the financing of sustainable projects;
- the financing of the transition to sustainable energy and clean tech including energy efficiency;
- the trading and financing of carbon emission rights and low carbon energy projects.

To spread the knowledge the Holland Financial Centre for Finance & Sustainability is working with the Duisenberg school of finance in Amsterdam to embed the course programs 'Finance & Sustainability' into their existing Master programs. Also Professional Education around the above-mentioned themes will be developed. It will also be possible for companies to have tailor-made courses on Finance & Sustainability for their management. Together with the University of Tilburg and the Duisenberg school of finance a global web portal for Finance & Sustainability is developed, that will collaborate with global leading academia around the world. The portal which is to be launched at the end of 2011, will spread finance & sustainability knowledge from all over the world as long as it is cutting edge and at the forefront of knowledge development in the area of Finance & Sustainability.

The focus of the Centre is on developing economies like the BRIC countries: they face the sustainability issues of this fast growth more than other countries. The Centre is more than willing to help out with knowledge and function as gateway in this respect.

Trading Venue

The Netherlands has always been a country of trade. For centuries the import and export of goods has formed a great part of the economy. Schiphol airport and the Rotterdam harbor are among the biggest and most modern global logistics hubs. The financial sector plays a significant role in facilitating all trade related activities. Import and export finance, commodity trading and global transaction services are a core competence of Dutch financial institutions. The Netherlands also plays an important role in the world of share and derivatives trading. The country can rightly claim to be the cradle of global share trading. Amsterdam's stock exchange is the oldest in the world, and in 1602 the Dutch East India Company became the first company in the world to go public. The same pioneering spirit was the driving force behind the founding of the first options exchange in Europe, creating a market that is still at the forefront of the equity options and equity index options market. Amsterdam's stock exchange is the 6th ranking European market for cash

products, and the continent's second derivatives market. The recent history of Amsterdam's stock market is one of constant development. It was a founding member of Europe's first cross-border exchange initiative Euronext, which is now part of the first transatlantic group of exchange operators.

Dutch market makers like IMC, Optiver and All Options operate all around the world realizing a global number one position in market making. HFC has worked with Deloitte to develop Fast Track, a new method designed to give HFC Trading Venue an added stimulus. Various organizations that are active in the world of trade, from market makers to clearing institutions, and from banks to export insurers contribute innovative ideas that can strengthen the entire branch. Out of many ideas the first concepts that have been brought to market include the SME Export accelerator and the IPO Roadmap.

HFC International

HFC organizes and participates in international trade missions. In recent years trade delegations have visited Japan, London, China, Qatar, India, Saudi Arabia, United States and Switzerland. HFC also co-hosted The Pension and The Sustainability Challenge at the World Expo in Shanghai. HFC works together with the government and advisory firms to continuously improve the business climate in the Netherlands.

Contact information

If you want to know more of the strong, open and competitive financial centre in the Netherlands, please contact us at the address below.

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Holland Financial Centre closely collaborates with the Netherlands Foreign Investment Agency (NFIA) and her offices around the world to attract new financial companies to the Netherlands.

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