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CREDIT OPINION
11 April 2024

Update

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RATINGS

de Volksbank N.V.

Domicile	Utrecht, Netherlands
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A2
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	A2
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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de Volksbank N.V.

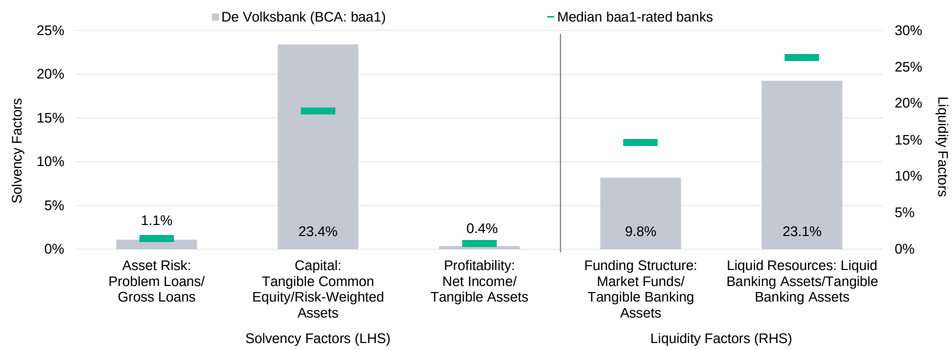
Update to credit analysis following rating action

Summary

De Volksbank's long-term deposit and senior unsecured debt ratings of A2 reflect the bank's Baseline Credit Assessment (BCA) of baa1, and the application of our Advanced Loss Given Failure (LGF) analysis, which results in a low loss-given-failure and one notch of uplift in view of these debt instruments' volume and the current and future cushion brought by subordinated instruments. These ratings also reflect one notch of government support uplift because of the bank's systemic importance in the Netherlands.

The bank's BCA of baa1 reflects its very low risk profile, strong capital base, and sound funding structure and liquidity. These strengths are constrained by a relatively modest profitability and the highly concentrated nature of its business model.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Financial Metrics

Credit strengths

» De Volksbank's asset book is primarily focused on low-risk Dutch retail mortgages

» It has built a very strong capital buffer

» Profitability benefits from the increase in interest rates

» The bank benefits from a sound funding and liquidity profile

» It benefits from a moderate likelihood of government support in a stress scenario

Credit challenges

» The bank's credit profile is constrained by the lack of diversification and is highly correlated with the Dutch mortgage market

» The bank must remedy the shortcomings identified by the DNB in the bank's anti-money laundering (AML) systems and processes in 2023

Outlook

The outlook on de Volksbank's long-term deposit and debt ratings is positive, reflecting our view that, despite the lackluster macroeconomic environment, the bank's capacity to generate earnings has increased since the rise in interest rates. It also reflects our expectation that the bank will preserve very low asset risk and strong capital buffers. We also expect that the bank will remedy the shortcomings identified by the Dutch central bank in 2023 in its anti-money laundering (AML) systems and processes without incurring exorbitant costs.

Factors that could lead to an upgrade

» The BCA could be upgraded if the bank continues to demonstrate strong asset quality, robust capital, sustainably improved profitability and sound funding liquidity. An upgrade of the bank's BCA would likely result in an upgrade of all the ratings.

» A higher than expected increase in the volume of subordination brought by senior unsecured or subordinated debt issuance could result in an upgrade of the bank's deposit rating. The senior unsecured debt rating could also be upgraded as a result of higher subordination.

Factors that could lead to a downgrade

» The BCA could be downgraded as a result of (1) a material deterioration in the bank's asset quality and solvency driven by a severe downturn in the domestic economy that would affect households' debt repayment capacity, or (2) a longer and more costly remediation of the bank's AML framework. A downgrade of the bank's BCA would likely lead to a downgrade of all its ratings.

» A higher than expected decrease in the amount of outstanding subordinated debt or preference shares could lead to a downgrade of the junior senior unsecured debt rating.

Key indicators

Exhibit 2
de Volksbank N.V. (Consolidated Financials) [1]

	12-23[2]	12-22[2]	12-21[2]	12-20[2]	12-19[2]	CAGR/Avg.[3]
Total Assets (EUR Million)	68,456.0	69,841.0	72,081.0	65,218.0	60,971.0	2.9[4]
Total Assets (USD Million)	75,620.3	74,537.6	81,675.4	79,797.9	68,439.8	2.5[4]
Tangible Common Equity (EUR Million)	3,854.0	3,533.0	3,450.0	3,397.0	3,382.0	3.3[4]
Tangible Common Equity (USD Million)	4,257.3	3,770.6	3,909.2	4,156.4	3,796.3	2.9[4]
Problem Loans / Gross Loans (%)	1.1	1.1	1.2	1.3	1.3	1.2[5]
Tangible Common Equity / Risk Weighted Assets (%)	23.4	23.1	24.7	32.9	34.9	27.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	13.8	14.9	17.1	19.0	18.4	16.6[5]
Net Interest Margin (%)	1.9	1.2	1.1	1.3	1.4	1.4[5]
PPI / Average RWA (%)	3.7	2.0	1.3	2.8	3.8	2.7[6]
Net Income / Tangible Assets (%)	0.6	0.3	0.2	0.3	0.5	0.4[5]
Cost / Income Ratio (%)	57.9	68.6	81.0	70.4	61.9	68.0[5]
Market Funds / Tangible Banking Assets (%)	9.8	8.9	10.5	9.1	10.4	9.7[5]
Liquid Banking Assets / Tangible Banking Assets (%)	23.1	27.6	26.2	19.7	14.2	22.1[5]
Gross Loans / Due to Customers (%)	96.2	90.3	87.2	96.0	105.7	95.1[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

De Volksbank N.V. (formerly SNS Bank NV) is the fourth-largest retail bank in the Netherlands. It is wholly owned by the Dutch state agency NL Financial Investments (NLFI). As of year-end 2023, de Volksbank reported €71 billion in consolidated assets, a savings deposit base of €44 billion and a loan book of €51 billion. De Volksbank essentially provides residential mortgages (around 94% of the total loan book), as well as current accounts, savings accounts, insurance and investment products. The bank services individual retail customers and, to a lesser extent, small and medium-sized enterprises (SMEs) in the Netherlands. It currently operates through four brands, namely SNS, ASN Bank, RegioBank and BLG Wonen. As of year-end 2023, De Volksbank reported a market share of 5.9% on mortgages and 9.5% on savings products.

In February 2021, the bank presented to NLFI its strategic plan 2021-2025 which set relatively ambitious business and financial targets including, among others, a growth in its active multi-customer base to 1.3 million people and a return on equity of 8% in 2025.

In 2023, the Dutch Finance Minister of the Netherlands reported that state-ownership of the bank seemed no longer required to safeguard public interests in the financial sector. Different options for privatization and governance models are to be analyzed in the course of 2024. The final decision on de Volksbank's future will be taken by a future government after discussions with the House, following advice from the NLFI on the bank's readiness.

De Volksbank announced in August 2023 that its systems to prevent money laundering and terrorist financing risks were deemed insufficient by De Nederlandsche Bank (DNB). The bank is committed to remedying the shortcomings and improve its systemic integrity analysis by 1 April 2024. DNB also announced its intention to initiate the procedure to impose an administrative fine, the size of which is still unknown.

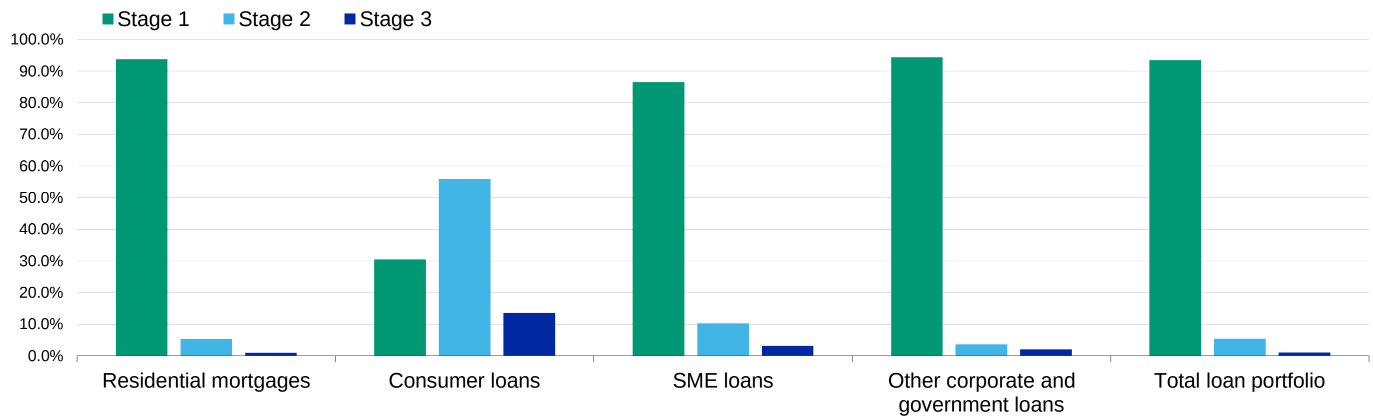
Detailed credit considerations

De Volksbank's asset book is primarily focused on low-risk Dutch retail mortgages

De Volksbank's asset-risk profile is strong. As of year-end 2023, the €51 billion customer loan portfolio was 94% composed of residential mortgages, 2% of SME loans and around 3.5% of loans to corporate and governments. Consumer loans remain negligible and amounted to €59 million, which represents 0.1% of the loan portfolio.

As reflected in a stage 3 loan ratio consistently below 1.2% since 2018 (1% at year-end 2023), de Volksbank's mortgage loans' quality is good (Exhibit 3) and 26% of them benefits from the National Mortgage Guarantee (NHG) scheme. Loans are spread across all Dutch provinces and not concentrated in large cities where house prices have increased the most and overheating risk has been more acute.

Exhibit 3
De Volksbank's residential mortgages' quality is good
Breakdown by IFRS stages of the loan portfolio as of year-end 2023



Source: Company reports and Moody's Ratings

The proportion of interest-only[1] and investment-based mortgages[2], which we consider as more prone to repayment risks, has continued to reduce, although at a slower pace, to 49% of the portfolio at year-end 2023 from 52% at year-end 2022 and 64% at year-end 2017.

As of December 2023, the average loan-to-value (LTV) ratio of the mortgage book slightly increased to 54% from 51% in 2022 due to declining house prices. Yet, it remains significantly lower than 74% at the end of 2017, which reflects the material increase in house prices in the Netherlands between 2017 and the middle of 2022 as well as the Dutch government's measures to lower the LTV ratio at origination to a maximum of 100% in 2018. As of end-June 2023, the vast majority (94%) of the outstanding mortgages consisted of loans originated with a fixed-rate for at least 10 years (after which, the interest rate can be reset or becomes variable), which renders the creditworthiness of the portfolio relatively immune from rising interest rates.[3] The low unemployment rate in the Netherlands also mitigates the risk of a sharp rise in defaults.[4] House prices in the Netherlands, which had started to decline in the summer of 2022 after a long period of continuous growth, seem to have bottomed out in the second half of 2023 as lower prices combined with wage growth and the stabilization of mortgage rates improved gradually borrowers' affordability.

De Volksbank's SME loan book primarily consists of mortgage loans extended to small and micro-sized businesses in the Netherlands to purchase or refinance commercial real estate (of up to €2 million), and to a lesser extent of working capital loans (of up to €50,000 euros and a maximum tenor 5 years). The stage 3 loan ratio on this portfolio was 3.2% at year-end 2023, down from 4.2% at year-end 2022. This decrease results from both an increase in the loan book and a reduction of stage 3 loans to SMEs to €39 million as of December 2023 from €46 million a year earlier. Fast growth in this book (+14% YoY) nonetheless represents increased risk in the current challenging macroeconomic environment.

The corporate and government loan portfolio is made up of sustainable loans mainly extended to entities operating in the renewable energy sector and private placement loans granted to housing associations, healthcare institutions and companies owned by or affiliated with the government. The major part of these loans benefit from a government guarantee. The stage 3 ratio of the book has been broadly stable at 2.1% as of end-December 2023 (year-end 2022: 2.3%).

As of year-end 2023, the stage 3 loan ratio on the overall customer loan book was 1.1%, stable from year-end 2022. Stage 2 loans increased to 5.4% from 4.9% a year earlier, partly resulting from the aforementioned increase in LTVs and higher amount of loans in arrears.[5]

The cost of risk on loans to customers further decreased to €16 million or 3 bps of average loans in 2023 from €39 million (or 8 bps) in 2022. Out of the €182 million loss provisions outstanding on the customer loan book at year-end 2023, 52% were stage 1 and stage 2 provisions (including €54 million of management overlay).

The bank also holds a financial investment portfolio for liquidity purposes, amounting to €6.7 billion as of year-end 2023 (€5.6 billion in 2022). It comprises €4.2 billion government bonds (€2.6 billion at year-end 2022) and €1.7 billion financial corporations' bonds (€1.9 billion at year-end 2022). Almost the entire investment portfolio has very high credit quality. Interest rate risk in the banking book remains adequate as underpinned by an economic value of equity (EVE) sensitivity of 9% of Tier 1 capital as of the end of 2023 (the worst outcome under supervisory shock scenarios).

De Volksbank's low risk profile is reflected in its a1 Asset Risk score, one notch below the macro-adjusted score. The negative adjustment reflects our expectation of a moderate deterioration in asset quality and normalization of the cost of risk due to a weakening macroeconomic environment.

The bank's capital buffer is large given its risk profile

De Volksbank's Common Equity Tier 1 (CET1) capital ratio was 20.2% as of year-end 2023, well above both its current regulatory requirement of 10.7%[6] and the estimated requirement incorporating the rise in the Dutch countercyclical buffer (CCyB) to 2% and the reduction in the O-SII buffer to 0.25% from 31 May 2024. The CET1 capital ratio remained broadly stable from 20.3% at year-end 2022 as the effect of 7.6% increase in RWAs was offset by a 7% increase in CET1 capital. The total €1.2 billion increase in RWA swas mainly driven by a €0.9 billion increase related to residential mortgages, reflecting a slight deterioration in average asset quality due to worsened macroeconomic conditions and increased precautionary add-on[7]. De Volksbank also applied a €83 million add-on to RWAs with respect to interest-only mortgages. The €218 million increase in CET1 capital was mainly driven by retained earnings (€162 million) and higher fair value reserves (€65 million), offset by interest payments on AT1 securities (€21 million).

The leverage ratio improved to 5.1% at year-end 2023 from 4.7% a year earlier due to higher capital level and lower balance sheet total. The target leverage ratio is 4.5%.

Based on the bank's estimation, the finalisation of Basel IV will have a slightly positive impact on its CET1 ratio. Given the reduced uncertainties related to the implementation of Basel IV, de Volksbank lately revised its minimum CET1 capital ratio target to at least 17% down from 19%.

Based on capital and eligible senior non-preferred liabilities, de Volksbank's risk-weighted minimum requirement for own funds and eligible liabilities (MREL) stood at 40.2% and its non-risk-weighted MREL at 9.4% of leverage ratio exposure (LRE) as of year-end 2023. These are well-above the respective requirements of 21.8% and 8.05%, which have been applicable from 1 January 2024.

We adjust the Capital score to aa2, one notch below the macro-adjusted score of aa1 to reflect the expected convergence of the bank's TCE ratio to its CET1 target of 17%.

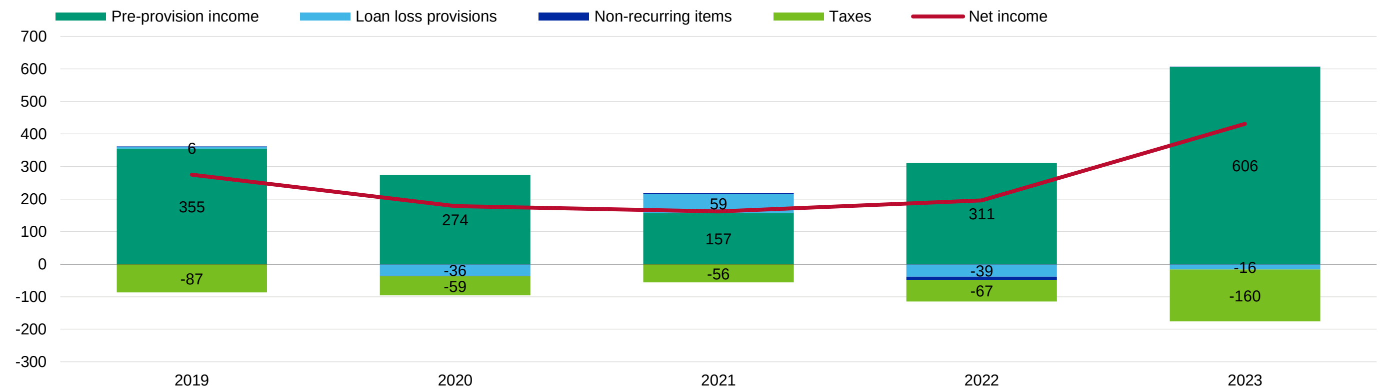
Despite the strong increase in 2023, De Volksbank's profitability remains structurally lower than peers because of its focus on the domestic mortgage market

With a business model strongly focused on the competitive domestic mortgage market, de Volksbank's profitability, although commensurate with its risk profile, is structurally lower than that of the large Dutch universal banks.[8] Revenue strongly increased in 2023 against the backdrop of higher interest rates, which brought the bank's return on equity (ROE) to 11.4%, exceeding the 8% target it had set for 2025. We nonetheless expect the bank's profit to progressively reduce from the peak of 2023 as the rise in interest rates is further passed on to depositors and the cost of risk normalizes in the forthcoming quarters. The assigned profitability score of ba2 is in line with the macro-adjusted score, corresponding to the expected average profitability of the bank.

De Volksbank's net profit more than doubled to €431 million or 60 basis points of tangible assets in 2023 from €191 million or 26 basis points of tangible assets in 2022 (Exhibit 5). The increase was essentially driven by 47% rise in net banking income, which in turn resulted from 53% increase in net interest income (NII). The rise in revenues more than offset the negative impact of 23% increase in operating expenses, implying a 95% progression in pre-provision income to €606 million. The cost of risk was close to nil in 2023.

Exhibit 4

Breakdown of net income (in € million)



Sources: Company reports and Moody's Ratings

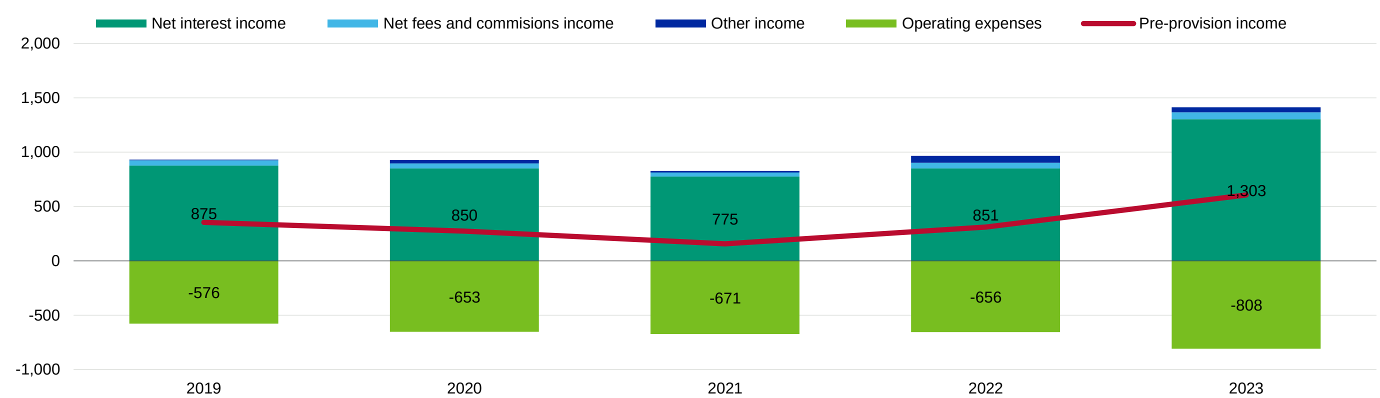
NII (92% of the bank's total revenue on average over the past five years) strongly benefited from the high interest rate environment through a material improvement in net interest margin to 1.8% in 2023 from 1.15% in 2022. This primarily resulted from the slower repricing of customer deposits relative to market rates (i.e. improved deposit margins). On the lending side, margins remained tight due to the high degree of competition in the mortgage market. Compensation received for the loss of interest due to early repayment of mortgages also continued to decrease as higher interest rates reduced the incentive for borrowers to prepay their loans. NII will likely decline in 2024 from the strong levels of 2023 as we expect the bank's deposit cost to continue to increase in the coming quarters. NII also remains highly sensitive to ECB's interest rate policy. As such, a decrease in interest rates would exert negative pressure on net interest margins.

Net fee and commission income remains a small contributor to total revenue (5% of total revenue in 2023). Yet, the efforts made by the bank to increase fee revenue, including amongst others the introduction of a fixed fee basic banking package and the acquisition of a property valuation platform in September 2021, have continued to bear fruit. Fee and commission income increased by 25% in 2023 after a progression of 31% in 2022.

Exhibit 5

Net interest income drove the increasing pre-provision income in 2023

Breakdown of pre-provision income (in € million)



Sources: Company reports and Moody's Ratings

Operating expenses amounted to €808 million in 2023, materially up from €656 million in 2022 (+23%), despite €27 million (or 39%) decrease in regulatory levies. Excluding regulatory levies, operating expenses increased by 26%, driven by both higher staff expense (+27%) reflecting an increase in total FTE[9] and wage inflation, and higher other operating expenses (+19%) as a result of increased IT and consultancy costs. The rise in the number of staff reflects the initiatives taken by the bank to reinforce its compliance, risk and IT teams. The increase in other operating expenses reflects investments related to customer integrity, banking regulations and IT. Given still elevated investment needs in KYC and IT, we expect de Volksbank's operating expenses over the forthcoming quarters to remain at least as high as in 2023.

Notwithstanding the substantial increase in operating expenses, the bank's cost-to-income ratio improved to 57% in 2023 from 68% in 2022 due to the strong increase in revenues.

Cost of risk has been very low over the past five years and consistently represented less than 15% of the bank's pre-provision income (the maximum was reached in 2022). In 2023, cost of risk as percentage of pre-provision income was particularly low at 3%.

De Volksbank benefits from strong funding and liquidity, enhanced by its good access to market funding

De Volksbank has a large customer deposit base, which amounted to €55 billion and represented 86% of the bank's total funding (excluding equity) at year-end 2023. The amount of deposits declined by 4% from €57 billion at year-end 2022 reflecting both lower current accounts balances and the outflow of some mono savings customers following the introduction of a fixed fee for the basic banking package in 2022. The loan-to-deposit ratio (based on retail clients only) was 95% at year-end 2023, somewhat up from 90% a year before as a result of 2% growth of the loan portfolio and the aforementioned decrease in deposits. Despite a 5% decrease from the peak reached at year-end 2021 (€58 billion), the bank's deposit base is very granular with the vast majority benefiting from deposit guarantee. We therefore consider it stable.

The bank's wholesale funding (€9.1 billion at year-end 2023 including Additional Tier 1 and Tier 2 instruments) is essentially long-term and mainly composed of covered bonds (50%) and senior unsecured debt (39%). Out of the total outstanding wholesale funding as of year-end 2023, 50% had a residual maturity of 1 to 5 years and 41% had a residual maturity of more than 5 years, leaving around €0.8 billion maturing within one year. The issuance of €1 billion additional senior non-preferred notes in H1 2023 (of which €500 million in February and another €500 million in May) further lengthened the bank's wholesale funding maturity structure.

De Volksbank's liquidity profile would enable it to resist to a prolonged financial market disruption. Its liquidity buffer amounted to €15.6 billion at year-end 2023, of which €6.3 billion central bank reserves, €2.2 billion sovereign, supranational and local governments' debt, €1.5 billion other liquid assets and €5.5 billion "in-house" residential mortgage-backed securities (RMBS) eligible for central bank refinancing. Although the RMBS are eligible for European Central Bank operations, we consider them of lower quality than central bank deposits or government bonds because they may not be negotiable in the secondary market in a stress situation.

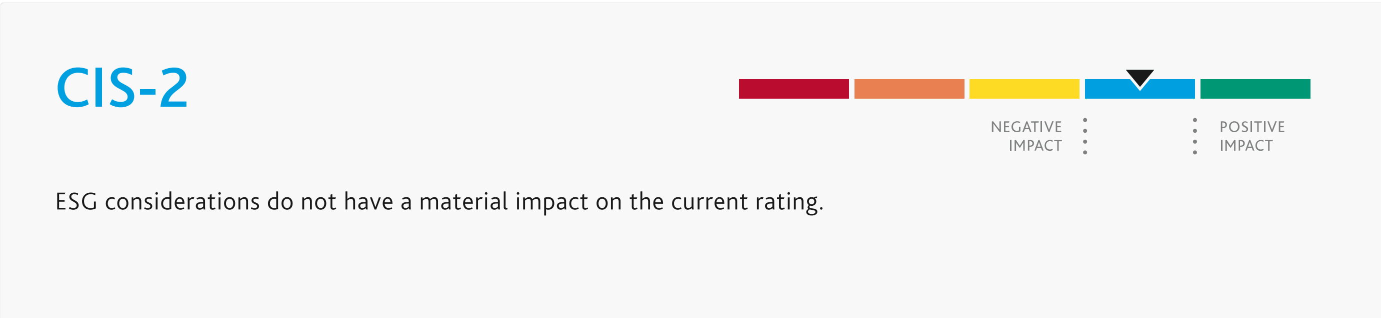
The liquidity coverage ratio (LCR) of 262% as of year-end 2023 is underpinned by the expected stability of the bank's deposit base, the long tenor of its wholesale funding and the substantial buffer provided by its HQLA holdings relative to potential funding outflows. The net stable funding ratio of 166% as of the same date.

These factors are reflected in the bank's a3 combined Liquidity score.

ESG considerations

de Volksbank N.V.'s ESG credit impact score is CIS-2

Exhibit 6
ESG credit impact score



Source: Moody's Ratings

De Volksbank's **CIS-2** reflects the fact that ESG considerations are not material to the rating.

Exhibit 7
ESG issuer profile scores

Source: Moody's Ratings

Environmental

De Volksbank faces low exposure to environmental risks. The bank has limited exposure to carbon transition risks because its loan book is concentrated in Dutch residential mortgages (94% of total as of year-end 2022) and it has negligible exposure to the corporate sector.

Social

De Volksbank faces high industrywide social risks related to regulatory risk and litigation exposure, in particular in the area of customer relations. The bank is required to meet high compliance standards. High cyber and personal data risks are mitigated by technology solutions and organizational measures to prevent data breaches.

Governance

De Volksbank faces low governance risks. The group has a proven track record of conservative financial policies, contained risk appetite and efficient risk management and controls. The bank has a relatively simple legal structure, reflecting its domestic and retail franchise. De Volksbank reported in 2023 that the Dutch central bank had identified shortcomings in its anti-money laundering (AML) systems and processes, underpinning some compliance deficiencies. It is committed to remedying these shortcomings by the beginning of August 2024. The bank is fully owned by the Dutch state. However, the large presence of independent administrators in the Supervisory Board, and the domestic developed institutional framework mitigate governance risks associated with concentrated ownership.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

De Volksbank is subject to the European Union Bank Recovery and Resolution Directive, which we consider an operational resolution regime. We assume a residual tangible common equity of 3%, post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits, a 5% runoff in preferred deposits and a 25% probability of deposits being preferred to senior unsecured debt. Because de Volksbank's deposits are mainly retail in nature, we assume 90% of them will be preferred (and 10% being junior) in an event of failure.

» Our LGF analysis indicates a low loss-given-failure for junior deposits and senior unsecured debt, which results in one notch of uplift from the Adjusted BCA in view of these instruments' volume and the present and future cushion brought by subordinated instruments.

» Our LGF analysis also indicates a moderate loss-given-failure for junior senior debt (senior non-preferred), which results in a positioning in-line with the bank's baa1 Adjusted BCA.

» For subordinated debt, our LGF analysis indicates a high loss given failure, leading us to make a one-notch negative adjustment to the bank's Adjusted BCA.

Government support considerations

We consider de Volksbank a systemically important institution in the Netherlands and thus believe that there is a moderate probability of government support for its junior deposits and senior unsecured debt, resulting in an additional uplift of one notch. For other junior securities, we assume a low probability of government support and, therefore, the ratings for these instruments do not include any related uplift.

Counterparty Risk Ratings (CRRs)

De Volksbank's CRRs are positioned at Aa3/Prime-1

De Volksbank's CRRs, before government support, are placed three notches higher than the Adjusted BCA of baa1, based on the level of subordination to CRR liabilities in the bank's balance sheet, and assuming a nominal volume of CRR liabilities themselves. The CRRs also benefit from one notch of government support uplift, in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk (CR) Assessment

De Volksbank's CR Assessment is positioned at Aa3(cr)/Prime-1(cr)

The CR Assessment includes three notches of uplift from the bank's BCA of baa1, based on the buffer against default provided by subordinated instruments, and in line with our support assumptions on deposits and senior unsecured debt, one notch of government support uplift to the senior obligations represented by the CR Assessment. The main difference with our Advanced LGF approach, used to determine instrument ratings, is that the CR Assessment captures the probability of default on certain senior obligations rather than the expected loss and, therefore, focuses purely on subordination and takes no account of the volume of the instrument class.

Rating methodology and scorecard factors

Exhibit 8

de Volksbank N.V.

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	1.1%	aa3	↓	a1	Expected trend	
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	23.4%	aa1	↔	aa2	Expected trend	
Profitability						
Net Income / Tangible Assets	0.4%	ba2	↔	ba2		
Combined Solvency Score		a1		a2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	9.8%	a1	↔	a2	Expected trend	
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	23.1%	baa1	↔	baa1		
Combined Liquidity Score		a2		a3		
Financial Profile				a2		
Qualitative Adjustments				Adjustment		
Business Diversification				-1		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	in-scope (EUR Million)	% in-scope	at-failure (EUR Million)	% at-failure
Other liabilities	9,267	13.5%	12,965	18.9%
Deposits	52,817	77.2%	49,120	71.8%
Preferred deposits	47,535	69.4%	45,159	66.0%
Junior deposits	5,282	7.7%	3,961	5.8%
Senior unsecured bank debt	1,013	1.5%	1,013	1.5%
Junior senior unsecured bank debt	2,500	3.7%	2,500	3.7%
Dated subordinated bank debt	500	0.7%	500	0.7%
Preference shares (bank)	300	0.4%	300	0.4%
Equity	2,054	3.0%	2,054	3.0%
Total Tangible Banking Assets	68,451	100.0%	68,451	100.0%

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	15.1%	15.1%	15.1%	15.1%	3	3	3	3	0	a1
Counterparty Risk Assessment	15.1%	15.1%	15.1%	15.1%	3	3	3	3	0	a1 (cr)
Deposits	15.1%	7.8%	15.1%	9.3%	2	2	2	1	0	a3
Senior unsecured bank debt	15.1%	7.8%	9.3%	7.8%	2	0	1	1	0	a3
Junior senior unsecured bank debt	7.8%	4.2%	7.8%	4.2%	0	0	0	0	0	baa1
Dated subordinated bank debt	4.2%	3.4%	4.2%	3.4%	-1	-1	-1	-1	0	baa2
Non-cumulative bank preference shares	3.4%	3.0%	3.4%	3.0%	-1	-1	-1	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	1	0	a3	1	A2	A2
Senior unsecured bank debt	1	0	a3	1	A2	A2
Junior senior unsecured bank debt	0	0	baa1	0	Baa1	(P)Baa1
Dated subordinated bank debt	-1	0	baa2	0	Baa2	
Non-cumulative bank preference shares	-1	-2	ba1	0	Ba1 (hyb)	

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 9

Category	Moody's Rating
DE VOLKSBANK N.V.	
Outlook	Positive
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	A2
Junior Senior Unsecured -Dom Curr	Baa1
Junior Senior Unsecured MTN	(P)Baa1
Subordinate -Dom Curr	Baa2
Pref. Stock Non-cumulative -Dom Curr	Ba1 (hyb)
Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1

Source: Moody's Ratings

Endnotes

1 Including both 100% interest-only loans and the interest-only portion of composite loans.

2 Mortgages where money is invested into an investment account during the mortgage term and will be used to repay the capital on the loan at maturity.

3 As a result of the increase in interest rates, 2023 marked the transition from the production of more than 15-year fixed loans to 10-year fixed rate mortgages, which remain a long reset maturity. The latter represented 70% of De Volksbank's new mortgage production in 2023 versus 36% a year earlier while mortgages with more than 15-year fixed rates represented 25% of its production in 2023 versus 60% in 2022

4 Unemployment in the Netherlands was one of the lowest in Europe at 3.6% in 2023, and is expected to rise to a still low 4.1% in 2024 and to 4.2% in 2025 based on our forecasts.

5 Although still low as a percentage of total loans (0.8% at year-end 2023), mortgage loans in arrears increased by 20% at year-end 2023 compared to year-end 2022.

6 The 10.7% CET1 requirement includes 4.5% pillar 1 requirement, 1.7% pillar 2 requirement, 2.5% capital conservation buffer, 1% O-SII buffer and 1% countercyclical buffer.

7 As of year-end 2023, both the bank's CET1 capital base and its RWAs continued to be adjusted for precautionary add-ons pending the finalization of the update of its Advanced Internal Ratings Based (A-IRB) model and the supervisory examination of its new data warehouse.

8 De Volksbank's average ratio of net income by tangible assets from 2018 up to the end of H1 2023 was 38 basis points, to be compared to 49 basis points for the Dutch banking system.

9 The number of FTEs increased by 520 to 4,707 in 2023.

REPORT NUMBER 1398643

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