

## CREDIT OPINION

30 September 2020

Update

✓ Rate this Research

### RATINGS

#### De Volksbank N.V.

Domicile	Utrecht, Netherlands
Long Term CRR	A1
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	A3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

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

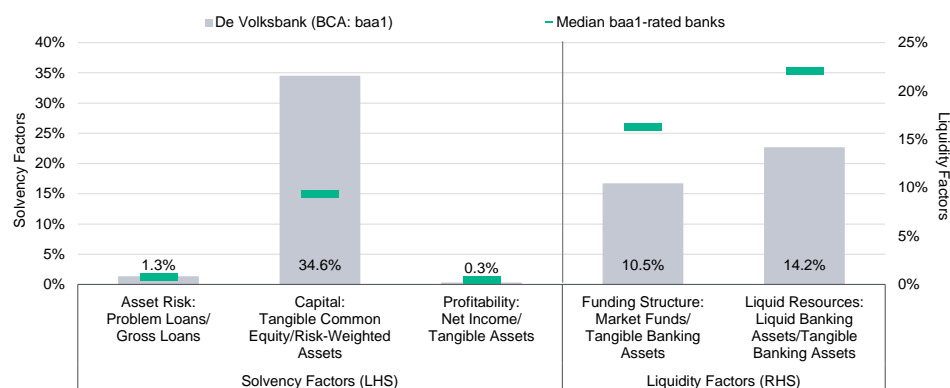
#### Summary

De Volksbank N.V.'s (de Volksbank) Baseline Credit Assessment (BCA) of baa1 reflects the bank's very low risk profile, strong capital base and resilient profitability, although constrained by a lack of diversification. As a result of its strategic focus on domestic retail mortgages and the benign macroeconomic environment which prevailed in the Netherlands, de Volksbank's asset risk is very low. Recent circumstances linked to the coronavirus outbreak have had a more moderate negative impact on asset quality than for other Dutch banks exposed to businesses directly affected by the shutdown measures. The bank has a very strong capital base, which will help it cope with any deterioration in asset quality and future regulatory requirements. However, de Volksbank's credit profile and profitability will remain constrained by its lack of diversification and low-margin products.

De Volksbank's long-term deposit and senior unsecured debt ratings of A3 reflect the bank's BCA of baa1, no uplift from our Advanced Loss Given Failure (LGF) analysis because of the moderate loss given failure of these instruments and one notch of government support uplift because of the bank's systemic importance in the Netherlands.

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.
- » The bank has built a very strong capital buffer in preparation for higher capital requirements and to offset the weakness associated with being a monoline bank.
- » The bank benefits from a sound liquidity profile, which is enhanced by its good access to market funding.
- » De Volksbank benefits from a moderate likelihood of government support in a stress scenario.

## Credit challenges

- » De Volksbank's profitability is challenged by the low interest rate environment and the highly competitive Dutch mortgage market.
- » The coronavirus crisis will affect profitability through a slowdown of lending activity and higher loan-loss charges.
- » The bank's asset quality and revenue are constrained by its monoline business and are highly correlated with the Dutch mortgage market.

## Outlook

The stable outlook on de Volksbank's long-term deposit and debt ratings reflects our expectation that the bank's asset risk will remain low despite the expected deterioration of the macroeconomic environment, while it will maintain a strong capital buffer. Its low cost of risk and tight control over operating costs will continue to support the bank's profitability and help withstand the pressure on its interest income stemming from low interest rates and lower volumes.

## Factors that could lead to an upgrade

- » De Volksbank's BCA could be upgraded if the bank's profitability were to strengthen. An upgrade of the bank's BCA would likely result in an upgrade of all the ratings.
- » De Volksbank's deposit and senior unsecured debt ratings could also be upgraded if the volume of junior deposits collected by the bank were to increase or if the bank were to issue larger-than-expected amounts of subordinated debt, resulting in lower loss given failure for both depositors and senior debtholders.

## Factors that could lead to a downgrade

- » De Volksbank's BCA could be downgraded as a result of a material deterioration in the bank's asset quality and solvency, driven by a severe downturn in the domestic economy or a deterioration in its liquidity profile. A downgrade of the bank's BCA would likely lead to a downgrade of all its ratings.
- » A material decrease in the amount of outstanding debt and junior deposits would also potentially lead to a downgrade of these instruments' ratings.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

## Key indicators

Exhibit 2

### De Volksbank N.V. (Consolidated Financials) [1]

	06-20 <sup>2</sup>	12-19 <sup>2</sup>	12-18 <sup>2</sup>	12-17 <sup>2</sup>	12-16 <sup>2</sup>	CAGR/Avg. <sup>3</sup>
Total Assets (EUR Million)	64,795.0	60,971.0	59,770.0	59,668.0	60,599.0	1.9 <sup>4</sup>
Total Assets (USD Million)	72,774.8	68,439.8	68,325.8	71,649.2	63,916.9	3.8 <sup>4</sup>
Tangible Common Equity (EUR Million)	3,321.0	3,382.0	3,514.0	3,560.0	3,366.0	(0.4) <sup>4</sup>
Tangible Common Equity (USD Million)	3,730.0	3,796.3	4,017.0	4,274.8	3,550.3	1.4 <sup>4</sup>
Problem Loans / Gross Loans (%)	1.3	1.3	1.3	1.4	1.8	1.4 <sup>5</sup>
Tangible Common Equity / Risk Weighted Assets (%)	34.6	34.9	37.6	36.4	31.1	34.9 <sup>6</sup>
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	19.7	18.4	18.0	18.4	24.4	19.8 <sup>5</sup>
Net Interest Margin (%)	1.4	1.4	1.5	1.5	1.5	1.5 <sup>5</sup>
PPI / Average RWA (%)	3.9	3.8	3.7	4.2	3.4	3.8 <sup>6</sup>
Net Income / Tangible Assets (%)	0.3	0.5	0.4	0.6	0.6	0.5 <sup>5</sup>
Cost / Income Ratio (%)	60.8	61.9	63.7	58.8	62.8	61.6 <sup>5</sup>
Market Funds / Tangible Banking Assets (%)	13.0	10.4	12.4	13.4	13.4	12.5 <sup>5</sup>
Liquid Banking Assets / Tangible Banking Assets (%)	15.2	14.2	12.3	16.0	17.8	15.1 <sup>5</sup>
Gross Loans / Due to Customers (%)	98.9	105.7	108.7	109.8	107.3	106.1 <sup>5</sup>

[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 Investors Service and company filings

## Profile

De Volksbank N.V. (de Volksbank, formerly SNS Bank NV) is the fourth-largest retail bank in the Netherlands. As of June 2020, de Volksbank reported €65 billion in consolidated assets, a deposit base of €52 billion and a loan book of €51 billion. De Volksbank essentially provides residential mortgages (around 95% of the total loan book), as well as current accounts, savings accounts and investment products. The bank services individual retail customers and, to a lesser extent, small and medium-sized enterprises (SMEs) in the Netherlands.

Following large losses in its commercial real estate lending portfolio, the former SNS Group (SNS REAAL) was nationalized on 1 February 2013 and was subjected to an in-depth restructuring. In July 2016, the Dutch state agency NL Financial Investments (NLF), the owner of de Volksbank, submitted a report to the Dutch Ministry of Finance, advising it to postpone any decisions regarding the privatization of the bank. This was followed by a second report in October 2018, which concluded that de Volksbank would at least need a full three-year period starting mid-2016 before making any decision. In November 2019, the Ministry of Finance wrote a letter to the House of Representatives stating that a decision about de Volksbank's future could not be made at this time based on the NLF report and market conditions, despite the three-year period having expired. NLF will prepare a new report, which is to be sent to the Dutch Ministry of Finance in autumn 2020.

On 31 December 2016, ASN Bank NV, RegioBank NV and SNS Bank NV were legally merged, following which the separate banking licenses of ASN Bank NV and RegioBank NV subsequently lapsed and the bank was renamed de Volksbank on 1 January 2017.

Please see [De Volksbank N.V. - Key facts and statistics: H1 June 2019](#) for further information on de Volksbank.

## Detailed credit considerations

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

De Volksbank's business strategy is focused on retail mortgages (around 95% of total loans and advances to customers) and savings accounts in the Netherlands. As a result of strong macroeconomic conditions until recently in the Netherlands and stricter lending standards, driven by the [Government of Netherlands'](#) (Aaa stable) measures on the tax deductibility of home loan interest payments and maximum loan-to-value (LTV) ratios, de Volksbank's asset-risk profile is strong. As of the end of June 2020, the bank's impaired loans (Stage 3 assets under IFRS 9) were 1.4% of gross loans.

For the first half of 2020, the bank recorded loan-loss charges of €45 million, and the cost of risk was 18 basis point (bp) of average loans, a sharp increase versus a reversal of €13 million (-5 bps) in H1 2019. We expect asset risk to continue to increase as a result of the coronavirus business shutdown in the Netherlands and the economic slowdown in 2020. The volume of transactions in the housing market may decrease due to the shutdown and home prices could decline as a result.

Nonetheless, the Dutch government's support measures to the economy will attenuate the impact of the virus crisis and avoid a sharp rise in corporate bankruptcies leading to a significant rise in unemployment. The government also decided to help self-employed individuals who record a decline of their profits above 20%. These measures are positive for the performance of de Volksbank's mortgage loan book.

Despite the risks identified in the Dutch housing market, de Volksbank's mortgage portfolio is sound (as of June 2020, impaired loans represented 1.1% of the mortgage loan book<sup>1</sup>):

- » The bank's mortgage loan book is spread across all Dutch provinces and is not concentrated in large cities where house prices have increased the most and overheating risk is more acute.
- » The proportion of interest-only (100% and partially) and investment-based retail mortgage loans, which are more prone to repayment risks, is decreasing (57% as of the end of June 2020, compared with 61% as year-end 2018 and 64% as of year-end 2017).
- » The average LTV ratio of outstanding loans has been decreasing (64% as of the end of June 2020, compared with 70% as of year-end 2018 and 74% as of year-end 2017) as a result of the house price increase and the Dutch government's measures to lower the LTV ratio at origination to a maximum of 100% in 2018. The increasing share of annuity mortgages has also contributed to lower LTV ratios.
- » Around 30% of de Volksbank's mortgage loans benefit from a guarantee of the Dutch Mortgage Guarantee (Nationale Hypotheek Garantie or NHG).<sup>2</sup>
- » An increasing share (65% as of the end of June 2020, compared with 64% as of year-end 2018 and 61% as of year-end 2017) of de Volksbank's mortgage loans bear a fixed interest rate for a minimum of 10-15 years (after which, the interest rate can be reset or becomes variable), protecting borrowers from an interest rate upsurge during that period.

De Volksbank's loan book outside retail mortgages (5% of the total loan book) mainly consists of loans to the public sector and SMEs. Although the cost of risk on SMEs has been limited historically (loan-loss charges were a reversal of €3 million in 2019), loan-loss charges jumped to €5 million for a SME portfolio of €654 million, equivalent to an annualised cost of risk of 153 bps in H1 2020.

The bank also holds a financial investment portfolio for liquidity purposes, amounting to €5.5 billion as of June 2020. As of year-end 2019, the investment portfolio mainly comprised government bonds (€3.7 billion) and corporate bonds (€1.6 billion). Almost the entire investment portfolio has very high credit quality (32% with a AA rating and 54% with a AAA rating as of the end of 2019).

De Volksbank's low risk profile is reflected in its a1 Asset Risk score.

### **The bank has built a very strong capital buffer in preparation for the new regulatory rules and in relation to its monoline business**

De Volksbank's Common Equity Tier 1 (CET1) capital ratio was 33.8% as of June 2020, well above the requirement of 9.41% for 2020, a decrease from the requirement of 10.5% for 2019. The bank's capital ratio has increased substantially over the last few years (as of year-end 2014, the CET1 ratio was 15.6%) as a result of retained earnings and a decrease in risk-weighted assets (RWAs), driven by lower probabilities of default and loss given default resulting from improved economic conditions. As of June 2020, de Volksbank's fully loaded leverage ratio was 5%.

De Volksbank estimates that the finalization of the Basel III rules, published by the Basel Committee on 7 December 2017, would increase its RWAs by around 40%<sup>3</sup>, which is equivalent to a negative impact of 10 percentage points on its CET1 ratio. The Dutch Central Bank announced in October 2019 the introduction of a minimum floor for risk weighting of non-NHG guaranteed mortgage loans, effective in the second half of 2020. The Dutch supervisor announced in March 2020 that this floor would be postponed due to

the coronavirus crisis. Despite these regulatory changes (some of them postponed), the bank estimates that its CET1 ratio will remain well above its current internal target of at least 19%.

De Volksbank proposed to set aside a €165 million dividend from its 2019 profit to its sole shareholder, NLF, which would correspond to a payout ratio of 60%, at the high end of its 40%-60% payout target. Following the ECB's guidance not to pay dividends, de Volksbank has temporarily postponed the planned dividend payment. Although the dividend has not yet been paid out, the amount has already been set aside for dividend distribution.

The bank made a one-off capital distribution of €250 million to its shareholder NLF in 2019. We believe that before its sale by the Dutch government, de Volksbank will likely upstream some of the current excess capital to the Dutch state. Therefore, De Volksbank's CET1 capital will likely decrease to a level closer to the bank's Basel IV target, that is, 19%.

### **De Volksbank's profitability is challenged by low interest rates and a highly competitive environment**

The profitability of de Volksbank's core retail activities is constrained by the low interest rate environment, the bank's modest commercial franchise compared with that of its Dutch peers and a portfolio comprised of low-margin loans (net interest income amounts to around 91% of its total income). In the first six months of 2020, the bank reported net profit of €106 million, down 31% from the same period of 2019, due to higher operating expenses and loan-loss charges of €45 million.

Net interest income fell by 1%, driven by lower interest income on mortgages, although partially compensated by the decrease in interest rates paid on client deposits (which are now close to zero) and lower interest expenses on interest rate derivatives. Overall, the bank's net interest margin decreased to 135 bps in the first half of 2020 from 140 bps in the first half of 2019. We expect a further decline in net interest income as margins will be under growing pressure. In addition, we believe that asset quality deterioration due to the coronavirus crisis is likely and will result in increasing loan-loss charges affecting profitability.

Operating expenses went up to €292 million (5%) in the first half of 2020, as well as increased consultancy, regulatory project, IT and marketing costs. The adjusted cost-to-income ratio<sup>4</sup> deteriorated to 55.8% in the first half of 2020 (54.3% in the first half of 2019), compared with a target range of 50%-52% in 2020. A key challenge for de Volksbank is to preserve its profitability by broadening its customer base and improving its cost efficiency.

The bank's Profitability score is ba2, in line with the Macro-Adjusted score, resulting from its return on assets of 0.3% in the first six months of 2020.

### **De Volksbank benefits from sound funding and liquidity profiles, enhanced by its renewed access to market funding**

Retail funding represents around 80% of the bank's total funding (excluding equity). De Volksbank has a large deposit base amounting to almost €52 billion and the bank's reported loan-to-deposit ratio was 96% as of June 2020. De Volksbank's long-term wholesale funding (€7.5 billion) is primarily composed of covered bonds (57%) and senior unsecured debt (30%).

De Volksbank's liquidity profile would enable it to resist a prolonged financial market disruption. Its liquid assets amounted to €18 billion as of June 2020, while its wholesale funding maturing in the second half of 2020 was €2.1 billion as of June 2020. The bank's liquidity buffer mainly consists of residential mortgage-backed securities (RMBS) eligible for central bank refinancing (€10 billion), cash (€4 billion) and sovereign and public-sector bonds (€4 billion). 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.

De Volksbank's strong liquidity and funding profiles are confirmed by its liquidity coverage ratio of 182% as of June 2020, although this ratio is highly dependent on the retained RMBS, accounting for around 50% of liquidity reserves as of the same date, and a net stable funding ratio well above 100% (as disclosed by the issuer) as of the same date. They are reflected in the bank's baa1 combined Liquidity score.

De Volksbank's baa1 BCA reflects its Financial Profile score of a3, which, however, is adjusted downward by one notch to reflect the bank's monoline activity.

### Environmental, social and governance considerations

De Volksbank has a low exposure to environmental risk, in line with our general view for the banking sector as explained in our [Environmental risk heatmap](#). Environmental risks to banks are usually indirect, undertaken through financing clients' operations, which are the acquisition of residential real estate in de Volksbank's case. Such risk exposure is unlikely to translate into a meaningful credit impact, because of the broad geographical diversification within the Netherlands, unless large parts of the country are subject to environmental catastrophes. Reputational risk due to the financing of the Dutch housing market is negligible in our opinion.

Social considerations (see our [Social risks heat map](#)) are relevant for de Volksbank in the sense that, as for other Dutch banks, it is likely subject to regular investigations by the Dutch supervisor related to good customer care and the potential selling of unsuitable or uneconomical products to clients. Investigations and related fines imposed by supervisors represent significant reputational risk for banks. Dutch supervisors are scrutinizing sales practices of residential mortgages, including in relation to penalties charged to customers for early repayment. In the recent past, the bank was forced to compensate certain SME clients through a Dutch industry-wide framework for alleged mis-selling of interest rate derivatives.

Governance is highly relevant for de Volksbank, as it is to all players in the banking industry, and we do not have any particular governance concern. Corporate governance weaknesses can lead to a deterioration in a company's credit quality, while governance strengths can benefit its credit profile. De Volksbank has not shown any major governance shortfalls since its nationalisation in 2013. Nonetheless, corporate governance remains a key credit consideration and requires ongoing monitoring

### 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.

De Volksbank has to comply with a non-risk-weighted Minimum Requirements for Own Funds and Eligible Liabilities (MREL) of 8.0% of total liabilities and own funds (commonly referred to as TLOF), which the bank intends to fulfill entirely with its capital and subordinated instruments. In this regard, de Volksbank expects to issue €1 billion to €1.5 billion of junior senior debt up to 2024. The bank's non-risk-weighted MREL ratio was 6% (excluding senior unsecured debt) as of the end of June 2020. In addition, as de Volksbank is considered an other systemically important institution, its subordinated instruments must be at least 17.5% of its RWA (39.1% at end-June 2020).

- » Our LGF analysis indicates a moderate loss given failure for deposits and senior unsecured debt, which provides no uplift to the bank's Adjusted BCA.
- » Our LGF analysis indicates a high loss given failure for subordinated debt, leading us to make a one-notch negative adjustment to the bank's Adjusted BCA.

The moderate loss given failure for deposits and senior unsecured debt is explained by the small amount of subordination benefiting these instruments, as well as the limited volume of both junior deposits and senior debt outstanding. Future issuance of junior senior debt, which the bank expects to do in the coming years could possibly lower the loss given failure of deposits and senior unsecured debt to low from moderate at present.

#### Government support considerations

We consider de Volksbank a systemically important institution and thus believe that there is a moderate probability of government support for its junior deposits and senior unsecured debt, resulting in a one-notch uplift from the bank's BCA. 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)

CRRs are opinions of the ability of entities to honor the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honored. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralized portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

#### De Volksbank's CRRs are positioned at A1/Prime-1

de Volksbank's CRRs, before government support, are placed two 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

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default, and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR Assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (for example, swaps), letters of credit, guarantees and liquidity facilities.

#### 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 3

De Volksbank N.V.

<b>Macro Factors</b>							
<b>Weighted Macro Profile</b>	<b>Strong +</b>	<b>100%</b>					
Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2	
Solvency							
Asset Risk							
Problem Loans / Gross Loans	1.3%	aa3	←→	a1	Quality of assets		
Capital							
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	34.6%	aa1	←→	aa3			
Profitability							
Net Income / Tangible Assets	0.3%	ba2	←→	ba2	Earnings quality		
Combined Solvency Score		a1		a2			
Liquidity							
Funding Structure							
Market Funds / Tangible Banking Assets	10.4%	a2	←→	a3	Deposit quality		
Liquid Resources							
Liquid Banking Assets / Tangible Banking Assets	14.2%	ba1	←→	baa2	Quality of liquid assets		
Combined Liquidity Score		baa1		baa1			
Financial Profile				a3			
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				a3 - baa2			
Assigned BCA				baa1			
Affiliate Support notching				0			
Adjusted BCA				baa1			
<b>Balance Sheet</b>		<b>in-scope (EUR Million)</b>	<b>% in-scope</b>	<b>at-failure (EUR Million)</b>	<b>% at-failure</b>		
Other liabilities		8,362	13.7%	11,736	19.2%		
Deposits		48,196	79.1%	44,822	73.5%		
Preferred deposits		43,376	71.1%	41,208	67.6%		
Junior deposits		4,820	7.9%	3,615	5.9%		
Senior unsecured bank debt		2,082	3.4%	2,082	3.4%		
Dated subordinated bank debt		500	0.8%	500	0.8%		
Equity		1,829	3.0%	1,829	3.0%		
Total Tangible Banking Assets		60,969	100.0%	60,969	100.0%		

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF	Assigned	Additional	Preliminary
	Instrument	Sub-ordination	Instrument	Sub-ordination	De Jure	De Facto	Notching Guidance vs. Adjusted BCA	LGF notching	Notching	Rating Assessment
Counterparty Risk Rating	13.2%	13.2%	13.2%	13.2%	3	3	3	2	0	a2
Counterparty Risk Assessment	13.2%	13.2%	13.2%	13.2%	3	3	3	3	0	a1 (cr)
Deposits	13.2%	3.8%	13.2%	7.2%	1	1	1	0	0	baa1
Senior unsecured bank debt	13.2%	3.8%	7.2%	3.8%	1	-1	0	0	0	baa1
Dated subordinated bank debt	3.8%	3.0%	3.8%	3.0%	-1	-1	-1	-1	0	baa2

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	2	0	a2	1	A1	A1
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3(cr)	
Deposits	0	0	baa1	1	A3	A3
Senior unsecured bank debt	0	0	baa1	1	A3	A3
Dated subordinated bank debt	-1	0	baa2	0	Baa2	

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

Source: Moody's Investors Service

## Ratings

Exhibit 4

Category	Moody's Rating
<b>DE VOLKSBANK N.V.</b>	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	A3
Subordinate -Dom Curr	Baa2
Commercial Paper -Dom Curr	P-2
Other Short Term -Dom Curr	(P)P-2

Source: Moody's Investors Service

## Endnotes

- 1 Gross carrying amount
- 2 This guarantee is limited to mortgage loans for a maximum house price of €265,000 and thus primarily benefits first-time buyers.
- 3 Based on the balance sheet as of June 2020.
- 4 Adjusted for the impact of regulatory levies.

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