

Imposition of an administrative penalty on de Volksbank N.V.

The EUROPEAN CENTRAL BANK,

pursuant to Article 18(1) of Council Regulation (EU) No 1024/2013¹, decided on 20 July 2023 to impose an administrative penalty on de Volksbank N.V. in an amount of EUR 4,470,000. This penalty is imposed in respect of a breach of Article 113(1) and (2) in conjunction with Article 115(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council² committed by miscalculating risk-weighted exposure amounts for exposures to regional governments outside the European Union for 29 consecutive reporting periods in the period from 2014 to 2021.

When determining an administrative penalty, the ECB follows the principles set out in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18 (1) and (7) of Regulation (EU) No 1024/2013. In accordance with this Guide, the ECB considered all the relevant circumstances of the case, in particular the impact of the breach, the degree of the misconduct of de Volksbank N.V., the size of the entity and the applicable mitigating factors.

The ECB assessed the impact of the breach as 'high' based on the effect that the breach had on the prudential situation of the entity and its effective supervision, as determined on the basis of the importance of accurately calculated risk weighted exposures amounts, the extent to which the calculated figures differed from the actual ones and the duration of the breach, which prevented the ECB from obtaining a comprehensive view of the risk profile and the prudential situation of the entity in the relevant period.

The degree of the entity's misconduct was assessed as 'medium' taking into account that the supervised entity could not have been unaware that its failure to properly assess and periodically review the applied risk weights for the relevant exposures would potentially result in an inaccurate calculation of RWEAs and the capital ratios. The failure of the supervised entity was contributed to by a gross misinterpretation of a clear legal provision and persistent deficiencies in its internal control framework.

Out of the severity categories 'minor', 'moderately severe', 'severe', 'very severe' and 'extremely severe' the ECB classified the breach as 'severe' since the impact and the misconduct were determined, respectively, as 'high' and 'medium'. In addition, the ECB considered certain mitigating

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

circumstances, in particular the fact that the entity notified the ECB about the miscalculation, the cooperation shown by the entity with the ECB, and the measures taken by the supervised entity with a view to prevent similar breaches from happening in the future.

The administrative penalty is published in accordance with Article 18(6) of Council Regulation (EU) No 1024/2013 and Article 132 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)³.

The ECB's decision to impose an administrative penalty on de Volksbank N.V. may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

³ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1).