



EUROPEAN CENTRAL BANK  
BANKING SUPERVISION

## Press release

29 August 2023

# ECB sanctions de Volksbank for miscalculating capital needs

- De Volksbank miscalculated risk-weighted assets for exposures to regional governments outside the European Union
- Breach occurred between 2014 and 2021
- ECB imposes penalty of €4.47 million

The European Central Bank (ECB) has imposed an administrative penalty of €4.47 million (€4,470,000) on de Volksbank N.V. after the bank miscalculated its risk weighted assets for exposures to regional governments outside the European Union.

From 2014 to 2021, for 29 consecutive quarters the bank calculated lower risk weighted assets for these exposures than it should have done. This occurred because the bank applied a lower risk weight than what banking rules prescribe. Deficiencies in internal controls prevented the bank from detecting this mistake in a timely manner. The bank reported wrongly calculated figures to the ECB, therefore preventing the ECB from having a comprehensive view of its risk profile.

Risk-weighted assets are a measure of the risks a bank has on its books. They serve as a basis for banks to calculate their capital needs. Underestimating risk-weighted assets means the bank did not calculate its capital needs properly and reported higher capital ratios than it should have done. Capital ratios are key indicators of a bank's capital strength and its ability to absorb losses.

When deciding on the amount of a penalty to sanction a bank, the ECB applies its [Guide to the method of setting administrative pecuniary penalties](#). Out of the severity categories “minor”, “moderately severe”, “severe”, “very severe” and “extremely severe”, the ECB classified this breach as “severe”. More details on sanctions imposed by the ECB are available on our [supervisory sanctions web page](#).

The bank may challenge the ECB's decision before the Court of Justice of the European Union.

### European Central Bank

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## Notes

- The ECB's power to impose sanctions stems from Article 18(1) of 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.
- The Decision imposing a sanction 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.

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