Nederlandse Waterschapsbank N.V.

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This report does not constitute a rating action.

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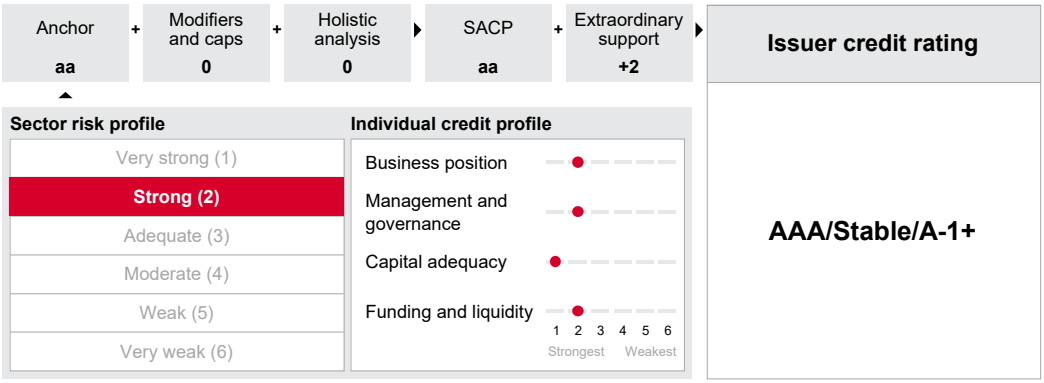
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Low-risk public sector lending and robust market position.	Limited business diversification, with business prospects dependent on Dutch public sector funding needs.
Strong capitalization and solid funding and liquidity ratios.	Moderate capital generation due to low lending margins and exposure to capital market volatility.
Extremely high likelihood of support from the Dutch government in case of need.	

We expect social housing providers to maintain sound credit quality, supporting NWB's strong sector risk profile. Lending to Dutch social housing providers accounts for more than 60% of the bank's loan book. We think risks in this sector are low.

The bank remains well capitalized with solid liquidity and funding. NWB maintains a strong capital position with a risk-adjusted capital (RAC) ratio at a high 17.5% as of December 2024. At the same time, the bank continues to rely on wholesale funding, with well-diversified funding sources and the one-year funding ratio and our 12-month liquidity ratio of above 1.0x.

We regard NWB's likelihood of support from the government as extremely high. NWB plays a vital role in providing low-cost, stable, constant financing to the Dutch public sector, which is a top public policy goal for the government.

Outlook

The stable outlook reflects our view that NWB will maintain its important role in providing financing to the low-risk public sector in the Netherlands. We also expect NWB's management policies will mitigate risks by maintaining solid capital adequacy and strong liquidity, supported by the broad funding base.

Downside scenario

We could lower our ratings if NWB's stand-alone credit profile (SACP) deteriorates by more than one notch, following, for example, meaningfully diminished market share or significant changes in management policies and procedures that would lead to a weaker capital or liquidity position. We could also lower our rating on NWB if we downgraded the Netherlands (unsolicited rating: AAA/Stable/A-1+).

Rationale

Our ratings on NWB are supported by our assumption that the bank will continue playing a key role in providing financing to the Dutch public sector and uphold a strong market position. Our ratings also incorporate the low credit risk profile of the underlying sectors where the bank operates and NWB's solid capital buffer, robust liquidity, and diversified funding.

We see an extremely high likelihood of government support in the event of financial distress.

Sector risk profile: The government guarantees allocated to the social housing providers NWB lends to underpin our assessment of a strong sector risk profile

NWB has a solid track record of providing low-cost financing to Dutch municipalities and social housing providers, which is its public policy role. The bank was founded in 1954 to help the water authorities raise the enormous investment needed to protect the Netherlands against water-related risks. The water authorities own 81% of the bank, 17% is owned by the Dutch state, and 2% by the provinces.

We view NWB's overall sector risk profile as strong. About 63% of NWB's long-term lending is to the social housing sector, 15% to water authorities, and 8% to municipalities.

We view the industry risk for all Netherlands-based social housing providers as low (see "Regulatory Framework Assessment: Social Housing Providers In The Netherlands," published July 23, 2024 on RatingsDirect). Our very strong regulatory framework assessment is supported by Dutch housing providers benefiting from guaranteed loans for their social assets through the guarantee fund Waarborgfonds Sociale Woningbouw (AAA/Stable/--).

We also view Dutch water authorities as operating under an evolving but balanced institutional framework. In our view, the Dutch water authorities have insufficient resources to cover their spending needs. They tend to finance large capital programs with borrowing, which leads to generally high indebtedness in the sector. We believe that this high indebtedness is only partly offset by the water authorities' tax-raising autonomy, as this could be sensitive to political

considerations and significant increases in the tax rates (see "Institutional Framework Assessment: Dutch Water Authorities' Tax-Raising Autonomy Partly Offsets Their High Indebtedness," published Oct. 24, 2024).

We think that Dutch municipalities operate in a supportive institutional framework marked by a large support from the central government in the form of grants (see "Institutional Framework Assessment: Dutch Municipalities Benefit From Central Government Transfers," published on Oct. 17, 2024).

Individual credit profile (ICP): High market share, sophisticated management, robust capitalization, and strong liquidity with a diversified funding base support the ICP

NWB's public mandate supports its significant position in a niche, low-risk, market. The bank provides about 35% of the Dutch public sector's financing needs and we expect that it will remain a leading player in this market, alongside its main competitor BNG Bank N.V. Competition in the segment is relatively contained, especially from private commercial banks. NWB's market position compares with that of other rated PSFAs like Kommunalbanken and Kommuninvest that have a similar market share of about 50% of lending to the respective public sector.

We assume social housing entities will continue to dominate NWB's portfolio. Over the past few years, NWB has invested in different government-related asset classes, such as the renewable energy and infrastructure sector. We understand the bank intends to become more involved in this type of financing but expect it will constitute only about 10% of the loan portfolio (6% at year-end 2024, without municipal or sovereign guarantees).

We expect NWB will maintain very strong capitalization, thanks to its low-risk exposures and prudent capital management. Our RAC ratio after adjustments for NWB factors in a charge for single-name concentration on the banks' underlying borrowers. At year-end 2024, we estimate that NWB's RAC after adjustments equaled to a very strong 17.5%.

We view NWB's overall funding and liquidity profile as strong. We think the bank will continue to rely on wholesale funding, with well-diversified funding sources and a one-year funding ratio of above 1.0x. The bank enjoys a large and diversified investor base, demonstrated by its currency funding mix (64% euro, 34% U.S. dollar, the rest are Australian dollar, British pound sterling and Hong Kong dollar), its geographical funding mix (52% Europe, 21% Asia, 20% Americas, 4% Middle East and Africa, and 3% Australia), and its investor type funding base (40% central banks, 25% banks, 22% asset managers, and 13% insurance and pension funds).

Our 12-month liquidity ratio was strong at 1.1x as of April 2025 after including undrawn loan commitments. This indicates that NWB would be able to cover all committed lending and liabilities for at least one year, even under extremely stressed market conditions and without access to the capital markets.

We also think NWB has direct and meaningful access to the short-term liquidity from the European Central Bank (ECB) since most of the bank's loans could be pledged as collateral at the ECB. The amount of loans pledged as collateral at the ECB equaled €14 billion as of Sept. 25, 2025. We think that ECB is both willing and able to provide liquidity support to NWB in case of need.

Extraordinary support: Extremely high likelihood of support from the Dutch government

The 'AAA' rating on NWB is supported by its critical role and very strong link with the Dutch government. Therefore, we foresee an extremely high likelihood that the central government would provide timely and sufficient extraordinary support to NWB in case of need. Specifically, we look at NWB's:

- Critical role as one of the state's two public sector banks with a public policy mandate. NWB plays a vital role in providing low-cost, stable, constant financing to the Dutch public sector, which is a top public policy goal. Private sector commercial banks are typically willing to finance only a small part of the public sector's financing needs due to lower margins and increased illiquidity and are not able to compete with the low-cost financing that NWB provides. In the absence of public sector banks, the government would likely have to finance the public sector directly; and
- Very strong link with the ownership--the Dutch water authorities (81%), Dutch state (17%), and the provinces (2%)--and no explicit guarantees on the bank's debt. There is no legal framework in place providing explicit extraordinary support from the government. NWB is subject to EU state aid rules and The Bank Recovery and Resolution Directive (BRRD). Our view is that the BRRD does not appear to prevent the Dutch government, in its capacity as an existing shareholder of a bank, from granting support to Dutch-domiciled government-related entities in going-concern situations--even if they are subject to BRRD. The bank's strategy and capital and dividend policy is approved by the Ministry of Finance through regular meetings. NWB's default, while very unlikely, could result in significant reputational damage for the government.

Selected indicators

Nederlandse Waterschapsbank N.V. -- Selected Indicators

	--Year ended Dec. 31--					
(Mil. EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**
Business position						
Total adjusted assets	78,768	75,909	73,285	96,019	106,882	96,205
Customer loans (gross)	58,568	56,113	54,254	54,399	54,061	52,663
Growth in loans (%)	4.4	3.4	(0.3)	0.6	2.7	4.7
Net interest income	248	261	302	286	244	213
Noninterest expenses	115	87	103	93	97	88
Capital and risk position						
Total liabilities	76,674	73,849	71,290	93,797	104,735	94,089
Total adjusted capital	2,033	1,990	1,927	2,166	2,095	2,055
Assets/capital (%)	39	38	38	44	51	47
RAC ratio before adjustments (%)	23.8	25.2	23.4	25.9	23.7	30.0
RAC ratio after adjustments (%)*	17.5	18.2	N/A	N/A	N/A	N/A
Gross nonperforming assets/gross loans (%)	0	0	0	0	0	0
Funding and liquidity§						
Liquidity ratio with loan disbursement (one year)	1.12	1.16	N/A	N/A	N/A	N/A
Liquidity ratio without loan disbursement (one year)	1.19	1.22	N/A	N/A	N/A	N/A

Nederlandse Waterschapsbank N.V. -- Selected Indicators

	--Year ended Dec. 31--					
(Mil. EUR)	2024	2023	2022	2021	2020	2019
Business position						
Funding ratio (one year)	1.2	1.2	N/A	N/A	N/A	N/A

*Risk-adjusted capital (RAC) ratios after adjustments are not available for 2019-2022 as we changed the Criteria. §Funding and liquidity ratios for 2024 are as of end-April 2025, and 2019-2022 are not available as we changed the Criteria. Funding ratio is without loan disbursements. N/A--Not applicable.

Rating Component Scores

Issuer credit rating	AAA/Stable/A-1+
Sector risk profile	Strong
Individual credit profile:	
Business position	Strong
Management & governance	Strong
Capital adequacy	Very strong
Funding & liquidity	Strong
Anchor	aa
Modifiers and caps	0
Holistic analysis	0
Stand-alone credit profile	aa
Extraordinary support	+2 notches

Related Criteria

- Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Governments | International Public Finance: Methodology For Rating Non-U.S. Public-Sector Funding Agencies, July 26, 2024
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Netherlands, Oct. 20, 2025

- Dutch Social Housing Guarantee Fund WSW 'AAA' Rating Affirmed; Outlook Stable, Oct. 15, 2025
- Institutional Framework Assessment: Dutch Water Authorities' Tax-Raising Autonomy Partly Offsets Their High Indebtedness, Oct. 24, 2024
- The Netherlands, Oct. 21, 2024
- Institutional Framework Assessment: Dutch Municipalities Benefit From Central Government Transfers, Oct. 17, 2024
- Regulatory Framework Assessment: Social Housing Providers In The Netherlands , July 23, 2024

Ratings Detail (as of November 20, 2025)*

Nederlandse Waterschapsbank N.V.	
Issuer Credit Rating	AAA/Stable/A-1+
Certificate Of Deposit	
Local Currency	A-1+
Commercial Paper	
Foreign Currency	A-1+
Senior Unsecured	AAA
Short-Term Debt	A-1+
Issuer Credit Ratings History	
24-Nov-2015	AAA/Stable/A-1+
27-May-2015	AA+/Positive/A-1+
02-Dec-2013	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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