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INVESTORS SERVICE

CREDIT OPINION
13 July 2023

Update

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RATINGS

VZ Depotbank AG

Domicile	Zug, Switzerland
Long Term CRR	A3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Aa3
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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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

VZ Depotbank AG

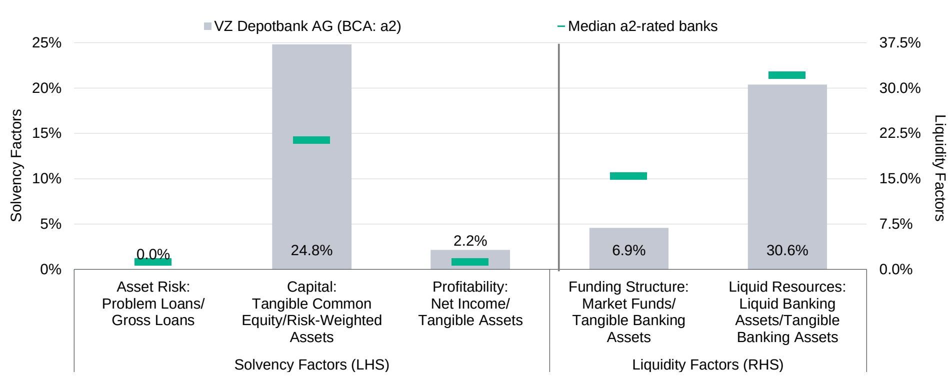
Update to credit analysis

Summary

We assign Aa3 (stable) deposit and A3 (stable) issuer ratings to VZ Depotbank AG (VZDB). VZDB's ratings reflect the bank's a2 Baseline Credit Assessment (BCA) and Adjusted BCA and the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities resulting in two notches of rating uplift for deposit ratings. We do not incorporate any rating uplift from government support because of the bank's small market share and low importance to the Swiss banking system.

VZDB is the core banking institution of VZ Holding AG (VZH). It is deeply embedded in the value chain of the group's consulting and asset management services, enabling it to operate highly efficiently and profitably in a niche of the domestic Swiss banking and asset management market. VZDB's a2 BCA also reflects its very strong capitalisation and loan book credit quality, the latter benefitting from the absence of problem loans and — despite dynamic growth — from the high share of conservatively underwritten mortgages. The bank's funding profile is primarily focused on granular client deposits and enhanced by low-cost secured loans and interbank funding, additionally complemented by solid liquidity buffers. The BCA is constrained by our considerations on group structure and ownership, including key-person risk considerations related to the group's co-founder, who is the chairman of the Board of Directors and previous CEO until year-end 2022.

Exhibit 1
Rating scorecard - Key financial ratios



Sources: Company reports and Moody's Investors Service

Credit strengths

» Very strong capitalisation

» Low credit risks arising from lending to mass-affluent clients

» Highly efficient and profitable operations

» Funding principally based on deposits provided by the bank's retail clients

Credit challenges

» Very small amount of loss-absorbing liabilities beyond capital limits additional protection for senior creditors

» Key-person risk is a constraining factor for the bank's standalone credit profile

» VZDB is exposed to typical non-credit risks applicable to private banks, such as reputational, operational and market risks, which are to some extent mitigated by its clear focus on domestic onshore banking

» Increasing competition from domestic banks could lead to an extension of the decline in margins and compress VZDB's very strong profitability

Outlook

» The stable rating outlook reflects our expectation that VZDB's key financials and credit profile will remain broadly unchanged over the next 12-18 months.

Factors that could lead to an upgrade

» An upgrade of VZDB's ratings could result from a higher BCA and Adjusted BCA, or from a change in VZDB's liability structure, which could prompt a higher rating uplift as a result of our Advanced LGF analysis, for example, through the issuance of loss-absorbing debt instruments.

» An upgrade of VZDB's a2 BCA could result from significantly stronger profitability, in particular if the bank manages to stabilise its business margins and continues to strongly grow its assets under management (AUM); and a further strengthening of the bank's funding and liquidity, for example, through further diversification with an emphasis on funding channels subject to limited market confidence sensitivity.

Factors that could lead to a downgrade

» A downgrade of VZDB's ratings could be prompted by a BCA downgrade. The bank's deposit ratings could be downgraded in case of a significantly lower volume of junior deposits resulting in a lower rating uplift as a result of our Advanced LGF analysis.

» VZDB's BCA could be downgraded as a result of a significant risk management failure; a currently unexpected change in business focus and development towards acquisitive growth that would diminish the bank's capitalisation; or a change in the bank's liquidity and funding strategy towards a more tightly managed liquidity profile with a greater dependence on market funding.

Key Indicators

Exhibit 2

VZ Depotbank AG (Consolidated Financials) [1]

	12-22[2]	12-21[2]	12-20[2]	12-19[2]	12-18[2]	CAGR/Avg.[3]
Total Assets (CHF Billion)	5.7	5.5	4.7	3.8	2.9	17.9[4]
Total Assets (USD Billion)	6.1	6.0	5.4	4.0	3.0	19.8[4]
Tangible Common Equity (CHF Billion)	0.5	0.5	0.5	0.4	0.3	13.3[4]
Tangible Common Equity (USD Billion)	0.6	0.5	0.5	0.4	0.3	15.1[4]
Tangible Common Equity / Risk Weighted Assets (%)	24.8	27.0	28.7	30.8	29.0	28.1[6]
Net Interest Margin (%)	0.4	0.4	0.3	0.2	0.1	0.3[5]
PPI / Average RWA (%)	7.2	7.8	7.6	8.3	6.8	7.5[6]
Net Income / Tangible Assets (%)	2.2	2.1	2.1	2.2	2.0	2.2[5]
Cost / Income Ratio (%)	28.7	31.2	31.6	30.4	29.8	30.3[5]
Market Funds / Tangible Banking Assets (%)	6.9	15.0	15.1	7.8	4.0	9.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	30.6	39.7	42.8	42.2	36.8	38.4[5]
Gross Loans / Due to Customers (%)	86.6	83.9	80.7	76.1	80.7	81.6[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; LOCAL GAAP. [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

VZ Depotbank AG (VZDB) was founded in 2006 as the depository bank of VZH, a listed Swiss financial services provider that is majority owned by the current chairman of the supervisory board who co-founded VZH in 1993.

VZH mainly focuses on pension and estate planning, and asset management for mass-affluent Swiss residents. The group headquarters are in Zug, Switzerland, and VZH operates around 42 branches in Switzerland, Germany and England, employing 1,247 full-time equivalent employees as of 31 December 2022, of which 137 were employed by VZDB.

Through VZ Vermoegenszentrum, VZH provides independent consulting services to customers and is able to convert these customers to asset management and banking services offered through VZDB.

As of year-end 2022, VZDB reported CHF5.7 billion in total assets, representing 97% of VZH's total assets. The bank had CHF31.8 billion in customer AUM (including double-counting), out of CHF39.1 billion of groupwide AUM.

In 2023, VZH's founder and previous CEO Reinhart was appointed the chairman of VZH's Board of Directors. Mr. Reinhart's successor as CEO of VZH is VZH's Executive Board member Vitarelli, who managed the domestic consulting services between 2012 and 2022.

In June 2023, VZH announced a reduction in the size of its executive management board to seven members from nine, effective end of September 2023. As a result of the reallocation of responsibilities to the remaining members, VZDB's CEO Weber will additionally assume responsibility for VZH's mortgage business.

Weighted Macro Profile of Strong +

VZDB's Weighted Macro Profile of Strong + reflects the bank's strong focus on the Swiss domestic market and hence equals the Strong + Macro Profile of Switzerland.

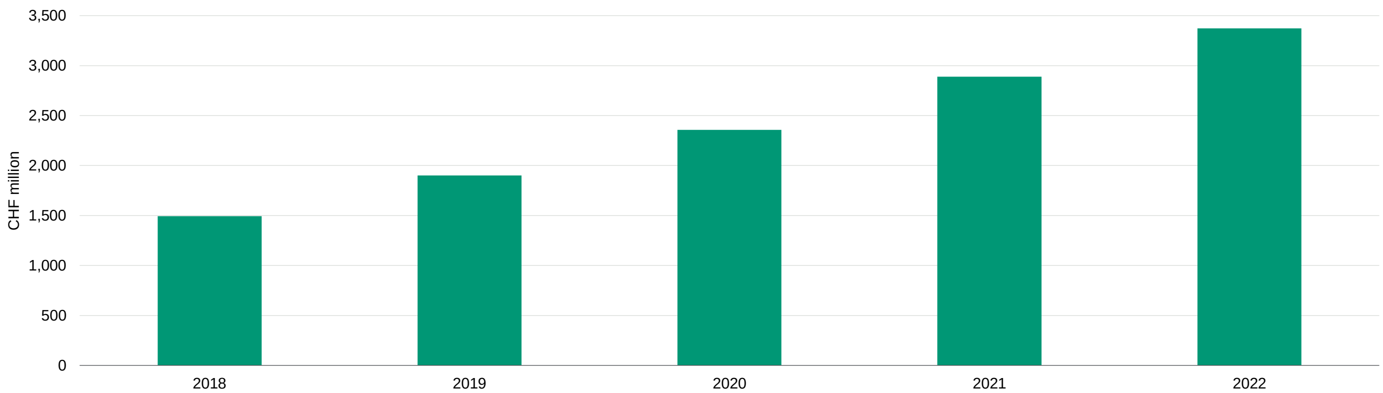
Detailed credit considerations

VZDB's assets have shown strong credit performance, reflecting its lending to mass-affluent clients and displaying limited non-credit risks

We assign an a1 Asset Risk score to VZDB, three notches below the aa1 initial score. Our assessment reflects the absence of problem loans in the bank's customer loan book since the bank's foundation in 2006, which has been supported by the solid creditworthiness of VZDB's Swiss mass-affluent customers. At the same time, the a1 score reflects VZDB's exposure to non-credit risks inherent to its business model, which involves trust-sensitive wealth management operations. The score also takes account of the strong growth in the bank's lending book over the past few years, thereby lacking seasoning through economic cycles.

Despite recurring challenges such as the Russia-Ukraine military conflict or the coronavirus pandemic, VZDB's loan book has historically remained free from problem loans. As of year-end 2022, it consisted of CHF3.4 billion of residential mortgages (2021: CHF2.9 billion) and CHF0.5 billion (2021: CHF0.4 billion) of other receivables from customers, mainly Lombard loans secured with securities and cash. VZDB's mortgage loans are predominantly linked to variable interest rates (CHF2.9 billion as of year-end 2022, up from CHF2.5 billion as of year-end 2021), and the bank's mortgage book has grown strongly over the past several years (see Exhibit 3), mainly reflecting the bank's greater take-up of mortgages the group originates centrally through HypothekenZentrum AG.

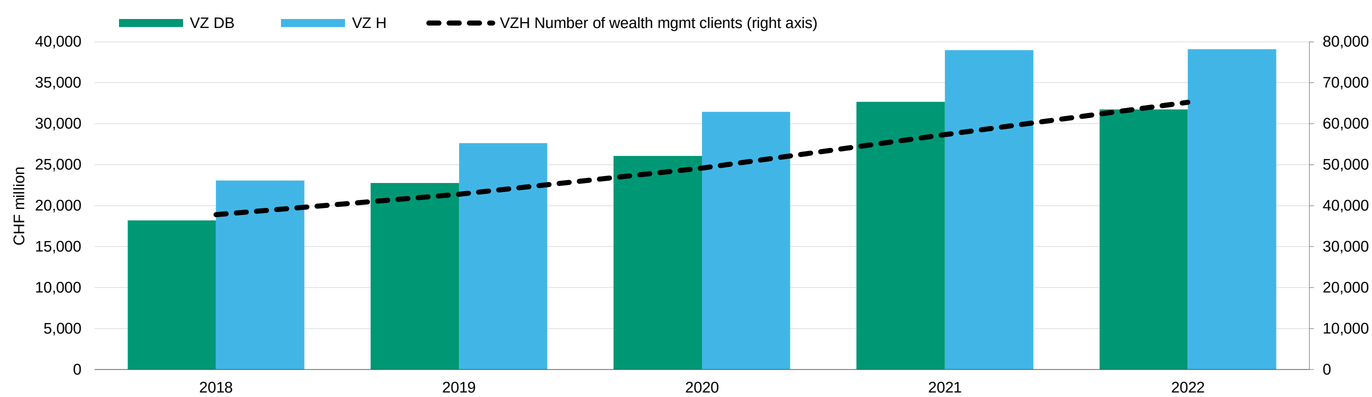
Exhibit 3
VZDB's volume of mortgage loans has increased significantly



Sources: Company reports and Moody's Investors Service

VZDB and VZH have managed to maintain the dynamic growth of customer AUM over the past several years (see Exhibit 4). Customer attrition is very low and customers tend to repeatedly add net new money as their relationship with VZH deepens, which means that customer growth in recent years should translate into further AUM increases, all else equal. In 2022, new client money inflows supported VZDB's AUM so that the weak performance of markets reduced the value of AUM only moderately[1].

Exhibit 4
VZDB and VZH AUM have grown steadily over the years



Sources: Company reports and Moody's Investors Service

VZDB's growth could face setbacks in an adverse scenario of reputational, operational or legal risks materialising unexpectedly. In the case of VZDB, these business-model-inherent risks are mitigated by the bank's clear focus on domestic customers, which limits the bank's susceptibility to know-your-customer (KYC) requirement violations. Furthermore, VZH's value proposition as an independent consultant to its customers requires a particularly strong focus on minimising the risk of reputational damage to its client relationships, making larger damaging events less likely. At the same time, a significant decline in equity market valuations would lead to a decline in the valuation of customer assets and, thereby, fee-generating AUM, which could weaken the bank's currently very strong profitability metrics.

VZDB benefits from a very strong risk-weighted capitalisation and leverage

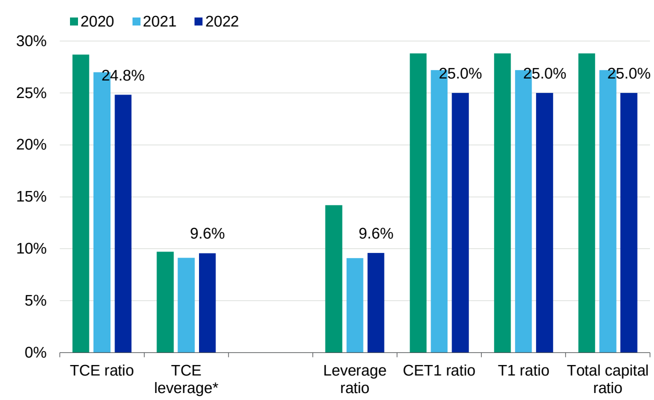
We assign a aa1 Capital score to VZDB, at the level of the initial score. The aa1 score reflects the bank's very strong capitalisation, as reflected in its year-end 2022 tangible common equity (TCE) capital ratio of 24.8% (2021: 27.0%), our key metric for assessing the capitalisation of banks. The bank's risk-weighted assets (RWA) are conservatively calculated under the standardised approach, with the bank maintaining a leverage ratio at a defensive level of close to 10% as of year-end 2022. VZDB will maintain its capitalisation at very strong levels, and any interim dips that could occur as a result of smaller bolt-on acquisitions would not result in a lasting or significant decline in its capital ratios.

As of 31 December 2022, VZDB's regulatory Common Equity Tier 1 (CET1) capital ratio and total capital ratio of 25.0% (2021: 27.2%) were both significantly above minimum requirements of 8.8% for CET1 and 12.6% for total capital (see Exhibits 5 and 6). VZDB has not issued Tier 2 capital instruments, and during 2020, it repaid a CHF45 million Additional Tier 1 (AT1) capital instrument subscribed by its parent, VZH. Upstreamed dividends of CHF85 million in 2022 (2021: CHF75 million) represented around 67% of VZDB's reported 2022 net income.

Since 2019, VZDB's growth in business volumes has led to notable increases in its RWA of around 17% per year, which VZDB only partly covered through earnings retention that allowed for growth in CET1 capital by around 9% per year since 2019. Accordingly, TCE and regulatory capital ratios (see Exhibit 5) declined, but they still remain very strong, also against the background of moderately higher capital requirements following the reactivation of countercyclical buffer (CCyB) requirements for Swiss banks in 2022.

Exhibit 5

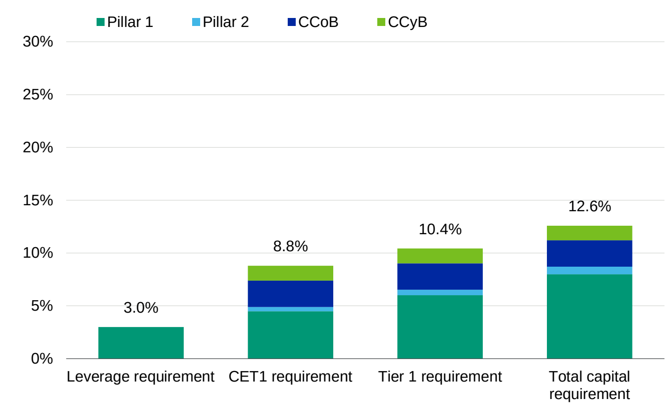
VZDB's capitalisation over recent years



TCE = Tangible common equity (Moody's calculation); CET1 = Common Equity Tier 1 capital; T1 = Tier 1 capital. *The leverage ratio compares TCE with tangible banking assets.
Sources: Company reports and Moody's Investors Service

Exhibit 6

VZDB's regulatory capital requirements as year-end 2022



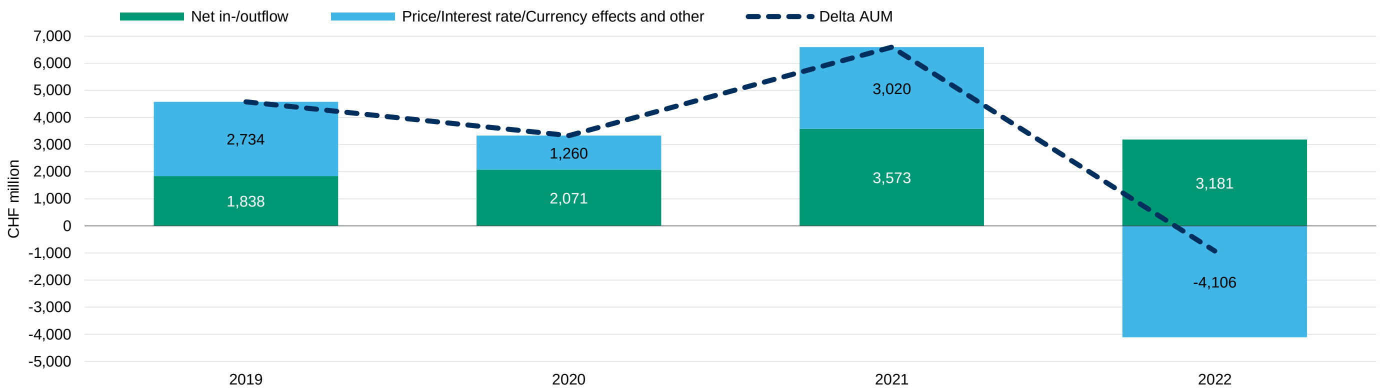
CCoB = Capital conservation buffer, CCyB= Countercyclical buffer.
Source: Company reports

Despite margin pressure, strong profitability benefits from net new money growth

We assign an a1 Profitability score to VZDB, two notches below the aa2 initial score. The assigned score reflects VZDB's strong profitability, mainly derived from recurring fee income. The negative adjustment incorporates our expectation that continued mild pressure on margins will lead to a slightly less favourable return on assets during the next two to three years.

Unlike in previous years, VZDB recorded a net decline in its AUM by around 3%. Compared with most Swiss private banks, in particular those with a greater AUM contribution from asset management activities, this was a moderate decline, with continued net new money inflow largely offsetting negative asset valuation effects (see Exhibit 7). In 2022, the bank's customer base grew within a difficult market environment by 14% to around 82,000 customers.

Exhibit 7
VZDB's consistent AUM growth was interrupted in 2022 because of market impact with still-strong new money inflow

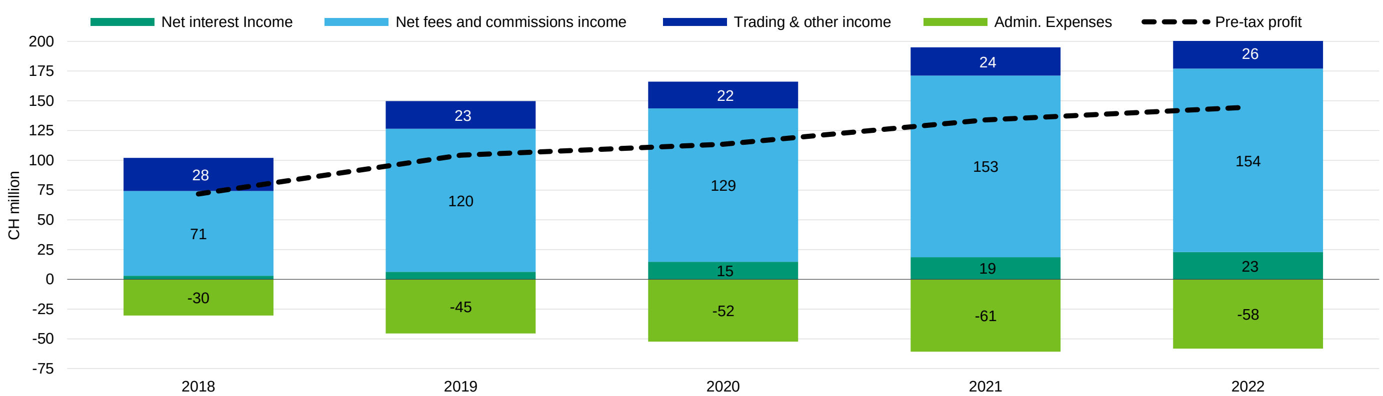


Sources: Company and Moody's Investors Service

In parallel with robust AUM trends, VZDB managed to maintain its net fee income at a stable level in 2022. With CHF154 million, it remained the bank's dominant revenue source, and was complemented by improved net interest income that benefitted from higher market interest rates. VZDB achieved a decline in operating expenses mainly through reduced staff expenses of CHF17.6 million (2021: CHF22.1 million), which contributed to the bank's higher net income, which accounts for a very high 2.2% of total assets (2021: 2.1%).

VZDB's fee income will follow the bank's customer growth closely because the bank has been agreeing on all-in trading and transaction fee schedules with its new customers for several years, which limits future margin pressure from negative mix effects away from more lucrative legacy arrangements.

Exhibit 8
VZDB's profitability structure: Strong profitability is supported by net fee and commission income



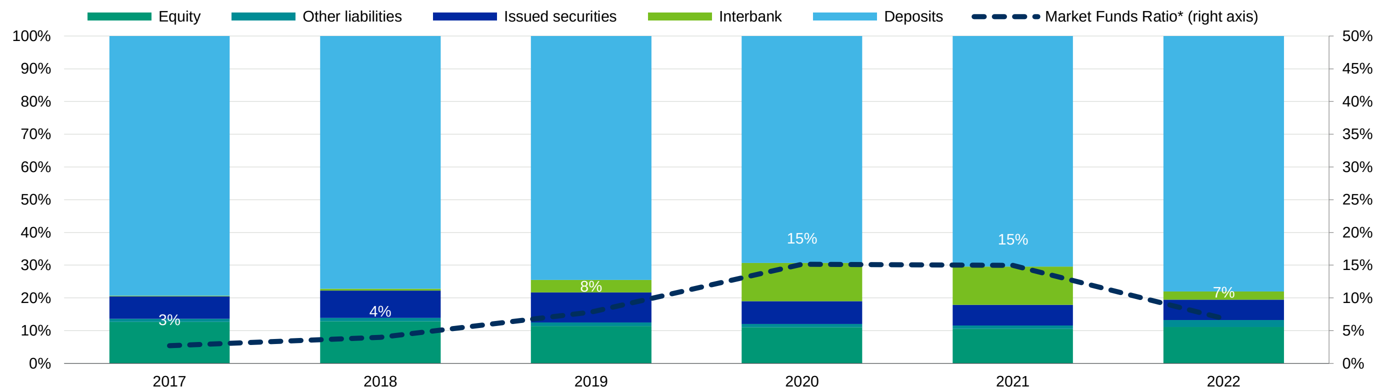
Sources: Company reports and Moody's Investors Service

Retail deposit funding covers VZDB's lending activities and is complemented by secured loans

We assign an a2 Funding score to VZDB, two notches below the initial score. The a2 assigned score reflects the bank's limited use of funding components other than customer deposits (see Exhibit 9).

Exhibit 9

VZDB's funding structure



*Market funds ratio = Market funds/tangible banking assets.
Sources: Company reports and Moody's Investors Service

The vast majority of VZDB's funding was provided by the bank's retail customers, who deposited CHF4.4 billion as of year-end 2022 (2021: CHF3.9 billion), comfortably covering outstanding receivables from customers of CHF3.8 billion (2021: CHF3.2 billion).

As of year-end 2022, VZDB had pledged CHF478 million of mortgage loans (2021: CHF426 million) to secure CHF403 million of secured (covered) loans (2021: CHF373 million) that complemented customer-provided funding. In addition, as of year-end 2022, VZDB sourced CHF142 million of funds from interbank counterparties, notably down from CHF640 million a year earlier. The significant decrease was driven by the cancellation of repo transactions that had been associated with the use of increased Swiss National Bank (SNB) deposit allowances at zero interest rates rather than negative interest rates during the negative interest-rate environment that prevailed until 2022.

The reduction in interbank liabilities led to a notable decline in our market funds ratio to 7% from 15% and leaves covered bonds as the bank's main market funding source. The current market funding level is close to VZDB's market funding levels before it sourced intrabank funds to make use of the SNB's deposit allowances.

To model its interest rate risk in the banking book, VZDB assumes an average duration of its transactional retail deposits at 1.8 years, which is broadly in line with the approach of Swiss cantonal and other regional banks and a reasonable reflection of the expected behaviour of VZDB's mass-affluent customer base, but longer than what Swiss private banks assume for their investment-driven customer deposit bases. Based on VZDB's customer structure, we expect the share of insured deposits within its liability structure to be lower than the Swiss average of 50%, but higher than that of typical Swiss private banks. Under the regulatory 'parallel upward shock' scenario, VZDB's economic value of equity only would have declined by €20.4 million as of year-end 2022, equivalent to around 4% of VZDB's TCE, which suggests a low interest risk susceptibility.

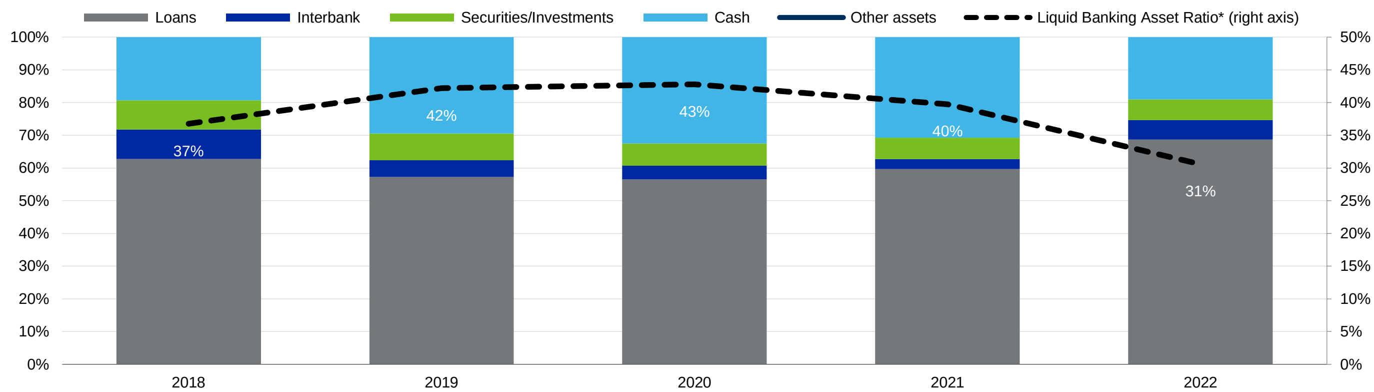
At a net stable funding ratio (NSFR) of 155% (2021: 166%), VZDB's available stable funding sources were well above requirements despite an increase in required stable funding by around CHF0.5 billion, leading to a slight decline in the NSFR.

Strong liquidity buffers support VZDB's continued growth

We assign an a3 Liquidity score to VZDB, which is one notch below the initial score. The a3 assigned score reflects a high level of unencumbered liquid resources held by the bank, as reflected by a high degree of over-compliance with regulatory minimum requirements. The positioning also reflects our expectation that VZDB will continue to grow its loan book faster than its liquidity buffer, leading to a further slight decline in its liquid banking assets ratio.

Exhibit 10

VZDB's liquid resources



*Liquid banking asset ratio = Liquid banking assets/tangible banking assets.
Source: Moody's Investors Service

VZDB's liquid resources as of year-end 2022 mainly consisted of CHF1.1 billion (2021: CHF1.7 billion) of cash balances, complemented by CHF0.3 billion (2021: CHF0.3 billion) of repo-eligible securities and CHF0.3 billion (CHF0.2 billion) of interbank receivables. We expect future growth in liquid resources to be more moderate than loan growth.

In line with reduced balances of cash and other liquid assets, VZDB reported a decline in high-quality liquid assets, the numerator of the regulatory liquidity coverage ratio (LCR), to CHF1.2 billion as of year-end 2022 from CHF1.6 billion a year earlier. Accordingly, the reported LCR declined to 168% (2021: 187%), but is still comfortably above regulatory requirements.

Key-person risks result in qualitative adjustment

The a2 BCA has been assigned one notch below the very strong a1 financial profile of VZDB and reflects a one-notch negative adjustment because of key-person risks resulting from the overlap of ownership and management control functions of VZH's chairman of the Board of Directors and former CEO. Mr. Reinhart owns more than 60% of the economic interest of the holding company. As the chairman of the Board of Directors and former CEO of the holding company, Mr. Reinhart is still highly influential in the strategic development of VZH.

ESG considerations

VZ Depotbank AG's ESG Credit Impact Score is Highly Negative CIS-4

Exhibit 11

ESG Credit Impact Score

CIS-4

Highly Negative

For an issuer scored CIS-4 (Highly Negative), its ESG attributes are overall considered as having a discernible negative impact on the current rating. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-3.

Source: Moody's Investors Service

VZDB's **CIS-4** ESG Credit Impact Score indicates that the rating is lower than it would be if ESG risks did not exist, reflecting elevated governance risks. These governance risks mainly stem from the critical role of the group's co-founder in strategic and day-to-day operations, which exposes VZDB to strategic risks in particular around the time of and following the succession process. Environmental and social factors have a limited impact on the ratings to date.

Exhibit 12

ESG Issuer Profile Scores

ENVIRONMENTAL

E-2

Neutral-to-Low

SOCIAL

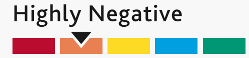
S-3

Moderately Negative

GOVERNANCE

G-4

Highly Negative



Source: Moody's Investors Service

Environmental

VZDB faces low environmental risks. In line with most private wealth and asset managers, VZDB has low exposure to carbon transition risk from its residential mortgage lending book. In response to developing customer focus on environmental stewardship and wider ESG considerations, the bank increasingly takes steps to align its customer consulting services with the transition to a low-carbon economy.

Social

VZDB faces moderate social risks related to customer relations, mostly arising from its role as the core banking institution of VZ Holding AG (VZH), a Swiss financial services provider focused on pension and estate planning as well as on asset management for mass-affluent Swiss residents. VZDB's customer relations risks include regulatory and litigation risk requiring it to meet high compliance standards. In the case of VZDB, we consider these risks less pronounced than in the case of banks embedded in groups that cater to foreign-domiciled customers and offer proprietary asset management products. VZDB's data security and customer privacy risks are mitigated by technology solutions and organizational measures to prevent data breaches. Social risks related to demographic trends are mitigated by the bank's focus on wealth management services, including services for the transfer of wealth to the next generation.

Governance

VZDB faces high governance risks, reflecting key-person risk related to its parent's Chairman of the Board of Directors and majority owner Mr. Reinhart. The critical role of the group's co-founder in strategic and day-to-day operations exposes VZDB to strategic risks, in particular around the time of and following the succession process, which has been initiated and is set to conclude in 2023.

Otherwise, VZDB displays an appropriate risk management framework commensurate with its risk appetite. VZDB faces high governance risks, reflecting key-person risk related to its parent's Chairman of the Board of Directors and majority owner Mr. Reinhart. The critical role of the group's co-founder in strategic and day-to-day operations exposes VZDB to strategic risks, in particular around the time of and following the succession process, which has been initiated and is set to conclude in 2023. Otherwise, VZDB displays an appropriate risk management framework commensurate with its risk appetite.

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

VZDB is subject to the banking regulations in Switzerland, which has an operational resolution regime. Therefore, we apply our Advanced LGF analysis, assuming a residual TCE of 3% and post-failure losses of 8% of tangible banking assets, a 25% run-off in junior wholesale deposits and a 5% run-off in preferred deposits. In line with our standard assumptions, we consider 26% of VZDB's deposits junior or non-privileged. We further assign a 100% probability to deposits being preferred to senior unsecured debt, thereby reflecting the depositor preference by law in Switzerland.

For VZDB's deposits, rated Aa3, our Advanced LGF analysis indicates a very low loss given failure, resulting in two notches of rating uplift from the bank's a2 Adjusted BCA. This is because the substantial volume of deposits decreases the severity of loss for the bank's deposit holders in the unlikely event of a failure or a resolution.

For VZDB's A3 issuer ratings, or its hypothetical senior unsecured debt, our Advanced LGF analysis indicates a high loss given failure because of the absence of loss-absorbing instruments other than equity, leading us to position the issuer rating one notch below the bank's a2 Adjusted BCA, considering Switzerland's explicit depositor preference.

Government support considerations

We do not incorporate any rating uplift for VZDB from support by the Government of Switzerland (Aaa stable), reflecting our assumption of a low probability of systemic support in the event of stress, given the bank's marginal importance to the domestic deposit-taking market and the Swiss payment system.

Counterparty Risk Ratings (CRRs)

VZDB's CRRs are A3/P-2

VZDB's CRRs are one notch below the Adjusted BCA of a2. This reflects the high loss given failure from the limited volume of instruments, primarily senior unsecured debt, which are subordinated to CRR liabilities; and the lack of a rating uplift provided by the low level of government support, which is in line with our support assumptions on deposits.

Counterparty Risk (CR) Assessment

VZDB's CR Assessment is A2(cr)/P-1 (cr)

VZDB's A2 (cr) CR Assessment is at the level of the a2 Adjusted BCA. This position reflects the depositor preference in Switzerland, the resultant rank ordering of CR exposures below deposits and the limitation of instruments ranking below CR exposures to equity, which is insufficient to reduce the probability of default to a level that would warrant an uplift from the Adjusted BCA. The CR Assessment does not benefit from any government support uplift.

Because the CR Assessment captures the probability of default on certain senior operational obligations, rather than expected loss, we focus purely on subordination and take no account of the volume of the instrument class.

Methodology and scorecard

Methodology

The principal methodology used in rating VZDB is our Banks Methodology, published in July 2021.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 13

VZ Depotbank AG

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	0.0%	aa1	↔	a1	Operational risk	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	24.8%	aa1	↔	aa1	Risk-weighted capitalisation	Nominal leverage
Profitability						
Net Income / Tangible Assets	2.2%	aa2	↔	a1	Expected trend	Return on assets
Combined Solvency Score		aa1		aa3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	6.9%	aa3	↔	a2	Deposit quality	Extent of market funding reliance
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	30.6%	a2	↓	a3	Stock of liquid assets	Expected trend
Combined Liquidity Score		a1		a2		
Financial Profile				a1		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				-1		
Total Qualitative Adjustments				-1		
Sovereign or Affiliate constraint				Aaa		
BCA Scorecard-indicated Outcome - Range				a1 - a3		
Assigned BCA				a2		
Affiliate Support notching				0		
Adjusted BCA				a2		

Balance Sheet	**in-scope (CHF Million)**	**% in-scope**	**at-failure (CHF Million)**	**% at-failure**
Other liabilities	1,071	18.9%	1,522	26.9%
Deposits	4,425	78.1%	3,974	70.1%
Preferred deposits	3,274	57.8%	3,111	54.9%
Junior deposits	1,150	20.3%	863	15.2%
Equity	170	3.0%	170	3.0%
Total Tangible Banking Assets	5,666	100.0%	5,666	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	3.0%	3.0%	3.0%	3.0%	-1	-1	-1	-1	0	a3
Counterparty Risk Assessment	3.0%	3.0%	3.0%	3.0%	0	0	0	0	0	a2 (cr)
Deposits	18.2%	3.0%	18.2%	3.0%	2	2	2	2	0	aa3
Senior unsecured bank debt	3.0%	3.0%	3.0%	3.0%	-1	-1	-1	-1	0	a3

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	-1	0	a3	0	A3	A3
Counterparty Risk Assessment	0	0	a2 (cr)	0	A2(cr)	
Deposits	2	0	aa3	0	Aa3	Aa3
Senior unsecured bank debt	-1	0	a3	0	A3	A3

[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 14

Category	Moody's Rating
VZ DEPOTBANK AG	
Outlook	Stable
Counterparty Risk Rating	A3/P-2
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	a2
Adjusted Baseline Credit Assessment	a2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
ST Issuer Rating	P-2

Source: Moody's Investors Service

Endnotes

1 Please also refer to Exhibit 7 for a breakdown of AUM drivers.

REPORT NUMBER 1368005

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