

# Achmea Bank N.V.

## Key Rating Drivers

**Long-Term IDR Equalised with Parent:** Achmea Bank N.V.'s Issuer Default Ratings (IDRs) and Shareholder Support Rating (SSR) are based on Fitch Ratings' view of a very high probability that the bank will receive extraordinary support from its parent Achmea B.V. (A/Stable) in the event of need. Our view is primarily driven by Achmea Bank's key role within the group in complementing its retirement services offering and by tight integration with the parent. The Stable Outlook on Achmea Bank's Long-Term IDR mirrors that on Achmea.

**Key to Achmea's Strategy:** The bank is part of Achmea's strategy of offering a full range of financial products to the group's clients and growing the group's retirement services business. Achmea Bank provides tax-efficient savings, which complement the group's product offering, sources a large proportion of its new mortgage production from a group origination platform, and distributes the group's retail investment products.

**Strong Integration with Parent:** Our view of support also reflects the bank's deep integration with Achmea in strategy, operations, liquidity management and common branding. The bank shares a number of services and back-office functions with the parent and its strategy is designed to support the group's targets. While highly integrated with the parent, Achmea Bank has direct access to external funding.

**No Viability Rating Assigned:** Fitch does not assign a Viability Rating to Achmea Bank given its close integration with the group and Fitch's view that the bank does not have a meaningful standalone franchise that could exist without the ownership of the parent. Achmea Bank's retail savings are part of the integrated product proposition under the group's brand, Central Beheer, and the bank has limited standalone access to retail savings clients.

**Healthy Asset Quality:** The bank's loan book (end-2023: 89% of assets) is dominated by low-risk Dutch residential mortgage loans, which generate low through-the-cycle impaired loans and credit losses. The 2020–2023 average impaired loans ratio of about 0.7% (end-2023: 0.5%) is reasonably in line with residential mortgage loan portfolios of larger Dutch peers. Loan impairment charges have been consistently very low (2023: 2bp of average loans; 2022: 4bp).

**Modest Profitability:** Achmea Bank strongly benefitted from higher interest rates in 2023 as its revenues are heavily reliant on net interest income. However, the lack of product diversification and its small size constrain the bank's through-the-cycle profitability. The latter should be viewed in the context of the subsidiary's strong integration within Achmea and its record in supporting the group's business objectives through cross-selling. The bank aims to scale up its balance sheet both organically and through additional loan portfolio acquisitions.

**Solid Capitalisation:** The bank's common equity Tier 1 (CET1) ratio remained strong, at 16.9% at end-2023 (end-2022: 18.2%). We expect the bank's capital ratios to remain well above its minimum capital requirements (end-2023 total capital requirement: 12.1%). The regulatory leverage ratio was also sound for a Dutch retail-focused bank, at 4.8% at end-2023.

**Diversified Funding, Sound Liquidity:** Achmea Bank maintains a healthy funding mix consisting of customer deposits (64% of funding at end-2023; mostly guaranteed), secured, and unsecured wholesale funding.

Liquidity is underpinned by a sizeable cushion of liquid assets comprising on demand central bank deposits, retained RMBS and Dutch government bonds. The latter are available through an "asset switch" agreement whereby Achmea Bank may swap, with a sister company, mortgage loans for bonds that can be re-pledged to obtain funding from the ECB.

## Ratings

### Foreign Currency

Long-Term IDR	A
Short-Term IDR	F1

Shareholder Support Rating	a
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### Sovereign Risk (Netherlands)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

### Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

## Applicable Criteria

[Bank Rating Criteria \(March 2024\)](#)

## Related Research

[Mortgage Market Index - Netherlands 1H24 \(April 2024\)](#)

[Global Economic Outlook \(March 2024\)](#)

[Fitch Affirms Netherlands at 'AAA'; Outlook Stable \(February 2024\)](#)

[Fitch Affirms Achmea at 'A'; Outlook Stable \(July 2023\)](#)

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## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Achmea Bank's ratings could be downgraded if Achmea's Long-Term IDR was downgraded or if Fitch perceives a decrease in Achmea's propensity or ability to support its banking subsidiary, particularly if its activities become less strategic for the parent.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Achmea Bank's IDRs could be upgraded if the parent's Long-Term IDR was upgraded.

## Other Debt and Issuer Ratings

Rating Level	Rating
Senior unsecured: long-term/short-term	A/F1

Source: Fitch Ratings

Achmea Bank's senior unsecured debt ratings are aligned with the bank's IDRs as we view the probability of default on senior unsecured obligations as the same as that of the bank.

## Financials

### Financial Statements

	31 Dec 23		31 Dec 22	31 Dec 21	31 Dec 20
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(EURm)	(EURm)	(EURm)	(EURm)
	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified	Audited - unqualified
<b>Summary income statement</b>					
Net interest and dividend income	224	204.8	117.6	137.5	140.8
Net fees and commissions	1	0.7	0.7	0.7	9.3
Other operating income	-8	-7.5	8.5	6.3	-3.3
Total operating income	217	198.0	126.8	144.5	146.8
Operating costs	126	114.9	104.8	101.5	106.2
Pre-impairment operating profit	91	83.1	22.0	43.0	40.6
Loan and other impairment charges	2	2.1	4.1	-9.3	3.5
Operating profit	89	81.0	17.9	52.3	37.1
Tax	23	20.9	4.5	13.0	9.6
Net income	66	60.1	13.4	39.3	27.5
Fitch comprehensive income	66	60.1	13.4	39.3	27.5
<b>Summary balance sheet</b>					
<b>Assets</b>					
Gross loans	15,515	14,161.2	11,892.8	11,377.8	12,121.2
- Of which impaired	83	75.5	77.9	100.0	100.0
Loan loss allowances	31	28.2	21.6	14.0	28.3
Net loans	15,484	14,133.0	11,871.2	11,363.8	12,092.9
Interbank	698	637.5	641.6	635.6	669.2
Derivatives	406	370.7	537.8	61.8	82.0
Other securities and earning assets	34	30.8	0.0	0.0	0.0
Total earning assets	16,622	15,172.0	13,050.6	12,061.2	12,844.1
Cash and due from banks	656	598.7	774.2	737.2	938.7
Other assets	180	164.4	108.5	49.5	50.9
Total assets	17,458	15,935.1	13,933.3	12,847.9	13,833.7
<b>Liabilities</b>					
Customer deposits	10,274	9,377.1	8,086.4	7,515.2	7,447.1
Interbank and other short-term funding	1,296	1,183.1	1,722.7	525.8	1,058.4
Other long-term funding	4,393	4,009.3	2,849.9	3,581.7	3,971.1
Trading liabilities and derivatives	479	437.2	410.5	339.7	456.5
Total funding and derivatives	16,441	15,006.7	13,069.5	11,962.4	12,933.1
Other liabilities	103	93.8	73.9	67.4	65.8
Total equity	914	834.6	789.9	818.1	834.8
Total liabilities and equity	17,458	15,935.1	13,933.3	12,847.9	13,833.7
Exchange rate	USD1 = EUR0.912742		USD1 = EUR0.937559	USD1 = EUR0.884173	USD1 = EUR0.821963

Source: Fitch Ratings, Fitch Solutions, Achmea Bank

## Key Ratios

	31 Dec 23	31 Dec 22	31 Dec 21	31 Dec 20
<b>Ratios (%; annualised as appropriate)</b>				
<b>Profitability</b>				
Operating profit/risk-weighted assets	1.8	0.4	1.4	0.9
Net interest income/average earning assets	1.5	1.0	1.1	1.1
Non-interest expense/gross revenue	58.0	82.7	70.2	72.3
Net income/average equity	7.4	1.7	4.7	3.3
<b>Asset quality</b>				
Impaired loans ratio	0.5	0.7	0.9	0.8
Growth in gross loans	19.1	4.5	-6.1	-4.4
Loan loss allowances/impaired loans	37.4	27.7	14.0	28.3
Loan impairment charges/average gross loans	0.0	0.0	-0.1	0.0
<b>Capitalisation</b>				
Common equity Tier 1 ratio	16.9	18.2	20.9	20.4
Tangible common equity/tangible assets	5.2	5.6	6.4	6.0
Basel leverage ratio	4.8	5.4	6.5	6.0
Net impaired loans/common equity Tier 1 capital	6.1	7.3	11.0	8.9
<b>Funding and liquidity</b>				
Gross loans/customer deposits	151.0	147.1	151.4	162.8
Gross loans/customer deposits + covered bonds	110.1	112.5	119.7	135.5
Liquidity coverage ratio	164.0	211.0	297.0	332.0
Customer deposits/total non-equity funding	64.4	63.9	64.7	59.7
Net stable funding ratio	129.0	130.0	133.0	126.0

Source: Fitch Ratings, Fitch Solutions, Achmea Bank

## Support Assessment

Shareholder Support	
Parent IDR	A
Total Adjustments (notches)	0
Shareholder Support Rating	a
Shareholder ability to support	
Shareholder Rating	A/ Stable
Shareholder regulation	Equalised
Relative size	1 Notch
Country risks	Equalised
Shareholder propensity to support	
Role in group	Equalised
Reputational risk	Equalised
Integration	Equalised
Support record	1 Notch
Subsidiary performance and prospects	1 Notch
Legal commitments	2+ Notches

The colours indicate the weighting of each KRD in the assessment.

■ Higher influence ■ Moderate influence ■ Lower influence

Fitch’s assessment of a very high likelihood of shareholder support is driven by the bank’s key role in the group, its strong integration with the parent, and reputational risk for Achmea in case of a default of the subsidiary. Achmea’s ability to support Achmea Bank is strong, as reflected in its Long-Term IDR of ‘A’.

Given the deep integration with the parent we believe a default of the bank would constitute a high reputational risk for Achmea. We believe the Dutch Central Bank, which is the common regulator for Dutch banks and insurance companies, would likely encourage Achmea to support Achmea Bank if needed. We also believe the cost of any support would likely be manageable for the group, given Achmea Bank’s moderate size compared with its parent.

## Environmental, Social and Governance Considerations

### FitchRatings Achmea Bank N.V.

Banks  
Ratings Navigator

#### Credit-Relevant ESG Derivation

Achmea Bank N.V. has 5 ESG potential rating drivers				Overall ESG Scale	
	key driver	0	issues	5	
<ul style="list-style-type: none"> <li>Achmea Bank N.V. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.</li> <li>Governance is minimally relevant to the rating and is not currently a driver.</li> </ul>	driver	0	issues	4	
	potential driver	5	issues	3	
	not a rating driver	4	issues	2	
		5	issues	1	

#### Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale	<p><b>How to Read This Page</b> ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.</p> <p><b>The Environmental (E), Social (S) and Governance (G) tables</b> break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.</p> <p><b>The Credit-Relevant ESG Derivation table</b> shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.</p>
GHG Emissions & Air Quality	1	n.a.	n.a.	5	
Energy Management	1	n.a.	n.a.	4	
Water & Wastewater Management	1	n.a.	n.a.	3	
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2	
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Business Profile (incl. Management & governance); Risk Profile; Asset Quality	1	

#### Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale	<p><b>Classification of ESG issues</b> has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).</p> <p><b>Sector references</b> in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.</p>
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities; SME and community development programs; financial literacy programs	Business Profile (incl. Management & governance); Risk Profile	5	
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Business Profile (incl. Management & governance); Risk Profile	4	
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile (incl. Management & governance)	3	
Employee Wellbeing	1	n.a.	n.a.	2	
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Business Profile (incl. Management & governance); Financial Profile	1	

#### Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale	<p><b>CREDIT-RELEVANT ESG SCALE</b> How relevant are E, S and G issues to the overall credit rating?</p>
Management Strategy	3	Operational implementation of strategy	Business Profile (incl. Management & governance)	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile (incl. Management & governance)	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Business Profile (incl. Management & governance)	2	Irrelevant to the entity rating but relevant to the sector.
				1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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