FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms ASN Bank at 'A-'; Outlook Stable

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Fitch Ratings - Frankfurt am Main - 01 Oct 2025: Fitch Ratings has affirmed ASN Bank N.V.'s Long-Term Issuer Default Rating (IDR) at 'A-' with a Stable Outlook and Viability Rating (VR) at 'a-'. A full list of rating actions is below.

KEY RATING DRIVERS

Standalone Strength Drives Ratings: ASN Bank.'s (formerly de Volksbank N.V.) ratings reflect its simple but concentrated business model, which results in structurally weaker earnings diversification than larger and higher-rated domestic peers'. The bank's sound asset quality and moderate risk profile, with a focus on low-risk residential mortgage lending, are rating strengths. The ratings also capture improved earnings generation, satisfactory capitalisation and leverage, and robust funding underpinned by a granular and stable deposit base.

Straightforward Business Model: ASN Bank is the fourth-largest commercial bank in the Netherlands, although its market share is small at around 6% in residential mortgage loans. It operates almost exclusively in its home market, with a clear focus on retail banking, offering mainly residential mortgage loans, savings and payments products.

The bank's focus on lending results in a high reliance on net interest income (NII), which accounted on average for 90% of revenue over the past four years, highlighting limited business diversification relative to peers.

Moderate Risk Profile: Fitch expects ASN Bank to maintain a conservative risk appetite given the bank's focus on low-risk residential mortgage lending in the Netherlands, which comprised 95% of its gross loans at end-June 2025. However, the bank's high reliance on NII exposes it to greater interest-rate risk than larger and more diversified Dutch peers.

Like some domestic peers, the bank's risk-control framework has revealed some deficiencies in recent years, including in its operational risk-management and anti-money laundering obligations. These resulted in two fines imposed by the Dutch National Bank. We expect these to be addressed in the near term, but they will continue to weigh on the bank's profitability and consume management time.

Asset Quality Supports Ratings: The bank's sound and stable impaired loans ratio (end-June 2025: 1%) reflects its large and low-risk Dutch residential mortgage loan portfolio (around three-quarters of total assets). We expect ASN Bank's asset quality to remain supported by a resilient employment market and the bank's prudent underwriting. The rest of the balance sheet mainly comprises cash and high-quality securities.

Satisfactory Profitability: ASN Bank has satisfactory profitability for its simple and concentrated business model, which results in weaker earnings diversification than peers. We expect the operating profit/risk-weighted assets (1H25: 2.2%) ratio to decrease slightly to around 2% in 2025 due to falling NII and costs to remediate risk-control deficiencies. The bank will hire temporary staff to address anti-money laundering requirements, and we expect the associated costs to continue weighing on profitability until 2027.

Capital Buffers Reflect Low-Risk Assets: The bank's strong common equity Tier 1 (CET1) ratio (end-June 2025: 20%) benefits from the low risk-weighting of its large residential mortgage loans portfolio. Fitch expects the CET1 ratio to be maintained well above the bank's medium term minimum target of around 17%, at about 19% by end-2026. ASN Bank's regulatory leverage ratio (end-June 2025: 5.2%) is adequate for a bank concentrated on low-risk assets.

Stable Funding, Ample Liquidity: Stable and granular retail and SME deposits form the bulk of ASN Bank's funding (end-June 2025: 82%). The bank has limited reliance on wholesale funding, and it is a less frequent issuer in debt capital markets than larger Dutch peers. Liquidity is strong and well managed, and comfortably covers short- and medium-term funding maturities.

RATING SENSITIVITIES

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

The bank has material headroom within its current rating. However, a downgrade could result from a significant loss of market share in mortgage lending, signalling a weakening in its business profile and profitability. A higher risk profile, for example due to rapid expansion in higher-risk lending causing the impaired loans ratio to durably increase above 2%, could also lead to a downgrade.

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

An upgrade would require a broadened product and service offering that leads to more diversified revenue streams away from interest income. This would reduce earnings sensitivity to the interest-rate cycle and strengthen internal capital generation. An upgrade would in that case require the bank to maintain its conservative risk profile and stable funding and liquidity.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

Short-Term IDR

The 'F1' Short-Term (IDR is the higher of the two options mapping to an 'A-' Long-Term IDR, driven by ASN Bank's funding and liquidity score of 'a'.

Senior Debt, Deposits and Derivative Counterparty Rating (DCR)

The bank's long-term senior preferred debt, long-term deposits and DCR are rated one notch above its Long-Term IDR. This reflects Fitch's expectation that ASN Bank will continue to meet its minimum requirement for own funds and eligible liabilities of 21.2% (excluding the combined buffer requirement) with only senior non-preferred and more junior debt and equity instruments. The senior non-preferred and junior debt buffer represented 19.6% of risk-weighted assets at end-June 2025. For the same reason, Fitch rates ASN Bank's senior non-preferred debt at 'A-', in line with the bank's Long-Term IDR.

The short-term senior preferred and deposit ratings of 'F1' are the lower of the two options mapping to their respective 'A' long-term ratings, reflecting our assessment of the bank's funding and liquidity score at 'a'.

Subordinated Debt

The bank's subordinated (Tier 2) debt is rated two notches below its VR, in line with the baseline notching for this type of debt and reflecting poor recovery prospects for these instruments.

No Government Support: ASN's Government Support Rating of 'no support' (ns) reflects Fitch's view that that due to the EU's Bank Recovery and Resolution Directive senior creditors of ASN cannot rely on full extraordinary support from the sovereign if the bank becomes non-viable, despite its full ownership by the government.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

ASN's Short-Term IDR is sensitive to changes in the Long-Term IDR and in the bank's funding and liquidity score, which Fitch could lower if ASN's liquidity buffers materially diminish in relation to assets and customer deposits.

The debt ratings, DCR and deposit ratings are sensitive to changes to ASN's IDRs, which are sensitive to changes in the bank's VR. In addition, we would downgrade the bank's long-term senior preferred, senior non-preferred, deposit rating and DCR by one notch if Fitch no longer expected ASN to meet its resolution debt buffers requirements without senior preferred debt.

ASN's short-term senior preferred and deposit ratings are also sensitive to a positive reassessment of the group's funding and liquidity to 'aa-' or higher, which is unlikely.

Subordinated debt is sensitive to changes in ASN's VR. It is also sensitive to a change in Fitch's assessment of loss severity or non-performance risk relative to the risk captured in the bank's VR.

An upgrade of the Government Support Rating would be contingent on a positive change in the sovereign's propensity to support Dutch banks. While not impossible, this is highly unlikely, in Fitch's view.

VR ADJUSTMENTS

The earnings and profitability score of 'bbb+' is below the 'a' category implied score due to the following adjustment reason: revenue diversification (negative).

The capitalisation and leverage score of 'a-' is below the 'aa' category implied score due to the following adjustment reason: risk profile and business model (negative).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

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, visithttps://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
ASN Bank N.V.	LT IDR	A- Rating Outlook Stable	Affirmed	A- Rating Outlook Stable
	ST IDR	F1	Affirmed	F1
	Viability	a-	Affirmed	a-
	DCR	A(dcr)	Affirmed	A(dcr)
	Government Support	ns	Affirmed	ns
subordinated	LT	BBB	Affirmed	BBB
long-term deposits	LT	A	Affirmed	A
Senior preferred	LT	A	Affirmed	A

Senior non-preferred	LT	A-	Affirmed	A-
Senior preferred	ST	F1	Affirmed	F1

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Bank Rating Criteria (pub. 21 Mar 2025) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

ASN Bank N.V.	EU Issued, UK Endorsed

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