

24 JAN 2025

Fitch Publishes Achmea's EUR300 Million Restricted Tier 1 Debt's 'BBB' Rating

Fitch Ratings - Frankfurt am Main - 24 Jan 2025: Fitch Ratings has published Achmea B.V.'s (Achmea; A/Stable) EUR300 million perpetual deeply subordinated restricted Tier 1 (RT1) notes' 'BBB' rating. The notes are rated three notches below Achmea's Long-Term Issuer Default Rating (IDR) of 'A' to reflect their 'Poor' recovery prospects (two notches) and 'Moderate' non-performance risk (one notch).

Key Rating Drivers

The notes have a first call date on 28 January 2035 and a fixed coupon of 6.125% with a first interest rate reset date on 28 July 2035 and every five years thereafter. The net proceeds will be used for general corporate purposes, which may include, without limitation, the refinancing of existing debt.

In the event of a winding-up, the RT1 notes will rank junior to any present or future subordinated or unsubordinated creditors including claims with respect to instruments that qualify as Tier 2 or Tier 3 own funds of the issuer. The level of the notes' subordination results in a baseline recovery assumption of 'Poor'. We therefore notch down twice from the IDR for expected recovery.

The notes contain a fully flexible interest-cancellation feature at the sole and absolute discretion of the issuer. Fitch regards the interest-cancellation feature as leading to 'Moderate' non-performance risk, which is underlined by a further notch down from the IDR. The notes also include a feature whereby they can be fully or partially written down under specific trigger events, such as a sustained or significant breach of the solvency capital requirement. The write-down feature does not affect our rating notching.

The RT1 notes do not have a coupon step-up feature and are non-cumulative perpetual securities. Fitch therefore treats the notes as 100% equity in its Prism Global model and the financial leverage ratio (FLR) calculation, but considers it as 100% debt for the calculation of the total financing and commitments ratio, in line with other types of debt.

Fitch assesses the transaction to be neutral to Achmea's ratings. Fitch views the issue as positive to Achmea's FLR, due to the equity credit given to the RT1 notes in the FLR calculation. Fitch expects Achmea's fixed-charge coverage ratio to remain commensurate with the ratings.

RATING SENSITIVITIES

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

-- A downgrade of Achmea's Long-Term IDR (for details see 'Fitch Affirms Achmea's Operating Subsidiaries at IFS 'A+'; Outlook Stable' dated 19 June 2024 at www.fitchratings.com)

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

-- An upgrade of Achmea's Long-Term IDR

Date of Relevant Committee

18 June 2024

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, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Achmea B.V.			
• junior subordinated	LT BBB		Publish

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[Insurance Rating Criteria \(pub.04 Mar 2024\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.1 [\(1\)](#)

Additional Disclosures

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Endorsement Status

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