

# ASR Nederland N.V.'s Proposed Restricted Tier 1 Notes Rated 'BB+'

March 26, 2025

STOCKHOLM (S&P Global Ratings) March 26, 2025--S&P Global Ratings said today that it assigned its 'BB+' issue rating to the restricted Tier 1 (RT 1) perpetual subordinated notes with a write-down feature that Netherlands-based ASR Nederland N.V. (BBB+/Positive/--) proposes to issue. The issue rating is subject to our review of the notes' final terms and conditions.

We expect to classify the proposed notes as having intermediate equity content under our hybrid capital criteria. This classification is subject to the notes being eligible for regulatory solvency treatment and the group's hybrid capital not exceeding the total amount that is eligible for regulatory solvency treatment.

The rating on the RT1 notes is three notches below our long-term issuer credit rating (ICR) on ASR Nederland N.V. In this case, we deduct:

- One notch to reflect the notes' subordination to ASR's senior creditors;
- One notch to reflect the payment risk arising from the mandatory and optional coupon cancellation. Interest cancellation is mandatory in the event of a breach of either the solvency capital requirement (SCR) or the minimum capital requirement under Solvency II; and
- One notch to reflect the risk of a potential write-down of principal.

Our understanding is that the notes will be eligible as RT1 notes under Solvency II. The notes will be written down if:

- The amount of own funds eligible to cover the SCR is equal to or less than 75% of the SCR,
- The amount of own funds eligible to cover the minimum capital requirement (MCR) is equal to or less than the MCR, or
- The amount of own funds eligible for the SCR is equal to or less than 100% of the SCR for three months.

ASR's SCR coverage was a robust 198% at year-end 2024. We will monitor the group's SCR coverage and capital plans to assess whether the ICR on ASR Nederland adequately captures the payment risk associated with its hybrid instruments.

An unexpected deterioration of the group's regulatory solvency position that is not accompanied by a change in the ICR, or increased sensitivity to stress, could lead us to lower the issue rating on the notes by widening the notching between the issue rating and the ICR to reflect the heightened payment risk.

Furthermore, we understand that the RT 1 notes are callable on April 2, 2035, and at any time from

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the first call date to and including the first reset date on Oct. 2, 2035, and on each coupon date thereafter, subject to the conditions for redemption, including approval from the insurance regulator. Following certain external events, such as tax, rating, or regulatory events linked to Solvency II, we understand that ASR Nederland has the option to redeem or replace the notes at any time, subject to certain conditions (including regulatory approval).

The coupon is fixed until Oct. 2, 2035, which marks the first reset date. It resets on the first reset date and every reset date thereafter (five-year intervals) to the five-year mid-swap rate, plus a margin, with no step up, and is paid semi-annually in arrears.

We understand the proceeds from the RT1 notes will be used for the group's general corporate purposes, which may include, without limitations, the refinancing of existing debt, including callable capital securities. With the issuance of the new debt, we will no longer regard the debt to be refinanced as having equity content.

We forecast that ASR Nederland's financial leverage (debt plus hybrid capital, divided by the sum of shareholder equity, debt, and hybrid capital), and fixed-charge coverage (EBITDA divided by senior and subordinated debt interest) will remain well within our thresholds for the ratings.

## Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceid/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings). Alternatively, call S&P Global Ratings' Global Client Support line (44) 20-7176-7176.

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