

Rating Action: Moody's Ratings upgrades Nexent Bank N.V.'s long-term deposit ratings to Ba2 from Ba3; outlook positive

18 Dec 2025

Paris, December 18, 2025 -- Moody's Ratings (Moody's) today upgraded Nexent Bank N.V.'s (Nexent Bank) long-term deposit ratings to Ba2 from Ba3. The outlook on these ratings was changed to positive from stable. In addition, we upgraded the bank's Baseline Credit Assessment (BCA) and Adjusted BCA to ba3 from b1, its long-term Counterparty Risk Ratings (CRRs) to Baa3 from Ba1 and its long-term Counterparty Risk (CR) Assessment to Baa3(cr) from Ba1(cr). Furthermore, we upgraded the bank's short-term CRRs to Prime-3 from Not Prime and the short-term CR Assessment to Prime-3(cr) from Not Prime(cr). Lastly, we affirmed the short-term deposit ratings at Not Prime. We also affirmed CEG N.V.'s foreign currency subordinated debt rating at B1.

RATINGS RATIONALE

The upgrade of Nexent Bank's long-term deposit ratings to Ba2 reflects (1) the upgrade of the bank's BCA to ba3 from b1, (2) the application of our Advanced Loss Given Failure (LGF) analysis, resulting in a low loss given failure and a one-notch uplift for the deposit ratings, and (3) a low probability of government support, resulting in no uplift.

The upgrade of Nexent Bank's BCA to ba3 from b1 reflects the continued diminution of portfolio concentrations, the sustainable improvement in profitability and the extended track record of very low loan losses. The BCA still reflects (1) high asset risks including sector, borrower and geographical concentrations, (2) intrinsically volatile profitability, (3) a moderate capitalisation in relation to the bank's risk profile and (4) a lack of funding diversification mitigated by large liquidity buffers.

Nexent Bank provides international trade and commodity finance, working capital loans to corporate clients and project finance in Western European and emerging countries. The bank also operates a small retail banking franchise in Romania (12% of outstanding loans as of end-June 2025). This business model entails high concentrations in sectors and geographical areas which we consider vulnerable. Nonetheless, the bank has decreased its concentration of large corporate exposures and has partially rebalanced its loan portfolio from Turkiye to more creditworthy geographies. Nexent Bank has also exhibited an extended track record of very stable asset quality in the last few years. It reported reversals of provisions of 20 basis points of average gross loans since the pandemic and its problem loans decreased to 2.1% of gross loans in H1 2025 from 6.3% in 2022.

The bank's profitability, which has historically been low and volatile, is currently moderate through its activities in trade and commodity finance as well as consumer credit activities. Net income represented 1.18% of total assets in H1 2025, a small decline from 1.36% in full year 2024 due to lower net interest margins, but still much higher than 0.39% in 2021 during the period of ultralow interest rates. We believe that the improvement in profitability is sustainable thanks to the normalization of the interest rate environment, well-controlled operating costs and more limited asset risk than in the past.

Capitalisation is moderate in relation to the bank's risk profile, despite a high Common Equity Tier 1 (CET1) ratio of 17.5% and high regulatory Tier 1 leverage ratio of 11% at end-June 2025. Nonetheless, the bank has regularly benefitted from capital support from its parents FIBA Holding AS (FIBA) and FINA Holding AS in the past. The bank also reported a large management capital buffer of 2.5 percentage points as of end-June 2025, bringing the total capital ratio to 18.5% at this date. After a long period of full profit retention, the bank resumed dividend distribution in 2022.

Nexent Bank mainly funds itself through online retail deposits raised in Germany and the Netherlands. A majority

of these products are covered by the Dutch Deposit Guarantee Scheme, which limits their sensitivity to reputational risks to a certain degree, but we consider online deposits where customers have no other relationship with the bank inherently less stable than primary client deposits. The bank also gathers substantial amounts of deposits from its corporate clients. The bank has limited market access for alternative funding sources and we consider the lack of funding diversification a weakness. Nonetheless, the bank holds substantial liquidity on its balance sheet, with High-Quality Liquid Assets (HQLAs) representing 24.1% of tangible banking assets at end-June 2025, which mitigates the risk of deposit outflows.

We continue to adjust Nexent Bank's financial profile by one notch to reflect its limited business diversification.

Our Advanced LGF analysis resulted in low loss given failure and a one-notch uplift for the deposit ratings, based on end-June 2025 accounts.

RATIONALE FOR POSITIVE OUTLOOK

Nexent Bank's long-term deposit ratings carry a positive outlook, reflecting our view that there is positive pressure under our Advanced LGF analysis. The bank has increased the proportion of deposits coming from corporate clients since 2021, under the bank's resolution perimeter, to 23% of total deposits at end-June 2025 from 11% at year-end 2021. We will determine over the next 12-18 months to which extent this shift in the deposit mix is structural and durable. We could eventually change the standard assumption for junior deposits to 26% from the current 10% in our LGF analysis, which would result in a very low loss given failure and a two-notch uplift for the deposit ratings.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Nexent Bank's BCA and long-term ratings could be upgraded if the bank's asset risk profile, capitalisation, profitability and diversity of funding sources were to improve over time. The long-term ratings could also be upgraded if the buffer of subordinated instruments were to significantly increase or if the proportion of junior deposits in the deposit mix of the bank structurally and durably increases.

The Tier 2 subordinated debt issued by CEG N.V., the holding company for Nexent Bank, could be upgraded if the subordination benefiting this debt increases and tangible banking assets decrease.

Nexent Bank's BCA and long-term ratings could be downgraded if a deteriorated macro environment were to result in an increase in asset risk and capital depletion, or if the bank increased its loan concentrations.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Banks published in November 2025 and available at <https://ratings.moodys.com/rmc-documents/454566>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Nexent Bank's assigned BCA of ba3 is set five notches below the "Financial Profile" initial score of baa1 because of sector, borrower and geographical concentrations, as well as a modest deposit franchise and limited business diversification.

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