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Results of DNB's 2026 LSI Supervisory Stress Test

DNB's 2026 LSI supervisory stress test shows that the Dutch Less Significant Institutions-sector remains resilient under a severe economic stress scenario. Despite a substantial deterioration in the macroeconomic environment in the stress scenario, the aggregate capital position (a CET-1 ratio of 21,9%) remains well above regulatory minima (the RWA weighted average Overall Capital Requirement in own funds is 16,2%). This resilience is supported by relatively strong starting capital levels, with an average CET1 ratio of 25,6%.

Introduction

Every year De Nederlandsche Bank (DNB) performs a supervisory stress test (SST) of a selection of Dutch banking institutions that are under direct DNB supervision (less significant institutions; LSIs). The goal of the LSI SST is to assess the resilience of Dutch LSIs under a hypothetical stress scenario, materializing over a three-year time horizon.

The LSI SST is an important element of the Supervisory Review and Evaluation process (SREP) process, as its outcome is the starting point for setting the Pillar 2 Guidance (P2G) for Dutch LSIs[1]. In line with the proportionality principle DNB applies a multi-year SREP cycle to a part of the LSI population. 12 out of the total population of 21 Dutch LSIs took part in the 2026 SREP and the 2026 LSI SST exercise. The 2026 sample represents 86% of total LSI assets and covers institutions with a wide range of sizes and business models. The results reported in this publication are aggregate figures[2] for this set of 12 participating LSIs.

Macroeconomic scenarios

The baseline and adverse scenario in the 2026 LSI SST match the ECB's update of the EBA scenarios used for the 2025 EU-wide stress test. The baseline reflects the macroeconomic outlook as of December 2025. The adverse scenario involves a sharp deterioration in the global macro-financial environment, driven by a resurgence in geopolitical tensions, entrenched trade fragmentation, including increases in tariffs, and persistent supply shocks.[3]

For the Netherlands, the adverse scenario assumes that real GDP declines by 6,3%, consumer prices increase by 9,8%, the unemployment rate increases by 6,9 percentage points (pp), and residential and commercial real estate prices decline by 25,8% and 28,5%, respectively during 2026-2028.[4]

[1] Qualitative aspects of the LSI SST outcomes may also be considered when setting P2G.
[2] Aggregate figures refer to totals or risk weighted assets-weighted averages.
[3] For details on the scenarios, see the EBA website
[4] All figures in this paragraph refer to cumulative changes over the three-year stress test horizon.

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Results

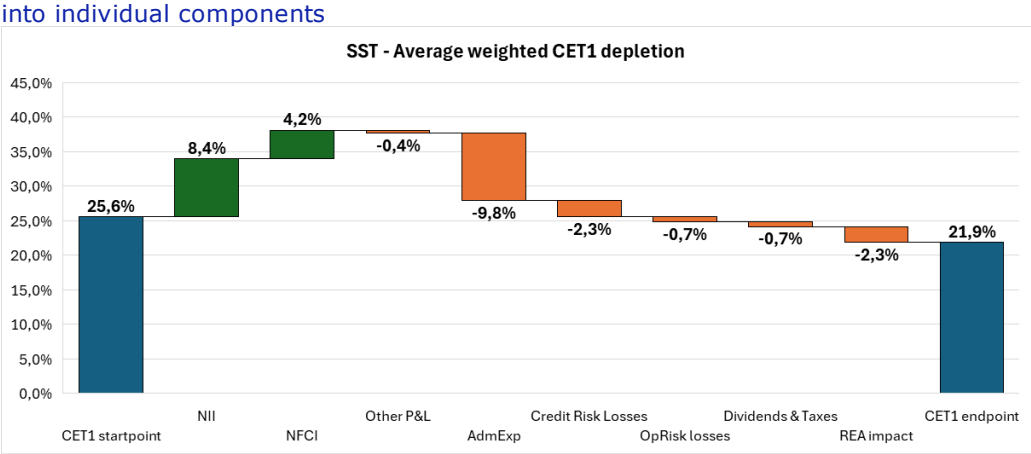
Table 1 shows that participating banks face an aggregate capital depletion of -3,7 pp in their Common Equity Tier 1 (CET1) ratio. This brings their average CET1 ratio, which stands at 25,6% as of end-2025, down to a projected value of 21,9% under the adverse scenario by end-2028.

Table 1: Summary of the 2026 LSI Supervisory Stress Test exercise outcome

CET1 ratio (end-2025; actual)	**CET1 ratio** (end-2028; SST projection)		**CET1 change** (end-2028; SST projection)	
Starting point	Baseline	**Adverse**	Baseline	**Adverse**
25,6%	26,8%	**21,9%**	+ 1,2 pp	**- 3,7 pp**

Figure 1 shows a decomposition of the overall CET1 impact of 3,7 pp under the adverse scenario into individual components. The projected increase in credit risk losses is the largest contributor to the overall CET1 depletion, causing a decrease in CET1 ratio by –2,3 pp. The projected increase of aggregate risk weighted assets (RWA) causes a further sizeable decrease of the CET1 ratio by –2,3 pp. Projected operational risk losses are smaller (–0,7 pp). Finally, net aggregate bank earnings (NII, NFCI, administrative expenses and other P&L elements after dividends and taxes) remains positive under the stress scenario and reduces the stress impact on the CET1 ratio by 1,6 pp.

Figure 1: Decomposition of the overall CET1 impact under the adverse scenario into individual components



Individual impact

The stress test results vary across institutions, reflecting differences in business models, portfolio composition and sensitivity to interest rate developments. This underlines the importance of continued supervisory attention to credit risk developments and business model sustainability for individual LSIs.