

# Caja Rural de Navarra

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Founded in 1910, Caja Rural de Navarra, Sociedad Cooperativa de Crédito (CRN) is a regional cooperative bank with just under 950 employees and more than 250 branches. The bank focuses primarily on the region of Navarre, where it boasts high market shares for loans (FY 2021: 28.1%) and deposits (30.0%). It also operates in the neighbouring regions of La Rioja and the Basque Country. In geographical terms, around 90% of the loan portfolio is attributable to the regions of Navarre and the Basque Country. The owners of this cooperative bank are its 178,000 members. CRN is the third-largest cooperative bank in Spain as measured by total assets (FY 2021: EUR 16.3bn). Alongside 29 other cooperative banks, CRN is part of Banco Cooperativo Español S.A (an association of cooperative banks), which in turn is 88% owned by the Grupo Caja Rural. Together, these 30 cooperative banks have started an institutional protection scheme. This fund, which is financed by paid-in capital from the cooperative banks, aims to safeguard the financial stability of its members in addition to improving their respective risk profiles. The bank focuses its business activities on retail banking and SMEs. In connection with its Sustainability Framework, Caja Rural de Navarra has been a very active ESG issuer since 2016 and can point to an ESG risk rating of 9.8 from the ESG research company Sustainalytics. As of 30 September 2022, total assets amounted to EUR 16.498bn, the CET1 ratio (fully loaded) was 18.75% and met the regulatory requirements of 7.633%.

## Ratings

	Rating	Outlook
Fitch	BBB+	Stable
Moody's*	Baa1	Stable
S&P		

\*LT Bank Deposits

## Homepage

[cajaruraldenavarra.com](http://cajaruraldenavarra.com)

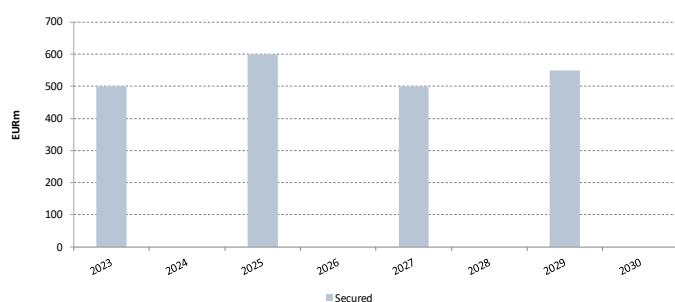
## Balance Sheet

(EURm)	2019Y	2020Y	2021Y
Net Loans to Customers	8,177	9,314	9,446
Total Securities	3,959	4,648	5,093
Total Deposits	8,729	10,198	10,261
Tier 1 Common Capital	1,218	1,317	1,425
Total Assets	13,133	15,850	16,333
Total Risk-weighted Assets	7,255	7,202	7,613

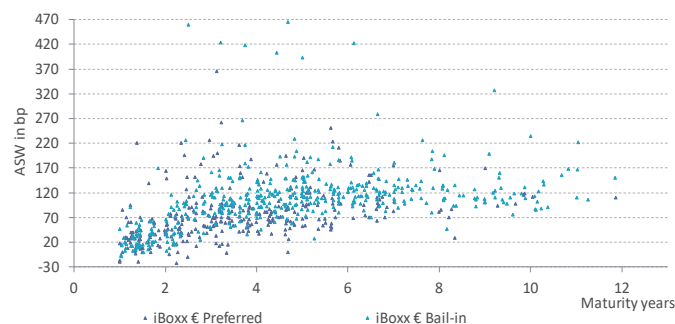
## Income Statement

(EURm)	2019Y	2020Y	2021Y
Net Interest Income	144	147	141
Net Fee & Commission Inc.	68	69	83
Net Trading Income	7	1	3
Operating Expense	174	110	192
Credit Commit. Impairment	-	-	-
Pre-tax Profit	109	99	102

## Redemption Profile



## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2019Y	2020Y	2021Y		2019Y	2020Y	2021Y
Net Interest Margin	1.18	1.05	0.90	Liquidity Coverage Ratio	369.95	336.91	361.66
ROAE	8.24	6.67	6.52	IFRS Tier 1 Leverage Ratio	9.28	8.31	8.77
Cost-to-Income	58.54	38.14	61.99	NPL/ Loans at Amortised Cost	1.99	1.90	1.90
Core Tier 1 Ratio	16.79	18.28	18.72	Reserves/Loans at Amort. Cost	1.56	2.15	2.20

As of: 17.01.2023; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Capitalisation
- Funding profile
- Loan quality in a sector comparison

## Risks / Weaknesses

- Economic environment could impair asset quality
- Diversification of funding instruments
- Profitability

## Covered Bonds

Author: Stefan Rahaus

### Caja Rural de Navarra with currently three outstanding EUR benchmarks in ESG format

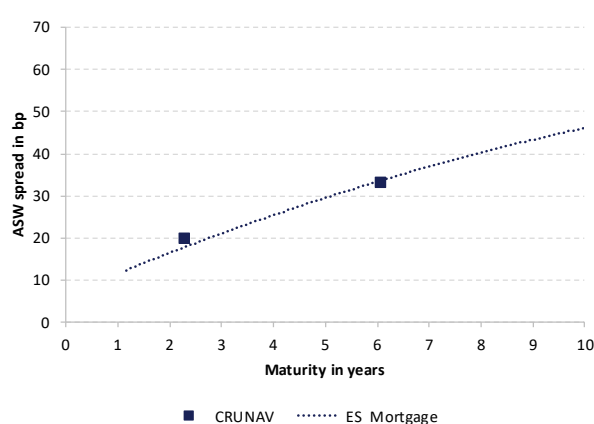
Caja Rural de Navarra currently has three EUR benchmarks outstanding with a total volume of EUR 1.6bn, all of which have an ESG format. The first sustainable bond was issued in 2016, which now has a maturity of less than one year. The first green covered bond from Spain CRN placed in February 2022 with an initial maturity of seven years. Previously, all covered bonds were issued in hard bullet format, but new Spanish legislation now also allows soft bullet maturity structures. The total outstanding covered bonds of EUR 2.450bn as of 30 September 2022 are matched by a mortgage cover pool with cover assets in the volume of EUR 2.864bn. The calculated overcollateralisation is 16.9% and thus above the statutory minimum requirement in Spain of 5.0%.

### Programme data

30 September 2022	Mortgage
Covered bonds outstanding	EUR 2,450m
Cover pool volume	EUR 2,864m
Current OC (nominal / legal)	16.9% / 5.0%
Type	88% Residential / 12% Commercial
Main country	100% Spain
Main regions	46.8% Basque Country / 43.9% Navarre
Number of loans / exposures	32,502
Average loan size (Resid. / Comm.)	EUR 84,300 / EUR 131,900
Fixed interest (Cover Pool / CBs)	30.7% / 100.0%
WAL (Cover Pool / CBs)	10.3y / 3.6y
NPL	0.00%
CB Rating (Fitch / Moody's / S&P)	- / Aa1 / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Spread overview (BMK) – Spain



### Mortgage cover pool with high residential share

The cover pool of Caja Rural de Navarra is composed of 100% primary cover. All of the financing is located in Spain. In line with the business strategy, Navarre and the Basque Country dominate regionally with a combined share of 90.7% of the cover assets. Non-performing loans (NPL) are reported at 0.04%. 48.4% of the financings had already been outstanding for more than 60 months as of the reporting date. 88% of the cover pool (EUR 2.52bn) is of a residential nature. This cover pool share is made up of 29,886 mortgage loans with an average loan volume of EUR 84,300, 78.1% of which serve to finance flats or apartments. The average indexed loan-to-value ratio is given as 56.2%. The share of commercial assets in the cover pool is 12% (EUR 345m; 2,616 loans with an average volume of EUR 131,900). 34.7% and 26.0% are allocated to the industrial and retail sectors, respectively. The average indexed loan-to-value ratio of commercial loans is 33.4%.

### Rating and regulation

The Mortgage Covered Bonds of Caja Rural de Navarra have an Aa1 rating from Moody's, which corresponds to the country ceiling for Spain. This was last confirmed by Moody's on 11 January 2023. A risk weight of 10% can be derived for the covered bonds in accordance with the CRR. Also on the basis of the now valid requirements of Article 14 of the Covered Bond Directive, we consider the EUR benchmarks of Caja Rural de Navarra to be suitable as a Level 1 asset in the context of LCR management and we consider covered bonds of Caja Rural de Navarra to be eligible assets for repo transactions with the ECB.

# Annex

## Contacts at NORD/LB

### Markets Strategy & Floor Research

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Sales Europe	+352 452211-515

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Origination Corporates	+49 511 361-2911

### Treasury

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Collat. Management/Repos	+49 511 9818-9200
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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
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