

Argenta Spaarbank

Issuer View • 29. January 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

	Rating	Outlook
Fitch	-	-
Moody's	-	-
S&P	A	Stable

Argenta Spaarbank N.V. is part of the Belgian Argenta Group (Argenta Bank- en Verzekeringsgroep N.V.; Holding) and mainly offers retail banking services in Belgium and the Netherlands. In addition, insurance services are sold via Argenta Assuranties. According to its own figures, Argenta is the fifth largest financial institution in Belgium (in terms of customer deposits). Argenta Spaarbank was founded in 1956 and today has 406 branches (FY/2022) and serves more than 1.7 million customers. Investar (holding company of the founding family; share of around 87.34%) and Argen-Co (via co-operative capital owned by employees and customers; share of 12.66%) are the only shareholders. Through Argenta Asset Management (assets under custody EUR 12.5bn and combined fee income EUR 104m as at 30. June 2023) the group diversifies its income sources. Within the Argenta Group, Argenta Spaarbank is the unit responsible for capital market refinancing. The largest share of the loan portfolio was attributable to mortgage loans in the Netherlands with a share of 50% (as at 30 June 2023, of which 21% with "National Mortgage Guarantee"), followed by Belgium (46%). The strategy of diversifying refinancing (retail funding share as at 30 June 2023: 79%; wholesale funding: 13%) was continued in 2023. A covered bond benchmark was placed on the market in mid-June 2023. Argenta Spaarbank is also one of the institutions that is active in the green bond sub-segment and has regarded sustainability as a guiding principle of its business activities for more than 60 years. In January 2022, the bank presented its Green Bond Framework, on the basis of which two senior non-preferred bonds in green format have been placed on the market.

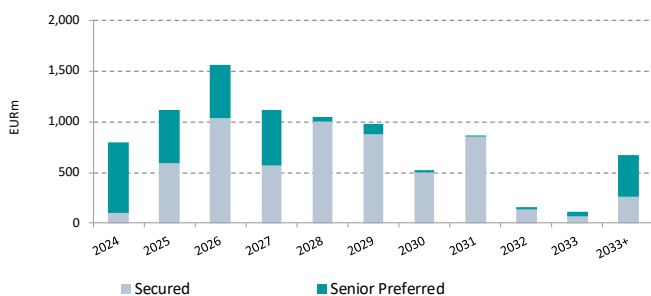
Homepage

www.argenta.eu

Balance Sheet

(EURm)	2021Y	2022Y	2023H1
Net Loans to Customers	36,620	39,461	40,303
Total Securities	7,805	10,187	9,636
Total Deposits	40,280	42,184	41,944
Tier 1 Common Capital	2,354	2,363	2,496
Total Assets	48,738	53,391	53,509
Total Risk-weighted Assets	10,907	11,017	11,057

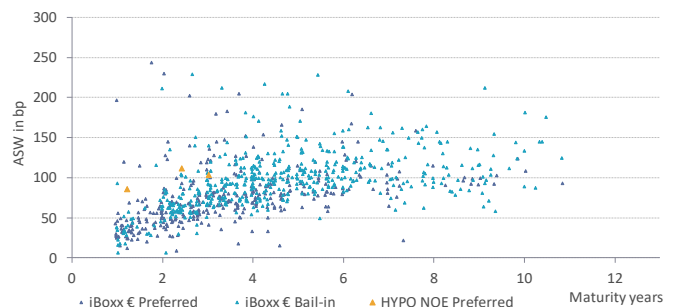
Redemption Profile



Income Statement

(EURm)	2021Y	2022Y	2023H1
Net Interest Income	579	575	387
Net Fee & Commission Inc.	17	50	25
Net Trading Income	-4	-11	-17
Operating Expense	402	433	283
Credit Commit. Impairment	-2	14	6
Pre-tax Profit	250	246	136

Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023H1	2021Y	2022Y	2023H1	
Net Interest Margin	1.23	1.14	1.46	Liquidity Coverage Ratio	164.27	186.01	192.36
ROAE	7.72	8.05	7.21	IFRS Tier 1 Leverage Ratio	4.89	4.45	4.69
C/I ratio (excl. bank levies) ¹	47.00	45.00	42.00	NPL/ Loans at Amortised Cost	0.47	0.42	0.42
Core Tier 1 Ratio	21.59	21.45	22.57	Reserves/Loans at Amort. Cost	0.09	0.11	0.12

As of 29.01.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research; ¹Argenta Spaarbank

Strengths / Opportunities

- Capitalisation & liquidity
- Business focus (retail banking)

Risks / Weaknesses

- Regional focus
- Cost base (C/I ratio improving)

Covered Bonds

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Mortgage cover pool totals EUR 3.049bn

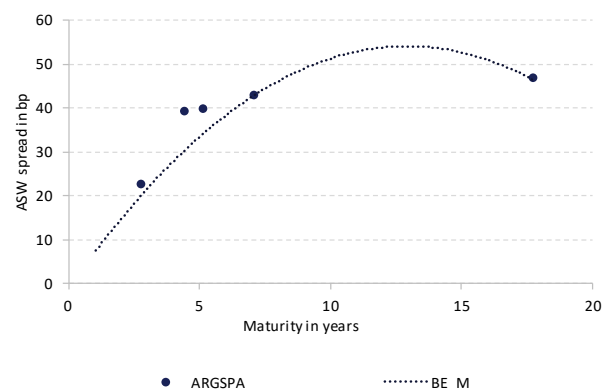
Argenta Spaarbank maintains a mortgage-backed covered bond programme. As at the reporting date of 31 December 2023, the cover assets of the dynamically growing mortgage pool totalled EUR 3.049bn. The cover assets are offset by issues with a volume of EUR 2.500bn, resulting in an overcollateralisation ratio of 22.0% (of which voluntary overcollateralisation: 17.0%). The pool additionally contains EUR 45m of liquid bonds. The issuer is represented in the current composition of the iBoxx EUR Covered benchmark index with five issues. The total outstanding volume amounts to EUR 2.5bn. In addition, Argenta Spaarbank is already represented in the EUR benchmark segment for covered bonds in both short and long maturities through its placements in recent years.

Programme data

31 December 2023	Mortgage
Covered bonds outstanding	EUR 2.500bn
Cover pool volume	EUR 3.049bn
Current OC (nominal / legal)	22.0% / 5.0%
Type	100.0% Residential
Main country	100.0% Belgium
Main region	33.8% Antwerpen
Number of loans	34,575
Share top 10 exposures	0.2%
NPL	0.00%
Fixed interest (Cover Pool / CBs)	33.7% / 100.0%
WAL (Cover Pool / CBs)	9.3y / 7.5y
CB Rating (Fitch / Moody's / S&P)	- / - / AAA

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

Spread overview (BMK) – Belgium



Residential cover assets located exclusively in Belgium

Argenta Spaarbank's mortgage cover pool consists almost exclusively of primary cover assets (share: 98.5%). In terms of the type of cover assets, the cover pool stands out with its exclusively residential property cover. In addition, 98.9% of the corresponding property loans fall into the "owner occupied" category. All of the cover assets are geographically located in the home market of Belgium. In terms of regional distribution, Antwerp dominates (share: 33.8%) ahead of Oost-Vlaanderen (19.3%), Vlaams-Brabant (15.6%), Limburg (12.0%) and West-Vlaanderen (10.2%). The granularity is reflected in the number of loans (34,575), the average loan volume (EUR 88,193) and the low proportion of the ten largest exposures (0.2%). At 6.3%, the proportion of loans with a volume of more than EUR 300,000 is well below 10%. The average loan-to-value ratio of the cover assets is stated at 53.0% for the indexed case, while the "unindexed LTV" amounts to 61.7%.

Rating and regulatory treatment

Argenta Spaarbank's mortgage-backed covered bonds have the highest rating (AAA) from the rating agency Standard & Poor's. Based on the rating, a preferred risk weight of 10% applies to the issuer's covered bonds in accordance with the CRR. In addition, we believe that Argenta Spaarbank's benchmark transactions qualify as Level 1 assets within the scope of LCR management. The issuer's covered bonds are also suitable as collateral in transactions with the ECB. Argenta Spaarbank's covered bond issues can be marketed under the "European Covered Bond (Premium)" label.

Appendix

Contacts at NORD/LB

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Frequent Issuers	+49 511 9818-9640

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