

# Argenta Spaarbank

Issuer View • 15. October 2024

Authors: Alexander Grenner // Lukas Kühne // Dr. Frederik Kunze

## Ratings

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

## Homepage

[www.argenta.eu](http://www.argenta.eu)

Argenta Spaarbank N.V. is part of the Belgian Argenta Group (Argenta Bank- en Verzekeringsgroep N. V.; Holding) and offers retail banking services, primarily in Belgium and the Netherlands. Moreover, the Argenta Group operates insurance services via Argenta Assuranties. According to information from Argenta itself, it is the fifth-largest financial institute in Belgium (as measured by customer deposits). Argenta Spaarbank was founded in 1956 and today operates 387 branches (FY 2023), serving more than 1.7m customers in total. Investar (holding company of the founding family) owns all shares in Argenta Spaarbank and is therefore the sole shareholder. Within the Argenta Group, Argenta Spaarbank is the unit responsible for capital market refinancing activities. The largest share of the loan portfolio (51% in H1 2024) is attributable to mortgage loans in the Netherlands (30% of which come with a national mortgage guarantee), followed by Belgium at 45% (remaining 4%: "Other"). In order to diversify the funding mix (81% retail funding share as at H1 2024; wholesale funding share 12%), two benchmark covered bonds were issued in June 2023 and February 2024. Argenta has been active for several years as a covered bond and green bond issuer, having placed an inaugural covered bond in EUR benchmark format back in February 2021. The first green bonds followed the publication of the Green Bond Framework in January 2022. These are intended to refinance sustainable buildings in Belgium and the Netherlands, among other aspects.

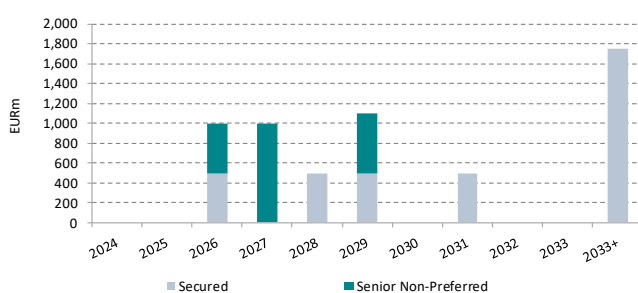
## Balance Sheet

(EURm)	2022Y	2023Y	2024H1
Net Loans to Customers	39,461	40,813	41,883
Total Securities	10,015	9,973	10,134
Total Deposits	42,184	42,615	44,589
Tier 1 Common Capital	2,363	2,661	2,730
Total Assets	53,391	53,842	55,768
Total Risk-weighted Assets	11,017	12,089	10,227

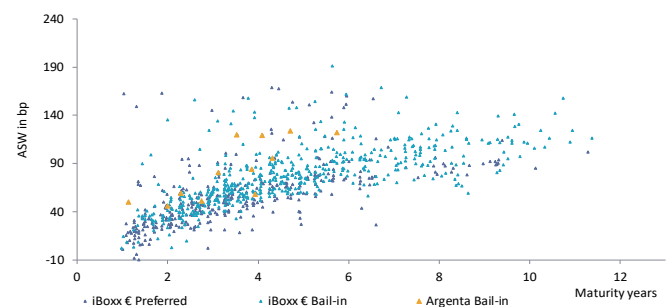
## Income Statement

(EURm)	2022Y	2023Y	2024H1
Net Interest Income	575	741	337
Net Fee & Commission Inc.	56	56	43
Underlying Gains and Losses	-11	3	5
Operating Expense <sup>2</sup>	-407	-450	-249
Impairments	-20	-12	0
Pre-tax Profit	246	340	134

## Redemption Profile



## Senior Unsecured Bonds (EUR BMK)



## Company Ratios

	2022Y	2023Y	2024H1		2022Y	2023Y	2024H1
Net Interest Margin	1.12	1.38	1.23	Liquidity Coverage Ratio	186.01	218.61	242.31
ROAE	8.05	9.33	6.13	IFRS Tier 1 Leverage Ratio	4.30	4.80	4.80
C/I ratio (incl. bank levies) <sup>1</sup>	60.50	56.00	52.30	NPL/ Loans at Amortised Cost	0.42	0.44	0.45
Core Tier 1 Ratio	21.45	22.01	26.91	Reserves/Loans at Amort. Cost	0.11	0.11	0.10

As of 15.10.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research;

<sup>1</sup>Argenta Spaarbank; <sup>2</sup>Payroll, Operating Expenses & Bank Levies

## Strengths / Opportunities

- Capitalisation
- Loan quality
- Business focus (retail banking)

## Risks / Weaknesses

- Concentration risks
- Interest rate environment
- Cost basis (inflation pressure)

## Covered Bonds

Authors: Alexander Grenner // Lukas Kühne // Dr. Frederik Kunze

### Mortgage cover pool totals EUR 4.600bn

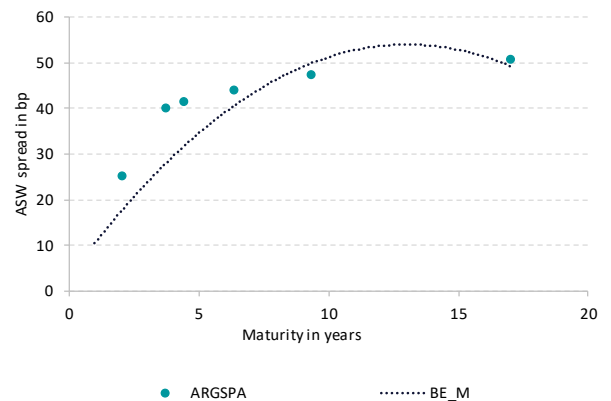
Argenta Spaarbank only maintains a mortgage-backed covered bond programme. As at the reporting date of 30 June 2024, the cover assets of the dynamically growing mortgage pool totalled EUR 4.600bn. At the same time, these issues had a volume of EUR 3.750bn, resulting in an overcollateralisation ratio of 22.7% (including voluntary overcollateralisation of 17.7%). The issuer is currently represented in the iBoxx EUR Covered benchmark index with six issues. The total outstanding volume amounts to EUR 3.25bn, with both short and very long maturities represented.

### Programme data

30 June 2024	Mortgage
Covered bonds outstanding	EUR 3.750bn
Cover pool volume	EUR 4.600bn
Current OC (nominal / legal)	22.7% / 5.0%
Type	100.0% Residential
Main country	100.0% Belgium
Main region	33.1% Antwerpen
Number of loans	51,453
Share top 10 exposures	0.1%
NPL	0.00%
Fixed interest (Cover Pool / CBs)	34.8% / 100.0%
WAL (Cover Pool / CBs)	9.2y / 7.9y
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: 98.2%), with the remainder being substitute cover. The cover assets in the cover pool are 100% of a residential nature. At the same time, 97.3% of the corresponding property financing is allocated to the "owner occupied" category. All of the cover assets are geographically located in the home market of Belgium. Antwerp (share: 33.8%) dominates in terms of regional distribution, followed by Oost-Vlaanderen (18.3%), Vlaams-Brabant (14.6%), Limburg (11.1%) and West-Vlaanderen (10%). The granularity of the cover pool is reflected in the number of loans (51,453), the average loan volume (EUR 89,402) and the low proportion of the ten largest exposures (0.1%). The proportion of loans with a volume of more than EUR 300,000 is well below 10% at 5.1%. In addition, the average loan-to-value ratio of the cover assets for the indexed case is 51.3%, while the "unindexed LTV" amounts to 60.8%.

### Rating and regulatory treatment

Argenta Spaarbank's mortgage-backed covered bonds have the highest rating (AAA) from the rating agency Standard & Poor's. On this basis, a preferred risk weight of 10% is applicable for the issuer's covered bonds in accordance with the CRR. In addition, we believe that Argenta Spaarbank's benchmark transactions are suitable as Level 1 assets for LCR management purposes. 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

### Floor Research



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Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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