

# Argenta Spaarbank Belgian Covered Bonds Assigned 'AAA' Rating; Outlook Stable

February 11, 2021

## Overview

- We have assigned our 'AAA' credit rating to Argenta Spaarbank's covered bond program and its first public issuance.
- Our rating reflects our review of the program documents and portfolio under our covered bonds criteria and that available credit enhancement exceeds the required credit enhancement for a 'AAA' rating.
- The stable outlook on our rating reflects the fact that there is an unused notch of collateral uplift.

MILAN (S&P Global Ratings) Feb. 11, 2021--S&P Global Ratings has assigned its 'AAA' credit rating to the first residential mortgage loan-backed covered bond program and inaugural public issuance from Argenta Spaarbank N.V. (Argenta).

Our covered bond ratings process follows the methodology and assumptions outlined in our "Covered Bonds Criteria," published on Dec. 9, 2014, and "Covered Bond Ratings Framework: Methodology And Assumptions," published on June 30, 2015.

We consider that the legal and regulatory framework for covered bonds in Belgium will effectively isolate the cover pool assets for the benefit of the covered bondholders. This asset isolation allows us to assign a higher rating to the covered bonds than our long-term issuer credit rating (ICR) on Argenta ('A-').

We conducted a review of Argenta's mortgage operations, which we view as prudent. We believe satisfactory procedures are in place to support our rating on the covered bonds.

Under our covered bonds criteria, we first assess the reference rating level (RRL), which for Argenta covered bonds is 'a+'. This reflects the ICR on the issuer, plus two notches of uplift to reflect our view of the protection offered to covered bondholders by the bail-in provisions specified under the EU's Bank Recovery and Resolution Directive in Belgium.

Our assessment of the expected jurisdictional support for Argenta's covered bond program, which is backed by Belgian residential loans, is strong. Under our covered bonds criteria, this could result in a potential uplift from the RRL of up to two notches leading to a jurisdiction-supported rating level of 'aa'.

We have reviewed the asset information provided as of Jan. 30, 2021. The portfolio comprises loans backed by mortgages on residential properties in Belgium.

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## **Argenta Spaarbank Belgian Covered Bonds Assigned 'AAA' Rating; Outlook Stable**

Based on our credit and cash flow analysis, we believe that the available credit enhancement exceeds the required credit enhancement for a 'AAA' rating for the inaugural issuance.

There are currently no rating constraints to the 'AAA' rating related to counterparty or sovereign risks.

### **Related Criteria**

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | Covered Bonds: Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Criteria | Structured Finance | Covered Bonds: Covered Bonds Criteria, Dec. 9, 2014
- Criteria | Structured Finance | Covered Bonds: Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities, Dec. 9, 2014
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

### **Related Research**

- Presale: Argenta Spaarbank N.V. (Mortgage Covered Bonds), Jan. 26, 2021
- S&P Global Ratings Definitions, Jan. 5, 2021
- Global Covered Bond Insights Q4 2020, Dec. 17, 2020
- Global Covered Bond Characteristics And Rating Summary Q4 2020, Dec. 17, 2020
- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, Nov. 27, 2020
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, Nov. 27, 2020
- Argenta Spaarbank Outlook Revised To Stable On Increased Additional Loss-Absorbing Capacity; Affirmed At 'A-/A-2', Oct. 26, 2020

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