

Research Update:

Argenta Spaarbank Outlook To Negative As Additional Loss-Absorbing Capacity Faces Possible Strain; Ratings Affirmed

June 17, 2025

Overview

- Argenta Spaarbank N.V. (Argenta) has so far maintained a substantial buffer of senior nonpreferred (SNP) debt to comply with its minimum requirement for own funds and eligible liabilities (MREL).
- At the end of March, Argenta disclosed that its MREL requirement was reduced, which could result in a softening of the bank's commitment to issuing additional SNP debt over the following 24 months.
- Therefore, we revised the outlook on the bank to negative from stable to indicate that, in our view, the current additional loss-absorbing capacity (ALAC) support could be reduced if the bank's commitment to issuing SNP debt lessened. At the same time, we affirmed our 'A/A-1' long- and short-term issuer credit ratings on Argenta.

Rating Action

On June 17, 2025, S&P Global Ratings revised its outlook on Argenta to negative from stable and affirmed its 'A/A-1' long- and short-term issuer credit ratings on the bank. At the same time, we affirmed our 'A+/A-1' long- and short-term resolution counterparty ratings on Argenta.

Rationale

At the end of March 2025, Argenta disclosed that the Single Resolution Board had recognized the bank's improved resolution planning by reducing its MREL requirement to 6.6% of total liabilities and own funds, from 7.78%. The change is effective from 2025. Although the bank is still required to maintain a MREL buffer that is 100% subordinated to its senior preferred liabilities, we anticipate that the reduced requirement could lessen Argenta's commitment to issue additional SNP notes. The bank has consistently maintained a substantial amount of SNP debt to comply with its MREL. At year-end 2024, Argenta had an ALAC buffer of €2.1 billion, or 12.24% of risk-weighted assets (RWAs), which protected its senior creditors.

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The bank's capacity to maintain an ALAC buffer above the threshold required for a second notch of uplift depends on consistent ongoing issuance of SNP debt. We understand that Argenta's management will consider its strategic options regarding its funding plan given the reduced MREL requirement, and that it could make a decision in the coming months. Even if Argenta does not replace its maturing SNP notes in 2025, its ALAC buffer is projected to be €1.6 billion at year end. This is equivalent to 8.93% of RWAs, and thus remains above our 8% threshold. Depending on the bank's strategic response, the size of its ALAC buffer could fall below our 8% threshold within the next 24 months.

Argenta is the lead banking entity within the Argenta bancassurance group. We understand that Argenta's preferred resolution strategy, which envisages a sale of the bank, has not changed. In our view, this is a credible strategy, given the noncomplex nature of its business, which is focused on mortgage lending, and the existence of larger players that could be capable of completing a deal. This, combined with Argenta's substantial subordinated loss-absorbing capacity, supported our view that executing its resolution strategy would likely ensure full and timely payment of senior preferred liabilities.

The Argenta group's credit profile benefits from its very high capitalization with an increasing risk-adjusted capital (RAC) ratio. It also has a record of solid profitability and strong credit metrics, resulting in low credit losses through the cycle, and an adequate funding and liquidity profile. Despite the decline in interest rates, we anticipate that profitability will remain resilient, bolstered by good mortgage volumes in Belgium and the Netherlands; fee income from insurance and asset management; and sound operating efficiency.

Outlook

The negative outlook on Argenta reflects our concerns regarding the bank's ability to maintain its buffer of bail-in-able instruments above 8% over the next 18-24 months. We anticipate that the group will maintain its RAC ratio above 15%, and will remain financially sound, despite the difficult macroeconomic environment, with stable asset quality over the same timeframe.

Downside scenario

We could downgrade Argenta if it cannot maintain its ALAC buffer above 8% of our projected RWAs. In this scenario, a downgrade would affect only our ratings at the issuer level and our issue ratings on Argenta's senior preferred debt. It would not affect our ratings on SNP notes and other hybrids.

Upside scenario

We could revise the outlook to stable if we expect Argenta to maintain its ALAC buffer above the 8% threshold. Although we consider it less likely, we could also take a positive rating action if the Argenta group's credit profile strengthened so that it was more closely comparable with that of higher-rated peers that have a stand-alone credit profile of 'a-'. This could be supported by continued good strategy execution, sound risk management, and solid profitability metrics.

Rating Component Scores

Rating Component Scores

Issuer Credit Rating	A/Negative/A-1
SACP	bbb+
Anchor	bbb+
Business position	Moderate (-1)
Capital and earnings	Very Strong (2)
Risk position	Moderate (-1)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	2
ALAC support	2
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0
SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.	

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Belgium 'AA/A-1+' Ratings Affirmed; Outlook Revised To Negative On Risks To Budgetary Consolidation](#), April 25, 2025
- [Economic Outlook Eurozone Q2 2025: A World In Limbo](#), March 25, 2025
- [Credit Conditions Europe Q2 2025: Europe Plots A New Course](#), March 26, 2025

- [The Top Trends Shaping European Bank Ratings In 2025 Solid Positions, Growing Ambitions](#), Jan. 27, 2025
- [Benelux Banking Outlook 2025: A Story of Resilience](#), Jan. 21, 2025
- [European Banks' Resolution Story Moves To The Next Chapter](#), Sept. 25, 2024
- [Banking Industry Country Risk Assessment: Belgium](#), Dec. 4, 2023

Ratings List

Ratings list

Ratings Affirmed; Outlook Action		
	To	From
Argenta Spaarbank N.V.		
Issuer Credit Rating	A/Negative/A-1	A/Stable/A-1
Ratings Affirmed		
Argenta Spaarbank N.V.		
Resolution Counterparty Rating	A+/-/A-1	
Senior Unsecured	A	
Senior Subordinated	BBB	
Subordinated	BBB-	

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