

Impact assessment Eligible Green Loan Portfolio Argenta

Project: Impact assessment Eligible Green Loan Portfolio Argenta Belgium

Subject: Reduced CO₂-emission calculation

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Status: Final



CFP Green Buildings has been asked to compare the greenhouse gas emissions¹ of a specific, energy-efficient group of residential real estate (in this document indicated as Eligible Green Loan Portfolio^{2,3}) to that of a comparable group of residential real estate with an average energy efficiency (indicated as “Reference” or “Reference Group”⁴). The objective of this analysis is to report the positive impact of the sustainable residential real estate of Argenta. The sustainable residential real estate of Argenta complies with the criteria of the EU Taxonomy Delegated Regulation from June 2021. This document outlines the results of this analysis.

Preface

Argenta Bank- en Verzekeringsgroep (Argenta Group) provides retail financial services for families in Belgium and the Netherlands, through Argenta Spaarbank (banking) and Argenta Assuranties (insurance).

Founded in 1956, Argenta is today Belgian’s fifth largest banking institution by customer deposits, with over 1.7 million customers. Its product offering that focusses on simplicity and long-term relationships of trust with the clients builds on four pillars:

- Savings
- Lending
- Insurance
- Investments

The group operates in Belgium through an extensive network of local self-employed, tied agents.

Mission and Vision

Argenta wants to assist families and individuals in living financially healthy lives in a simple, honest and close-at-hand way. Additionally, this mission takes into account the company values, that have marked Argenta’s strategy and corporate culture from the outset:

- Simple, ‘no frills’
- Honest
- Close-at-Hand
- Enterprising and Independent
- Future-oriented and Safe

Argenta is an independent bank-insurer with an excellent customer service and long-term relationships with all its stakeholders.

¹ Greenhouse gas emissions are calculated in CO₂-equivalent, which will be referred to as CO₂ throughout this document.

² When referring to the Eligible Green Loan Portfolio in this document, we refer to Residential Green Buildings in Flanders and Wallonia only.

³ The Eligible Green Loan Portfolio consists of 12.182. The Eligible Green Loan Portfolio represents 9,96% of the total outstanding amount of the total portfolio as mentioned above.

⁴ To determine the baseline of average dwelling energy efficiency, we use average data on usable floor area for new apartments and houses and average data on energy consumption for heating per household.

It is a solid and stable institution with strong capital and liquidity ratios and sound risk and investment policies. The rapid digital evolution goes hand-in-hand with special attention to cyber security and data protection.

In Belgium, Argenta wants to be easily accessible through its self-employed distribution partners but also digitally with a range of retail banking and insurance products tailored to individuals and families. In the Netherlands, distribution takes place digitally and through independent distribution channels, with a focus on mortgage loans. In Luxembourg, Argenta manages investment funds.

Building regulations

Assets in the Eligible Green Loan Portfolio should belong to the top 15% of the national or regional building stock expressed as operational Primary Energy Demand, as required by the EU taxonomy.

The year of construction is used to determine the top 15%. Over time, the Flemish and Walloon Building Regulations become more stringent in terms of energy-efficiency and sustainability requirements for new buildings. Therefore, the building year is used as a criterion for the selection of the Argenta Eligible Green Loan Portfolio.

To define the top 15%, the selected year for Flanders is 2012 and 2010 for Wallonia. As per end 2020, there are 355.390 assets in Flanders built since 2012, which is 9,3% of all buildings in Flanders (3,3 million residential buildings as per start of 2021⁵). As per end 2020, there are 127.346 assets in Wallonia built since 2010, which is 7,3% of all buildings within Wallonia (1,7 million residential buildings as per start of 2021⁵).

Methodology

The CO₂-emissions of the 12.182 eligible objects are determined by using the calculated energy consumption of these objects. Of these objects, 10.988 are located in Flanders and 1.194 in Wallonia. The energy usage is based on algorithms from the expert system of CFP Green Buildings. In this study, the calculated energy consumption of the Reference Group was determined based on data from 'Statistiekvlaanderen.be', 'energiebesparen.be' and 'CEHD.be'. The Reference Group is a group of residential buildings with comparable floor area and average energy efficiency.

The total energy consumption can be converted to CO₂ emissions by using standard conversion factors. The heat-related primary energy consumption calculation is based on the average share of the main energy sources used for heating by households. In Flanders, these main energy sources are electricity, natural gas, heating oil and pellets. Electricity, natural gas, heating oil and wood are the main energy sources for heating of residential buildings in Wallonia. The Belgian government created a widely accepted and uniform list with grid emission factors: www.co2emissiefactoren.be. As in line with PCAF⁶, the grid emissions related to the direct emissions are used, which is also known as Tank-To-Wheel (TTW⁷). The factor for electricity is updated regularly to reflect changes in the Belgian electricity mix. This leads to the following emission factors:

	CO₂-emissions⁸	
Natural Gas	0,182	kg/kWh
Electricity	0,169	kg/kWh
Heating Oil	2,7	kg/m ³
Pellets	0,1408	kg/kg
Wood	0,1043	kg/kg

Table 1: Belgian CO₂-emission factors

Energy consumption

⁵ Source for number of residential buildings: Statbel
⁶ Partnership for Carbon Accounting Financials (PCAF) is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.
⁷ Tank-to-Wheel (TTW) are the direct emissions of an activity. In this case, the direct emissions of the energy usage.
⁸ Source: <https://www.co2emissiefactoren.be> using TTW emissions.

Table 2 shows the calculated energy consumption of the Eligible Green Loan Portfolio. On average, Walloon residential buildings consume more energy than Flemish dwelling. However, the eligible assets (constructed after 2010) consume significantly less energy than the Walloon Reference Group. The procedure for defining the top 15% is set out in the Methodology Report.

The calculated energy consumption for the Eligible Green Loan Portfolio is 130 million kWh. The total calculated energy consumption is 60 kWh per m².

	<i>Flanders</i>	<i>Wallonia</i>	<i>Total</i>
<i>Energy consumption (kWh)</i>	102.345.254	28.068.253	130.413.507
<i>Energy consumption (kWh/m²)</i>	52	128	60

Table 2: Calculated energy consumption Eligible Green Loan Portfolio

CO₂-emission

Table 3 shows the CO₂-emissions of the Eligible Green Loan Portfolio and the Reference Group, based on the calculated energy consumption. The total CO₂-emissions of the Eligible Green Loan Portfolio are 23.588 tons per year. The annual CO₂-emission for the Reference Group is 42.466 tons.

	<i>GHG emission Eligible Green Loan Portfolio (ton CO₂e)</i>	<i>GHG emission Reference (ton CO₂e)</i>	<i>GHG emissions Reduced (ton CO₂e)</i>
<i>Residential building</i>	23.588	42.466	18.878

Table 3: CO₂-emission Eligible Green Loan Portfolio compared to the Reference Group

Conclusion

The following conclusions are drawn from this study:

- The buildings in the Eligible Green Loan Portfolio emit 18.878 tons of CO₂ per year less than the Reference Group, which is a difference of 44%.
- Total primary energy consumption is calculated at 60 kWh/m².
- All buildings in the Eligible Green Loan Portfolio deliver a substantial contribution to climate change mitigation following the EU Taxonomy definition as they belong to the top 15% of the national building stock expressed as operational PED.