GHG Emissions in the 3 Bank portfolio (PCAF) 2022

Industry-by-industry calculation of carbon-related credit exposure

Method

Source: Partnership for Carbon Accounting Financials (PCAF)

The Bank uses the Global GHG Accounting and Reporting Standard for the Financial Industry to estimate greenhouse gas emissions in its loan portfolio.

Date of data: 31.12.2022.

Overview

The Bank is not exposed in carbon-intensive industries such as oil, metal, aviation and therefore has a relatively low carbon-intensive loan portfolio. In line with 3C initiative, the Bank aims to publish the emissions in the loan portfolio since this is where we can help achieving the SDG and goals set in the Paris Agreement. This is the third year the Bank is reporting on greenhouse gas emissions in its loan portfolio. Emissions in the agro/micro SME loan portfolio are at **31,009** tons of CO2 equivalents and carbon intensity is at **680,31 tons** of CO2 equivalents per EUR million (customers' Scope 1 and 2 emissions).

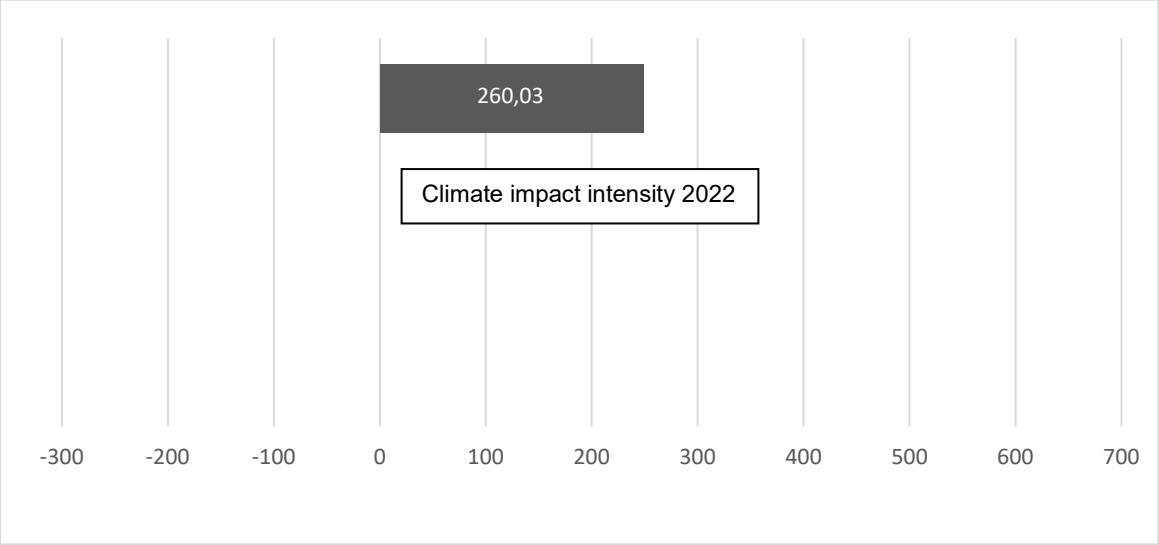
Assumptions

The analysis is based on regional countries emission factors at an industry group level (NACE code). For entrepreneurs and agro, an emission factor based on loan volume and assets volume is used. The method differentiates between direct emissions (Scopes 1 and 2) and emissions upstream in the value chain (Scope 3).

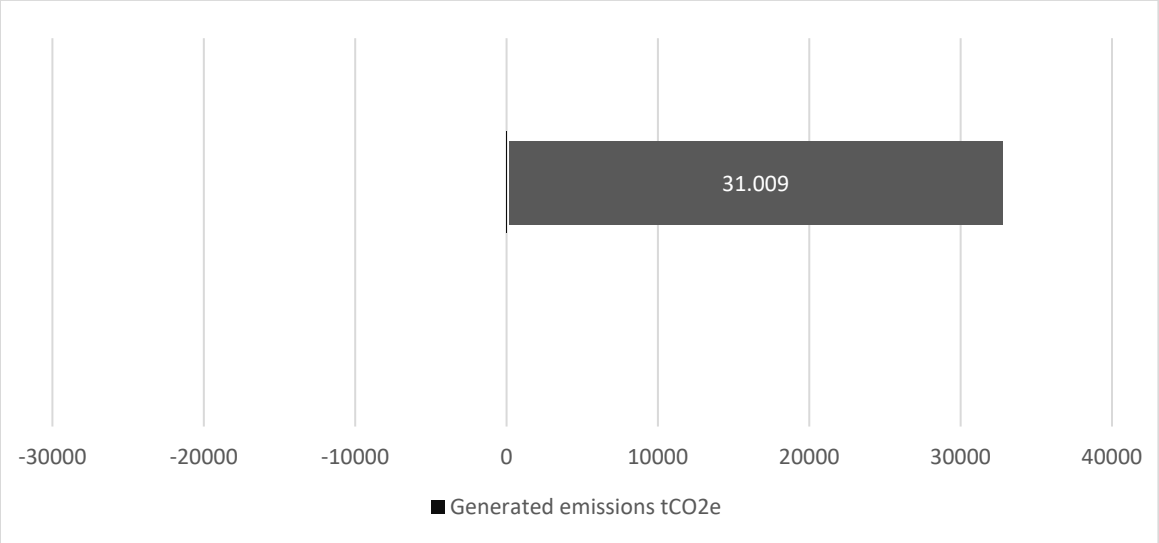
Climate impact by industry 2022

INDUSTRY (Agriculture and Micro SME)	Exposure EUR millions	SCOPE 1 tCO2e	SCOPE 2 tCO2e	TOTAL tCO2e	Climate impact intensity tCO2e/EUR mil
AGRICULTURE	61,1	28.099	279	28.378	464,4
SERVICES	27,08	1.290	474	1.764	65,14
TRADE	12	143	0	143	11,91
MANUFACTURING	12,1	814	27	841	69,5
TRANSPORTATION	10,12	663	39	702	69,36
Grand Total	**122.4**	**31.009**	**819**	**31.828**	**260.03**

Climate impact in emission intensity 2022



Climate impact of our loans 2022



Results

Based on a climate risk analysis of the loan portfolio, which shows that we have the greatest climate risk and opportunities for influence within mixed farming, dairy, hog and trucking segments. As previous years, this year analysis also shows that agriculture and associated services have the greatest direct emissions in our portfolio. Agriculture is our largest industry, and given our geographical location and industry mix, it is expected that agriculture scores high. Banks portfolio GHG emissions is calculated based on Agriculture and Micro SME and entrepreneur's portfolio. Most significant nominal contribution for direct scopes of emissions is to Mixed farming group, however, most intensive GHG emissions are found to be in Dairy cattle and Milk production group.

Assessment is performed using the Option 3: Economic activity-based emissions by available data for industries from countries from the region.

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